



Notice of a public meeting of

Audit and Governance Committee

To:	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Merrett, Rose, Coles, Watson and Binney (Independent Member)
Date:	Wednesday, 30 July 2025
Time:	5.30 pm
Venue:	West Offices - Station Rise, York YO1 6GA

AGENDA

1. Apologies for Absence

To receive and note apologies for absence.

2. Declarations of Interest (Pages 7 - 8)

At this point in the meeting, Members and co-opted members are asked to declare any disclosable pecuniary interest, or other registerable interest, they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

[Please see attached sheet for further guidance for Members].

3. Exclusion of Press and Public

To consider the exclusion of the press and public from the meeting during consideration of the following:

Annexes 2 to 8 to Agenda Item 15 on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). This information is classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

4. Minutes & Action Log (Pages 9 - 28)

To approve and sign the minutes of the meeting held on 14 May 2025 and consider the Committee's action log.

5. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the Committee.

Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering at this meeting is 5:00pm on Monday 28 July 2025.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda.

Webcasting of Public Meetings

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at www.york.gov.uk/webcasts.

6. Key Corporate Risks monitor 1 (Pages 29 - 80)

The purpose of this paper is to present Audit & Governance Committee with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.

7. Purchasing Compliance (Pages 81 - 88)

The report provides an update to members of Audit & Governance Committee about the ongoing review of Purchasing Compliance, encompassing No Purchase Order No Pay (NPONP) processes. It details the progress made since the report to members in November 2024.

8. Draft Statement of Accounts 2024/25 (Pages 89 - 300)

The purpose of this report is to present for information the draft 2024/25 Statement of Accounts before they are audited.

9. Annual Governance Statement (Pages 301 - 342)

The purpose of this report is to present for information the draft 2024/25 Annual Governance Statement.

10. Treasury Management Outturn (Pages 343 - 366)

Attached at Annex 1 is the Treasury Management Annual Report and Review of Prudential Indicators 2024/25, which provides an update on treasury activity during the year and was considered by Executive on 15 July 2025.

11. External Audit Fees (Pages 367 - 370)

The report provides an overview of how external audit fees are set for Councils that have opted into the Public Sector Audit Appointments (PSAA) scheme. The process includes determining a national fee scale, conducting consultations, publishing final fees, and handling any fee variations.

12. Audit Strategy Memorandum 2024/25 (Pages 371 - 410)

The purpose of this report is to present the latest audit progress report from Forvis Mazars, the Council's external auditors. This can be found at Annex A.

13. Counter Fraud Progress Report 2025/26 (Pages 411 - 424)

This report provides an update on counter fraud work undertaken so far in the year.

14. Audit and Governance Work Plan (Pages 425 - 428)

To consider the committee's work plan.

15. Internal Audit Progress Report 2025/26 (Pages 429 - 524)

This report provides an update on the delivery of the internal audit work programme for 2025/26, and plans for delivery over the remainder of the year.

16. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

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এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی میا کی جاسکتی ہیں۔ (Urdu)

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
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Declarations of Interest – guidance for Members

- (1) Members must consider their interests, and act according to the following:

Type of Interest	You must
Disclosable Pecuniary Interests	Disclose the interest, not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Directly Related) OR Non-Registrable Interests (Directly Related)	Disclose the interest; speak on the item <u>only if</u> the public are also allowed to speak, but otherwise not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.
Other Registrable Interests (Affects) OR Non-Registrable Interests (Affects)	Disclose the interest; remain in the meeting, participate and vote <u>unless</u> the matter affects the financial interest or well-being: (a) to a greater extent than it affects the financial interest or well-being of a majority of inhabitants of the affected ward; and (b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest. In which case, speak on the item <u>only if</u> the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting <u>unless</u> you have a dispensation.

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations,

and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.

City of York Council

Committee Minutes

Meeting	Audit And Governance Committee
Date	14 May 2025
Present	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Merrett, Rose, Coles, Watson and Binney (Independent Member)
Officers in Attendance	Bryn Roberts – Director of Governance Debbie Mitchell – Director of Finance Max Thomas - Director and Head of Internal Audit, Veritau Jonathan Dodsworth - Assistant Director – Corporate Fraud Richard Smith - Deputy Head of Internal Audit Conor Munro – Audit Manager Lorraine Lunt - Information Governance and Feedback Manager/Dpo

75. APOLOGIES FOR ABSENCE (17:30)

There were no apologies for absence.

76. DECLARATIONS OF INTEREST 17:31)

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda.

Cllr Coles noted that should Emergency Planning or Local Resilience that in her role as Deputy Mayor of the York and North Yorkshire Combined Authority that these topics feel within her remit at the Combined Authority.

77. EXCLUSION OF PRESS AND PUBLIC (17:31)

Resolved: That the press and public be excluded from the meeting during consideration of Annex 3-5 to Agenda Item 10 on the grounds that it contains information relating to Information relating to the financial or business affairs of any

particular person (including the authority holding that information). This information was classed as exempt under paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972 (as revised by The Local Government (Access to Information) (Variation) Order 2006).

78. MINUTES & ACTION LOG (17:31)

The Committee discussed the minutes and the Committees action log. The Committee noted that it had asked whether there was a place for the Committee to be involved in the Review of Scrutiny. The Director of Governance confirmed that the latest attempt to recruit a new independent member for the Committee had been unsuccessful. It was noted that it was a national issue trying to recruit suitable independent members on Committees such as Audit and Governance.

Resolved: That the minutes of the meeting held on 17 March 2025 be approved and then signed by the Chair as a correct record.

79. PUBLIC PARTICIPATION (17:44)

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

80. KEY CORPORATE RISKS MONITOR 4 (17:44)

The Director of Finance introduced the report on Key corporate Risks. Members noted that while the Local Plan had now been signed off, they wondered whether delivery against the plan should be recorded as a Key Corporate Risk. It was confirmed that officers were reviewing whether a specific Key Corporate Risk was required. Members raised concern about poor quality planning applications increasing now the plan was approved and asked whether there were sufficient resources to handle an increase in applications. It was confirmed that this was not a Key Corporate Risk but resources at a department level would be included in departmental risk registers. The Committee also enquired about the review of the Council's Constitution. They were informed that this was an ongoing process dependent on officer time and that drafts for changes when ready would be considered by Members.

Members highlighted the risk around the use of personal electronic devices outlined in the report and enquired about how big a risk this presented to the Council. Officers highlighted a range of risks presented by using a personal device for Council work, these included an inability to ensure data would be stored securely. It was also noted that individuals can face criminal proceedings if a breach is considered a knowing breach. Members agreed the importance of training on CYC ICT equipment and asked if information could be shared with all Councillors on the importance of using CYC devices.

Resolved:

- i. Noted the summary of the Council's Key Corporate Risks and the in-depth report on the review of KCR 2 (Governance);
- ii. To request that information be shared with all Councillors around the importance of using CYC devices and the dangers relating to using personal devices for CYC activities.

Reason: To provide assurance that the authority is effectively understanding and managing its key risks.

81. ANNUAL A&G REPORT FOR COUNCIL (18:08)

The Committee noted the Annual Report.

Resolved:

- i. Noted the Audit and Governance Annual Report.

Reason: To finalise the annual report for Council.

82. ANNUAL COUNTER FRAUD REPORT (18:09)

The Head of Internal Audit (Veritau) introduced the report on counter fraud work noting that Veritau had exceeded its targets for savings through good investigative work. They discussed the targets set for Veritau in supporting the Council to recover money from fraud and it was noted that the targets were challenging but realistic in terms of what can be recovered. It was noted that national measurement on counter fraud work

was a challenge due to no national modelling and only half of Councils investing in counter fraud work. Officers noted that it was important to triage cases correctly to ensure resources were well assigned and that fraud that was investigated was cases that were provable and a high value for the Council.

The Committee enquired about fraudulent use of residents parking. Officers noted that a lot of this would fall under parking enforcement, but that Veritau did undertake things such as action days with parking in this area.

Resolved:

- i. Noted the results of counter fraud work.

Reason: To enable members to consider the current risk of fraud against the council, this forms part of the committee's responsibility for overseeing the effectiveness of counter fraud arrangements.

83. AUDIT COMMITTEE SELF-ASSESSMENT (18:39)

Officers introduced the Self-Assessment for the Audit and Governance Committee to review the effectiveness of auditing at the Council. It was noted that the review had scored a 3.3 out of 5 for the audit work and a key area for improvement was identified as improving the relationship between the work of the Audit and Governance Committee with the Council's Executive and Corporate Management Team. The Committee discussed the opportunities for improvement and suggested exploring best practice at other local authorities.

Resolved:

- i. Noted the results of the self-assessment survey of the Committee's effectiveness;
- ii. Explore setting up a group of Members to look into best practice at other local authorities.

Reason: To ensure the Committee can continue to fulfil its responsibilities as set out in the Constitution and contribute to the effective operation of the Council's corporate governance framework.

84. AUDIT AND GOVERNANCE WORK PLAN (18:44)

The Committee reviewed its work for plan 2025/26. It was noted that a June meeting might be required but that Members would be informed if this was the case.

Resolved:

- i. Noted the Committee work plan.

Reason: To ensure the Committee maintain a plan of work for the Committee.

85. URGENT BUSINESS (18:47)

The Director of Governance presented a proposal to make changes to several Council committees. This included returning the Staffing Matters and Urgency Committee to 3 members with a quoracy of 2. There would also be a change to merge the Council's appeals panels due to the infrequency of several of the Committees and to assist in reducing the number of scheduled then cancelled committee meetings. The new Combined Appeals Panel would have 5 members but only 3 required for a meeting and there would be no limit on substitutes for the Committee.

Resolved:

- i. To approve changes in the Constitution to the Staffing Matters and Urgency Committee and Appeals Panels.

Reason: To update the Council Committees.

86. ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT (18:50)

The Committee considered the draft Internal Audit Charter. Officers highlighted several areas within the charter including the Contract Management Audit for the Salvation Army Contract. Veritau confirmed that the report included their annual opinion as internal auditors for the Council and confirmed they had come to a position of reasonable assurance meaning there were no reasonable secure weaknesses to report.

The Committee considered the reset of this item in private session as agreed at minute 71.

Resolved:

- i. Noted the results of internal audit work undertaken, and the opinion of the Head of Internal Audit on the adequacy and effectiveness of the council's framework of governance, risk management and internal control.

Reason: To enable members to consider the implications of internal audit findings.

- ii. Noted the outcome of Veritau's quality assurance and development arrangements, including the confirmation that the internal audit service conformed to the Public Sector Internal Audit Standards during 2024/25 and that it conforms to the new Global Internal Audit Standards in the UK Public Sector.

Reason: To enable members to consider the opinion of the Head of Internal Audit.

- iii. Noted that no significant control weaknesses have been identified by internal audit during the year which are considered relevant to the preparation of the Annual Governance Statement.

Reason: To enable the Annual Governance Statement to be prepared.

- iv. Approved the draft internal audit charter.

Reason: To enable the committee to fulfil its responsibility to approve the purpose, authority, and responsibility of the council's internal audit service.

Cllr Hollyer, Chair

[The meeting started at 5.30 pm and finished at 6.55 pm].

Audit and Governance Committee Action Log

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
64	31/07/24	Draft Statement of Accounts	1. Update the terminology used in Annex A, A brief explanation on the constituent parts of the Annual Financial Report, to include the Mayor of York and North Yorkshire office 2. Consider including an explanatory note that described how many of the authority's other employees received a salary more than £50,000 due to the annual pay award.	Debbie Mitchell	These updates will be made for 2024/25 accounts.	30/06/25	Yes
68	08/08/24	Report on the extension and subsequent termination of the Early Intervention and Prevention Contract with the Salvation Army	That the Director of Governance commission an internal audit investigation of the council's contract management provision, following discussion with the Chair and Vice-Chair on the observations identified at the meeting on 8 August 2024 and ensuring the process followed to the point of cessation of the Salvation Army contract was included in the review.	Bryn Roberts/Max Thomas	Fieldwork has been completed, with initial findings shared with the service. A draft report is currently being prepared. We expect this to be issued in February, and for the audit to be finalised before the end of March. Item underway,A verbal update will be provided to the committee, together with an anticipated completion date.	30/07/25	No
69	08/08/24	Report on the extension and subsequent termination of the Early Intervention and Prevention Contract with the Salvation Army	That the appropriate method of presenting key waiver details to the committee be considered by the Director of Governance	Bryn Roberts	Key waivers are already published as part of the Council's open data publication schedule.	Ongoing	Yes

74	04/09/24	Corporate Governance Team Report	the covert surveillance policy be included within the Corporate Governance report on 29 January 2025.	Lorraine Lunt	Investigatory Powers Commissioner (IPCO) inspection including Audit and Governance Committee's "fit for purpose" review of the covert surveillance policy and procedures and data report was discussed / conducted with the exclusion of the press and public (Annex 4 d) on 29 Jan 2025.	Ongoing	No
83	14/10/24	Report of the Monitoring Officer on suggested Constitutional changes.	That all Honorary Aldermen and Alderwomen be informed annually on the dates of Full Council.	Rob Flintoft	Dates to be issued following approval of the 2025/26 corporate calendar at Full Council. Instructions given - to remain on the action plan until after Annual Council has taken place.	22/05/25	No
84	27/11/24	Audit and Counter Fraud Progress Report	Regarding Annex 5 - Section 106 agreements - To provide further information on what proportion of total monies was reflected on EXECOM.	Max Thomas (Veritau)		Ongoing	No
85	27/11/24	Audit and Counter Fraud Progress Report	Regarding Annex 8, the Health and Safety internal audit report actions, Members to receive assurance from Veritau and CYC officers that the actions were being tracked and implemented	Max Thomas (Veritau)		Ongoing	No
86	27/11/24	External Audit Plan (Audit Strategy Memorandum) 2023/24	Future reports to contain a detailed definition of the roles of the audit team	Mark Outterside (Forvis Mazars)		Ongoing	No

87	27/11/24	Process for the Appointment of an Independent Member of the Audit and Governance Committee	That officers consider rationalising parts of the essential and desirable requirements in the role specification to ensure the role was as open and appealing as possible.	Lindsay Tomlinson	The recruitment process was unsuccessful in attracting any suitable candidates; a report will be submitted to a future meeting of the committee to consider a future recruitment exercise.	Ongoing	Yes
92	29/01/25	Scrutiny Review	That the Chair would discuss with the Monitoring Officer about whether there would be recommendations from the Council's scrutiny review which could be considered for the Audit and Governance Committee.	Cllr Hollyer and Bryn Roberts	The Chair and Monitoring Officer discussed the issue, and agreed that there were no appropriate issues to consider at present.	Ongoing	Yes
93	14/05/25	Data security	Email to be shared with all members to remind them about the importance of using CYC devices for Council bussiness and the dangers assoisated with using other devices.	Lorraine Lunt	There was also the request for user training for Cllrs which I will work with Roy Grant/ICT on arranging. I will send out the guidance for Cllrs on their roles/responsibilities under data protection and check what is available from the previously provided training and guidance as part of the Members Induction programme to see if it is available to all on MyLo and if not, get it put onto MyLo.	30/09/25	No
94	14/05/25	Improving ways of working	To explore the possibility of a Member working group to identify best practice from Audit and Governance Committees at other local authorities.	Bryn Roberts	The Monitoring Officer will consider the options available, and will present a report with options for the committee's consideration.		Yes

Audit and Governance Committee Completed Actions for 2024

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	Completed by	Completed
16	19/07/23	Work Plan	To inform the Monitoring Officer of any areas of the Constitution Committee Members would specifically like reviewing, to include, Access to Information (Appendix 7), particularly around Members rights to information, the Scheme of Delegation (Appendix 1) and Public Participation (Appendix 8).	Committee Members	Ongoing as part of the Constitution review. Confirmed as Business as Usual.	Ongoing	Yes
31	08/11/23	Corporate Governance Performance Report	Officers worked with the Business Intelligence Team to manage the corporate performance reports that were published on the council's York open data platform. The Chair agreed to consult with the Business Intelligence Team to see if the data published could be consolidated to enable a more user friendly system and report back to Committee	Chair/Ian Cunningham	Officers and the Chair to meet to discuss. This has been added to the work plan for 26 March 2025. Report Received.	26/03/25	Yes

43	31/01/24	Key Corporate Risks	The officers working on the Local Plan be asked to provide an update on the risks to committee members.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/24	Yes
44	31/01/24	Key Corporate Risks	Officers to consider if there were any key corporate risks associated with accessing and utilizing additional resources through the York and North Yorkshire Combined Authority.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/24	Yes
45	31/01/24	Key Corporate Risks	1) The major metric risk definition used in the gross impact score for KCR 1, Financial Pressures be reconsidered. 2) The original risk scores could be included above the matrix that categorises the KCRs according to their net risk evaluation.	Helen Malam	This will come as part of the KCR monitor 4 update	09/07/24	Yes
46	31/01/24	Statement of Accounts and Work Plan	That the committee receives a summary of all the assets the council owns and officers consider the best way for this to be reviewed.	Helen Malam/Bryn Roberts	Details have been emailed to Members	Helen Malam 30/07/24	Yes

47	31/01/24	Treasury Management Training	The treasury management training recording would be circulated around committee members.	Louise Cook	Completed	Louise Cook 2/2/24	Yes
48	31/01/24	Work Plan	That the workplan be populated to include the 2024/25 finance reports.	Debbie Mitchell		Helen Malam 12/03/2024	Yes
50	28/02/24	Update on Action Plan - No Purchase Order No Pay	That communication to all suppliers be issued as soon as possible and that officers liaise with the Council Management Team and Executive Member for Finance to consider the	Helen Malam	Communication has now been issued.	18/11/24	Yes
51	28/02/24	Update on Action Plan - No Purchase Order No Pay	Consider when an appropriate time would be for the Committee to receive an update report.	Chair and Helen Malam	Report was received at the A&G meeting on 27 November 2024	27/11/24	Yes
54	28/02/24	Early Intervention and Prevention of Rough sleeping	That Members raise any specific matters within the report to the Director of Governance and Monitoring Officer.	Committee Members	Due to staff vacancies and staff absence, the work on NPONP is taking longer than hoped. However, we're working to get an update to Members in November 2024 and action the supplier comms asap.	Committee Members 10/05/2024	Yes

55	28/02/24	Update on the Review of the Constitution	Ahead of the A&G meeting where the Constitution will be presented, the Constitution Working Group to consider the most appropriate way to circulate to Committee Members the changes and outstanding points.	Bryn Roberts, Constitution Working Group	The Constitution has been circulated and will be considered by A&G on 8 August	08/08/2024	Yes
56	28/02/24	Work Plan	Consider the timeframes required to produce the revised Salvation Army report and suggest a suitable meeting date.	Bryn Roberts, Chair and Vice Chair	Completed - arranged to take place on 22 May 2024	Bryn Roberts	Yes
58	22/05/24	Counter Fraud Framework Report	Email Members more details on the courses/eLearning that were delivered to staff to raise the profile of fraud and the risks around it.	Max Thomas	Email sent to Committee Members on 26 June	Max Thomas 26/06/2024	Yes
59	22/05/24	Auditor's Annual Report 2021/22 and 2022/23	Mazars to liaise with the Director of Finance regarding the inclusion of a timeline within the 2023/24 audit and the preventions in place to deter recommendations remaining as outstanding year on year.	Mazar/Debbie Mitchell	This will be included in the 23/24 final accounts report scheduled for January. Report received.	29/01/25	Yes
60	22/05/24	Work Plan	The Director of Governance and Monitoring Officer to consider how the general election will impact the work plan whilst ensuring the agenda for the committee meetings scheduled on 9 and 31 July remained substantial.	Bryn Roberts	Work Plan updated at the 9 July Cmt meeting	09-Jul-24	Yes

61	22/05/24	Work Plan	A report of the Director of Governance and Monitoring Officer requires scheduling into the work plan and is to include the governance concerns raised by the Independent Person	Bryn Roberts	Those elements of concern which referred to constitutional matters will now be brought to the Constitution Working Group for consideration.	Bryn Roberts 24/07/2024	Yes
62	31/07/24	Public Participation	Officers to provide a response to the concerns raised regarding a recent published officer decision notice regarding York Station Gateway	Democracy Officer	Completed. A response had been received from the Director of Environment, Transport and Planning and sent to the public participant and Members	Louise Cook 08/08/2024	Yes
63	31/07/24	Draft Statement of Accounts	Provide a narrative to Committee Members on: •The higher depreciation charges (£1.1m) within the Housing Revenue Account (HRA). •The variations between the income and net expenditure total figures across 22/23 and 23/24 in the Comprehensive Income and Expenditure Statement. •The miscellaneous amounts set aside from the General Fund balances in earmarked reserves. •The deployment of the Dedicated Schools Grant receivable for 2023/24, particularly the carry forward of £6.639m within the individual schools budget.	Helen Malam/ Debbie Mitchell	Email sent to members on 22nd August 2024	Helen Malam 22/08/2024	Yes

65	31/07/24	Response to the LGA Assurance Report	<p>That Members feedback be considered, which included:</p> <ul style="list-style-type: none"> · enhancing the member portal to include further data on council services and improved guidance on raising concerns · strengthening the pastoral care available in West Offices. · receiving feedback on the overall induction program from all Members. · Strengthening the sanctions imposed on any councillor who did not obey the Code of Conduct. · receiving periodical feedback from councillors and officers to promote good behaviour and culture across the council 	Lindsay Tomlinson	The member induction programme has been handed over to Democratic Services to take forward. A report will be brought to the Committee on member induction and training programme.	Ongoing	Yes
66	31/07/24	Audit and Government Committee Review of Effectiveness	That a self-assessment review of the committee's effectiveness be undertaken and that the process be considered by the Director of Governance and Head of Internal Audit with an update being received at a future committee meeting.	Bryn Roberts/Max Thomas	Results reported to A&G on 14 May 2025.	Ongoing	Yes

67	31/07/24	Annual Report of the Head of Internal Audit and Counter Fraud Annual Report	That officers verify to Members if prosecution cases linked to the misuse of residential parking permits by occupants of holiday lets was shared with the planning enforcement team.	Max Thomas	The counter fraud team have not historically shared details of parking investigations with the planning enforcement team, however following the increase of work in this area we recognise the importance of doing so. We have recently discussed information sharing arrangements with the team and are in the process of sharing relevant details of investigations from 1 April 2023 to date that have identified parking permit misuse by the owners of holiday lets. This information may lead to action being taken by the planning enforcement team, in particular where neighbouring properties are experiencing noise, disturbance, and parking issues due to behaviour of holiday let guests.	27/11/24	Yes
70	08/11/2023, 08/08/24, 4/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That the cross party constitution working group consider the Constitutional changes for onward endorsement by the Audit and Governance Committee and then Full Council.	Bryn Roberts	This is ongoing and all political groups have been given the opportunity to comment on the Council Procedure Rule changes, Appendix 3. The next update will be provided to A&G on 27 November 2024.	27/11/24	Yes
71	08/08/24	Report of the Monitoring Officer on suggested Constitutional Changes	That paragraph 4.2, particularly the point regarding the Lord Mayor being granted a casting vote when they are no longer a Councillor, be reconsidered by the Director of Governance.	Bryn Roberts	Update provided at the meeting on 4 September	04/09/24	Yes

72	08/08/24	Audit and Governance Work Plan 2024/25	That the work plan be revised to include the update on the Constitution Review on 4 September 2024.	Louise Cook	Completed	Louise Cook 16/08/24	Yes
73	04/09/24	Minutes and Action Log	Subject to receiving confirmation from Mr Leigh that he had resigned from the Committee, the recruitment process for a new Independent Member to be considered by the committee.	Bryn Roberts/Lindsay Tomlinson	An update was brought to the November meeting.	27/11/24	Yes
74	04/09/24	Corporate Governance Team Report	1.That an update on the repeated themes published within FOIs/EIRs and 2.the covert surveillance policy be included within the Corporate Governance report on 29 January 2025.	Lorraine Lunt	This was provided to committee on 29 January 2025 This has been scheduled into the workplan for 29 January 2025.	29/01/25	Yes
75	04/09/24	External Auditor Verbal Update	Officers contact the council's representative on the North Yorkshire Pension Fund Local Pension Board to seek their assistance in trying to resolve the delay in receiving assurances from the North Yorkshire Pension Fund.	Debbie Mitchell/Mark Outterside	Completed, an email had been sent to Cllr Rowley	19-Sep-24	Yes
76	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That political groups be given the opportunity to consider the proposed changes in the clean version of Appendix 3, Council Procedure Rules and provide their submissions to the Director of Governance and Monitoring Officer by 27 September 2024.	Bryn Roberts	Completed - Email had been sent	27-Sep	Yes

77	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That an extraordinary Audit and Governance Committee be arranged in consultation with the Chair, Vice Chair and Director of Governance to consider the submissions received regarding the proposed changes to Appendix 3, Council Procedure Rules, and invite a representative from each Group to the meeting to reflect their perspective, ahead of onward endorsement to the meeting of Full Council on 21 November 2024.	Bryn Roberts/Chair/Vice-Chair/Louise Cook	Meeting has been arranged for 14 October 2024 and Cllr Warters and Cllr Steward have been invited to attend.	18-Sep-24	Yes
78	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That arrangements be made to remove the Deputy Leader report from the Council Procedure Rules and the Director of Governance and Monitoring Officer remit that amendment only to the meeting of Full Council on 19 September 2024 for approval	Bryn Roberts	Report has been submitted to council	19-Sep-24	Yes
79	04/09/24	Report of the Monitoring Officer on suggested Constitutional Changes	That the delayed timelines and the process undertaken to finalising Appendix 3 for endorsement to Full Council be raised and discussed at Group Leaders on 3 October 2024.	Bryn Roberts	Amendments considered and agreed by A&G on 14 October 2024; to be presented to Council on 21 November 2024.	14/10/24	Yes
80	04/09/24	Corporate Governance Team Report	To expand on the internal governance management arrangements, as highlighted within annex 1, and provide a note to Members that recognises and differentiates between councillors and officers.	Bryn Roberts/Claire Foale	Updated provided to Members via email. Action closed.	29/01/25	Yes
81	04/09/24	Monitors 1 & 2 2024/25 - Key Corporate Risks	That an analysis of each individual KCR be provided within future monitor reports starting with KCR 1 and invite the risk owner to attend that Audit and Governance Committee to assist with the conversation	Helen Malam	An analysis of KCR 1 will come to the committee at Monitor 3 in March 2025. Business as usual.	29/01/25	Yes

82	04/09/24	Monitors 1 & 2 2024/25 - Key Corporate Risks	<ul style="list-style-type: none"> · To ensure the relevant partners, including Tees, Esk and Wear Valleys NHS Foundation Trust, were included within KCR 3, Effective and Strong Partnerships. · To highlight a variety of community engagement groups within KCR 9, Communities. <p>To consider:</p> <ul style="list-style-type: none"> · including housing in KCR 4, Changing Demographics · the future risks following adoption, or the possibility of judicial challenge in KCR 8, Local Plan. · the gross likelihood and risk owners of KCR 11, External Market Conditions · including disorder in KCR 12, Major incidents 	Helen Malam	These updates will be made in the KCR Monitor 3 update. Report received.	29/01/25	Yes
83	14/10/24	Report of the Monitoring Officer on suggested Constitutional changes.	That all Honorary Aldermen and Alderwomen be informed annually on the dates of Full Council.	Rob Flintoft	Dates to be issued following approval of the 2025/26 corporate calendar at Full Council. Instructions given - to remain on the action plan until after Annual Council has taken place.	22/05/25	Yes
89	27/11/24	Polling District and Polling Places Review	To note the observations made at the meeting and delay the start time by a week and the consultation period be extended throughout January 2025.	Lindsay Tomlinson/Emma Calvert	Taken to Full Council and approved.	29/01/24	Yes
90	29/01/25	Statement of Accounts 2023/24	Delegated authority to the Chair in consultation with the Vice Chair to approve and sign the final Statement of Accounts by resolution of this Committee in accordance with the Accounts and Audit regulations 2015 - subject to the only amendments being related to the matters outlined in the Audit Completion report.	Debbie Mitchell / Cllrs Hollyer and Burton	2023/24 accounts concluded, action closed.	28/02/25	Yes

91	29/01/25	Statement of Accounts 2023/24	To request a briefing note be shared with the Committee on business rates collection in relation to recent business closures.	Debbie Mitchell	Briefing note circulated	11/02/25	Yes
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Meeting:	Audit & Governance Committee
Meeting date:	30/07/2025
Report of:	Debbie Mitchell, Director of Finance (S151 Officer)
Portfolio of:	Councillor Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report:

Monitor 1 2025/26 – Key Corporate Risks

Subject of Report

1. The purpose of this paper is to present Audit & Governance Committee with an update on the key corporate risks (KCRs) for City of York Council (CYC), which is included at Annex A.

Policy Basis

2. The effective consideration and management of risk within all the council's business processes helps support the administration's key commitments and priorities as outlined in the Council Plan 2023-2027.

Recommendation and Reasons

3. Audit and Governance Committee are asked to:
 - a) consider and comment on the key corporate risks included at Annex A, summarised at Annex B;
 - b) note and provide feedback on the in-depth review of KCR 3 (Effective and Strong Partnerships) at Annex C;
 - c) provide feedback on any further information that they wish to see on future committee agendas;

Reason:

To provide assurance that the authority is effectively understanding and managing its key risks.

Background

4. The role of Audit & Governance Committee in relation to risk management is to receive;
 - assurance with regards to the governance of risk, including leadership, integration of risk management into the wider governance arrangements of the council including CMT ownership and accountability
 - the up-to-date key corporate risk profile including the effectiveness of risk management actions; and
 - monitoring the effectiveness of risk management arrangements in supporting the development and embedding of good practice across the organisation
5. Risks are usually identified in three ways at the Council;
 - A risk identification workshop to initiate and/or develop and refresh a risk register. The risks are continually reviewed through directorate management teams (DMT) sessions.
 - Risks are raised or escalated on an ad-hoc basis by any employee
 - Risks are identified at DMT meetings
6. Due to the diversity of services provided, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate level. Best practice is to focus on the significant risks to the council's objectives these are known as the key corporate risks (KCRs).
7. The corporate risk register is held digitally in 'Magique'. The non KCR risks are specific to council directorates and consist of both strategic and operational risk. Operational risks are those which affect day to day operations and underpin the directorate risk register. All

operational risk owners are required review their risks on a regular basis and inform the risk management service of any changes.

8. In addition to the current KCRs, in line with the RM policy, risks identified by any of the Directorates can be escalated to Council Management Team (CMT) for consideration as to whether they should be included as a KCR. KCRs are reported and discussed quarterly with CMT and Portfolio Holders. KCR's can also be reduced to directorate level risk as part of this process.

Key Corporate Risk (KCR) update

9. There are currently 11 KCRs which are included at Annex A in further detail, alongside progress to addressing the risks. There has been one change since the May report with the removal of KCR 8 (Local Plan). Consideration as to whether the KCR's should be renumbered or KCR 8 left vacant will be considered before the next monitor.
10. Annex B is a one-page summary of all the KCR's and their current gross and net risk ratings.
11. In summary the key risks to the Council are:
 - KCR1 – Financial Pressures: The Council's increasing collaboration with partnership organisations and ongoing government funding cuts will continue to have an impact on Council services
 - KCR2 – Governance: Failure to ensure key governance frameworks are fit for purpose.
 - KCR3 – Effective and Strong Partnership: Failure to ensure governance and monitoring frameworks of partnership arrangements are fit for purpose to effectively deliver outcomes.
 - KCR4 – Changing Demographics: Inability to meet statutory deadlines due to changes in demographics
 - KCR5 – Safeguarding: A vulnerable child or adult with care and support needs is not protected from harm
 - KCR6 – Health and Wellbeing: Failure to protect the health of the local population from preventable health threats.
 - KCR7 – Capital Programme: Failure to deliver the Capital Programme, which includes high profile projects

- KCR9 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.
- KCR10 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR11 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR12 – Major Incidents: Failure to respond appropriately to major incidents. This includes regular incidents such as Flood and a Major fire to national and international incidents such as Pandemic, Climate change, Supply chain failure.

12. Risks are scored at gross and net levels. The gross score assumes controls are in place such as minimum staffing levels or minimum statutory requirements. The net score will consider any additional measures which are in place such as training or reporting. The risk scoring matrix is included at Annex D for reference.
13. The following matrix categorises the KCRs according to their net risk evaluation. To highlight changes in each during the last quarter, the number of risks as at the previous monitor are shown in brackets.

Impact					
Critical					
Major		1 (1)	4 (5)	1 (1)	
Moderate		1 (1)	3 (3)	1 (1)	
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

14. By their very nature, the KCRs remain reasonably static with any movement generally being in further actions that are undertaken which strengthen the control of the risk further or any change in the risk score. In summary, key points to note are as follows;

- New Risks- No new KCRs have been added since the last monitor.
- Increased Risks – No KCRs have increased their net risk score since the last monitor
- Removed Risks – One KCR, the Local Plan risk (KCR 8) has been removed since the last monitor. The plan has been adopted with no legal challenges received.
- Reduced Risks – No KCRs have reduced their net risk score since the last monitor

Updates to KCR risks, actions and controls

15. KCR 1 – Financial Pressures: New action to develop the Financial Strategy for 26/27. There has also been some clarification around the risk detail in respect of the uncertainty of future funding and an additional control added around the Transformation team.
16. KCR 3 – Effective and Strong Partnerships: Clarification around risk detail and a refinement around the wording on a number of controls. There is also the addition of a new control around City Leader's groups.
17. KCR 7 – Capital Programme: Amendment to the risk description, refinement of the risk detail, a slight increase in the risk scoring and an update to the current actions. The key changes to the risk were:
 - The fluctuating construction inflation rate
 - Potentially higher Bank of England interest rates than had been previously forecast
 - The change to the risk description was to reflect the increase in the budget from £395m to £427m
18. KCR 8 – Local Plan: **Removed**

KCR 3 Effective and Strong Partnership

19. As agreed at this committee in November 2024, a cycle of in-depth reviews will be carried out whereby one KCR is reviewed in detail and the risk owner attends that meeting to assist with the conversation.

This monitor (Monitor 1 2025/26) it is KCR 3 (Effective and Strong Partnership) that is under review.

Consultation Analysis

20. Not applicable

Risks and Mitigations

21. In compliance with the council's Risk Management Strategy, there are no risks directly associated with the recommendations of this report. The activity resulting from this report will contribute to improving the council's internal control environment.

Contact details

For further information please contact the authors of this report.

Author

Name:	David Walker
Job Title:	Customer Finance Risk & Insurance
Service Area:	Corporate Services
Report approved:	Yes
Date:	25/6/25

Background papers

None

Annexes

- Annex A: Key Corporate Risk Register
- Annex B: Summary of Key Corporate Risks
- Annex C: KCR 2 Governance - in depth review
- Annex D: Risk Scoring Matrix

Changes to Risk Register since last update (April 2025)

Key Corporate Risk	Changes
KCR1 Financial Pressures	Refinement of risk detail, new action and new control
KCR2 Governance	No changes
KCR3 Effective and Strong Partnerships	Amendment to risk detail, refinement of current control and new control added
KCR4 Changing Demographics	No changes
KCR5 Safeguarding	No changes
KCR6 Health and Wellbeing	No changes
KCR7 Capital Programme	Amendment to the risk description, refinement of the risk detail, update to existing action and slight increase to risk score
KCR8 Local Plan	Risk removed
KCR9 Communities	No changes
KCR10 Workforce (incl Health & Safety)	No changes
KCR11 External Market Conditions	No changes
KCR12 Major Incidents	No changes

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

KCR 1 FINANCIAL PRESSURES: The ongoing government funding cuts and the impact of the cost of living crisis will continue to have an impact on council services. Over the course of the last 10 years there has been a substantial reduction in government grants leading to significant financial savings delivered. The council needs a structured and strategic approach to deliver the savings in order to ensure that any change to service provision is aligned to the council's key priorities. In addition, other partner organisations are facing financial pressures that impact on the council.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Reduction in government grants leading to the necessity to make savings Election of new government results in changes to local government settlement Increased service demand and costs (for example an aging population). Financial pressures on other partners that impact on the council Uncertainty around future funding Lasting financial impact of the pandemic on the economy as a whole Increased severity and frequency of climate hazard events (e.g. flooding) Inflation falls slower than anticipated or starts to rise again	Potential major implications on service delivery Impacts on vulnerable people Spending exceeds available budget Lack of long term funding announcements from central government creates uncertainty which hinders long term financial planning Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding An economic downturn will affect the Council's main sources of funding; reducing business rates income if premises are vacant and reducing council tax income if more individuals require support due to unemployment.	Highly Probable	Major (21)	Regular budget monitoring Effective medium term planning and forecasting Chief finance officer statutory assessment of balanced budget Regular communications on budget strategy and options with senior management and politicians Transformation team developing programme of work to manage future demand and increase efficiency Skilled and resourced finance and procurement service, supported by managers with financial awareness. Climate change mitigation and adaptation programme Financial Strategy approved. Cost control measures are in place including ceasing non-essential spend Monthly cost control panels are held.	Probable	Major (20)	Unchanged	RISK OWNER: Debbie Mitchell NEW Development of Financial Strategy for 2026/27 (Debbie Mitchell 31/01/2026)

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased risk of UK recession</p> <p>General cost pressures due to impact of Ukraine conflict.</p> <p>UK Bank of England Interest rate expected to remain high</p>	<p>Increased cost of responding to emergency situations, as a result of climate change, and impact on service delivery.</p> <p>Increased interest rates and the continued impact of inflation will reduce the overall funding available to the Council and may therefore lead to reductions in service levels in some areas.</p> <p>Council is unable to set a balanced budget or is required to request exceptional financial support from central government</p>			Corporate Improvement Framework has been established and includes training around financial literacy where appropriate/required.				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

KCR 2 GOVERNANCE: Failure to ensure key governance frameworks are fit for purpose. With the current scale and pace of transformation taking place throughout the organisation it is now more important than ever that the council ensures that its key governance frameworks are strong particularly those around statutory compliance including information governance and transparency.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increased interactions in relation to FOIA and transparency, and failures to adhere to statutory timescales for responses.</p> <p>Failure to comply with data protection and privacy legislation</p> <p>Failure to comply with regulator audit or inspection actions</p> <p>Failure to have and adhere to consistent and effective records management based on established standards, codes of practice etc</p> <p>Increased resource, capacity and workload demands resulting from any or all the above</p>	<p>Increases in decision or enforcement notices or other penalties including monetary fines by regulators such as Information Commissioner</p> <p>Potential legal action including criminal action against the council and/or individual(s) if knowing and reckless breaches of data protection legislation occur, and/or failing to comply with regulator audit, inspection or other notices</p> <p>Reduced or removed ability for the council to use covert surveillance.</p> <p>Potential increased costs to the council if there are successful individual claims for compensation as a result of breaches of data protection and privacy legislation.</p> <p>Impact on the end user/customer</p> <p>Reduced confidence in the council's ability to deal with FOIA/EIR and in turn, its openness and transparency.</p>	Probable	Major (20)	<p>ICT and ICT security policies and procedures such as Electronic Communication Policy</p> <p>IT security systems in place</p> <p>Provision and ongoing review of information governance policies and procedures including regular all staff or targeted communications</p> <p>Mandatory all staff awareness training (new and ongoing) for data protection and information security</p> <p>Provision of role specific training eg covert surveillance, information asset etc</p> <p>Governance, Risk and Assurance Group (GRAG) covers a wide range of governance issues</p> <p>Regular Internal Audit reviews of information governance including physical data security for the Council.</p>	Possible	Major (19)	Revisions to and new additions for risk details, implications and controls	<p>RISK OWNER: Bryn Roberts</p> <p>REVISED DATE Ongoing review: Continued implementation and embedding of relevant elements from the action plan.</p> <p>This is further supplemented by additional work by the LGA through the Peer Review to ensure improved member-officer relations and greater emphasis on due corporate governance.</p> <p>(Bryn Roberts 31/03/2026)</p>

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
	<p>Adverse media/ social media coverage</p> <p>Reputational impact leading to loss of required accreditations such as NHS, etc</p> <p>Impact on records being available for future historical and research purposes</p>			<p>Regular monitoring reports to Audit & Governance committee and Corporate management Team and/or appropriate Scrutiny Committee(s)</p> <p>Provision of information and data on York Open Data Regular review of publication scheme and transparency code legislation to ensure ongoing compliance</p> <p>Ongoing management of data architecture to provide de-personalised data to open data platform</p> <p>Public Protection Annual Control Strategy</p> <p>Additional resource, training and improved processes to deal with FOIA requests</p> <p>Officer and delegated decisions are published as necessary to ensure transparency</p> <p>Maintaining the strengthened relationship between Senior Information Risk Officer (SIRO)/ Director of Governance and the Caldicott Guardian</p>				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Ongoing review of Council constitution.</p> <p>New induction programme for elected members including training in respect of the Code of Conduct and conflict of interests.</p> <p>Members now supplied with standard ICT equipment which will help to ensure appropriate information security and Information Governance.</p>				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

KCR 3 EFFECTIVE AND STRONG PARTNERSHIPS: Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes. In order to continue to deliver good outcomes and services, the council will have to enter into partnerships with a multitude of different organisations whether they are public, third sector or commercial entities. The arrangements for partnership working need to be clear and understood by partners to ensure they deliver the best possible outcomes.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively monitor and manage partnerships</p> <p>Partner (especially NHS, Academies) financial pressures may affect outcomes for residents</p> <p>Unilateral decisions made by key partners may affect other partners' budgets or services</p> <p>Priorities of the Mayor does not align with council /or city priorities</p> <p>Financial pressure on York and Scarborough Teaching Hospitals NHS Foundation Trust (YTHFT) and the Humber and North Yorkshire Health and Care Partnership ICS Board which may have worsened further due to Covid-19 and the cost of living crisis and ongoing demand on services</p>	<p>Key partnerships fail to deliver or break down</p> <p>Failure to utilise commitment to the city, reduced impact overall impact</p> <p>Misalignment of organisations' ambitions and direction of travel</p> <p>Ability to deliver transformation priorities undermined</p> <p>Delays in funding lead to missed opportunities</p> <p>Adverse impact on service delivery</p> <p>Funding implications</p> <p>Reputational impact</p>	Probable	Major (20)	<p>Account management approach to monitoring key partnerships. CMT identified the 100 organisations who have the most potential to influence or affect organizational and city aims and priority outcomes for residents, and have established a partner programme to continue to engage them. Directors and Chief Operating Officer lead on specific relationships with meeting scheduled arranged to meet partner requirements.</p> <p>City Leaders groups meet regularly with an annual programme shared in advance, and groups terms of reference and membership published on Outside Bodies. Thematic and functional partner groups meet regularly to discuss key issues and identify areas to work together on.</p> <p>The Integrated Care System has a strategy in place that aligns with the Joint Health & Wellbeing Board . The York Place Board will oversee the delivery of this at a Place level. Financial pressure remains, with a newly established joint Commissioning Group chaired by the Director of Public Health however the Council, ICS and</p>	Possible	Moderate (14)	No change	<p>RISK OWNERS: Claire Foale</p> <p>No current actions, ongoing monitoring of current controls</p>

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Cumulative impacts of the pandemic and cost of living crisis and a reduction in volunteering on voluntary and community sector				<p>the Acute Trust work together to reduce delays increase flow to reduce escalation beds and increase staffing.</p> <p>Arrangements with the MCA inform priorities, with the Strategy and Partnerships team maintaining a central coordination role, and the approved “pipeline” and subsequent response (York’s Growth Ambitions) to Local Growth Plan confirming areas of focus. The MCA are developing a series of consultative sessions with different officer groups to help ensure MCA Committee decisions include thorough briefings.</p> <p>Internal co-ordination through Policy Network who meet regularly to understand and inform areas of work and what is happening across agendas (including overall monitoring of arrangements with voluntary & community sector as part of prevention and early help work)</p> <p>Commissioners and the NHS place directors are working closely to deliver a number of key joint services across health and social care.</p> <p>Joint project group with NHS/ICB/Council to develop integrated neighbourhood team model and review assets.</p>				

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KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				The York Health and Care Board is now in place chaired by Ian Floyd, which supports an integrated decision-making approach across organisations				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

KCR 4 CHANGING DEMOGRAPHICS: Inability to meet statutory duties due to changes in demographics. York has a rapidly changing demographic in relation to both residents and business. This brings with it significant challenges particularly in the delivery of adult social care and children's services. The council needs to ensure that community impacts are planned for and resourced.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York.</p> <p>An increase in the aging population requiring services from the council</p> <p>Increase in complexity of needs as people get older</p> <p>Increase in people living with dementia</p> <p>Increase in ethnic diversity of the population means that the council has to understand the needs of different communities in relation to how services are delivered</p> <p>Growing number of people with SEND or complex needs living into adulthood</p>	<p>Increased service demand from residents, including; statutory school placements, SEND, mental health, adult social care and environmental services (eg waste collection)</p> <p>Increased service demand in relation to business (e.g. Regulation, Planning)</p> <p>Impact of additional demands cause significant financial and delivery challenges, such as a rise in delayed discharges, deterioration of people in the community awaiting elective surgery as well as increases in the number of people requiring care as the population ages</p> <p>Reputational impact as these mainly impact high risk adult and children's social care service areas</p> <p>Unable to recruit workers in key service areas e.g. care worker</p>	Probable	Major (20)	<p>Place planning strategy to ensure adequate supply of school places</p> <p>DfE returns and school population reported every 6 months</p> <p>Local area working structures in frontline services, including Early intervention initiatives and better self-care</p> <p>Assessment and Care management review complete, to better manage adult social care demand on CYC based on community led support</p> <p>Advice and Information Strategy complete, to provide residents with direct access to support and services, to better manage adult social care demand on CYC, resulting in the launch of Livewell York</p> <p>Investment in support brokerage work with NHS integrated commissioning</p> <p>Stakeholder and officer group, to create a more connected and integrated health and social care system.</p> <p>Officer caseload monitoring</p>	Possible	Major (19)	No change	<p>RISK OWNER: SARA STOREY</p> <p>ongoing monitoring of current controls</p> <p>31.03.2025 support requested from DPH in quantifying and assessing the nature of this risk, utilising JSNA.</p>

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KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Demographic of workforce supply unable to meet workforce demand</p> <p>Failure to plan for the impact of a rapid change in demographics to front line service provision</p> <p>The impact of the cost of living crisis may disproportionately affect certain demographics; eg BAME and the older community are more likely to suffer health issues, younger people by job losses</p>	To ensure that decisions made in relation to cost of living support are taken with a recognition of the different impacts on certain demographics			<p>Internal co-ordination such as Creating Resilient Communities Working Group (CRCWG)</p> <p>Establishing a “preparing for adulthood and LD/Autism lead” to ensure smooth transition</p> <p>York Skills Plan</p> <p>The Education Planning Team have completed a review of demographic data to determine the impact on schools</p> <p>Community Impact Assessments are carried out before decision making</p> <p>Redesign and implementation of new arrangements for early help and prevention</p> <p>Ongoing analysis of the Local Plan and Major development projects demographic data to determine the impact on all CYC services.</p> <p>The Covid 19 review ensures that lessons are learned, links to the population hub providing access to the right data ensure services and support is delivered across localities to reduce inequalities</p>				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group CYC specific Anti Racism Strategy, Action Plan and Pledge Support early intervention through the frailty hub, working alongside health colleagues New Transition Strategy established				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

KCR 5 SAFEGUARDING: A vulnerable child or adult with care and support needs is not protected from harm. Ensuring that vulnerable adults and children in the city are safe and protected is a key priority for the council. The individual, organizational and reputational implications of ineffective safeguarding practice are acute.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect a child or vulnerable adult from death or serious harm (where service failure is a factor)</p> <p>Poor outcome from statutory inspection (Ofsted) or assessment (CQC).</p> <p>Supply failure within the national care market for children's placements following OFSTED introduction for ages 16-17</p>	<p>Vulnerable person not protected</p> <p>Children's serious case review or lessons learned exercise</p> <p>Safeguarding adults review</p> <p>Reputational damage</p> <p>Serious security risk</p> <p>Financial implications, such as compensation payments</p> <p>Financial and resource implications of an increase in demand as a result of shortage in supply of placements</p> <p>Financial investment required as a result of a failed inspection</p>	Probable	Major (20)	<p>Safeguarding sub groups</p> <p>Multi agency policies and procedures</p> <p>Specialist safeguarding cross sector training</p> <p>Quantitative and qualitative performance management</p> <p>Reporting and governance to lead Member, Chief Executive and Scrutiny</p> <p>Annual self assessment, peer challenge and regulation</p> <p>Audit by Veritau of Safeguarding Adults processes</p> <p>Children's and Adults Safeguarding Boards (LSCB & ASB)</p> <p>Ongoing inspection preparation & peer challenge</p> <p>Local and Regional Data analysis</p> <p>National Prevent process</p> <p>DBS checks and re-checks</p>	Possible	Major (19)	No change	<p>RISK OWNERS: Sara Storey & Martin Kelly</p> <p>No current actions – ongoing monitoring of current controls</p>

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Effectively resourced and well managed service, supported by robust workforce strategy and clear practice model</p> <p>Effective recruitment to senior roles with expert assessment contributing to the process</p> <p>Annual Safeguarding Board annual plan</p> <p>Controls implemented from peer review action plan</p> <p>Chief Officer Group which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC</p> <p>Children's Social Care records system is upgraded. This is monitored by a project board.</p> <p>Ongoing work to ensure capacity is assured to enable any increase in demand to be met after introduction of new OFSTED requirements in children's care homes</p> <p>Use of different methods of contact methods for vulnerable children, such as facetime, alongside working with the DoE and Ofsted</p> <p>Improvement Plan for Children's social care in place since 2020</p>				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2025

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Ambition and Assurance Board oversight of ambition plan for adult social care</p> <p>Improvement Plan for Adult Social Care to address current budget pressures in place May 2021</p> <p>Increasing internal placement options with York by developing LA operated residential care</p> <p>Increasing targeted advertising to attract Foster Carers and increase capacity</p> <p>Adults Safeguarding Board Manager is in post</p>				

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KCR 6 HEALTH AND WELLBEING: Failure to protect the health of the local population from preventable health threats through preventable control measures.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to protect the health of citizens against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening.</p> <p>Failure to ensure there are plans in place to respond to wide-scale impacts on the health of citizens from future pandemics, infectious diseases, new and emerging drug trends, environmental hazards and the health impacts of adverse weather impacts</p> <p>The impact of the non or late diagnosis of health issues due to the impact of Covid-19 and cost of living increases, healthcare service pressures e.g. waiting lists or wider societal changes.</p> <p>Failure to protect citizens from the adverse health impacts of climate change</p>	<p>Likelihood of mass disease outbreaks</p> <p>Risk to life of chemical, biological or radiological hazard</p> <p>Late diagnosis & delay in treatment of health conditions that could be prevented through eg healthier lifestyles, healthier living conditions eg housing, or identified earlier through routine screening e.g. breast & cervical cancer, diabetic sight loss</p> <p>Reduction in life expectancy and quality of life</p> <p>Increase in health inequalities between population groups in the city</p>	Probable	Major (20)	<p>York Health Protection Committee is established with good engagement with partners locally and regionally.</p> <p>The Health Protection Committee will produce an Annual Health Protection Report for CYC Executive to approve</p> <p>Health protection governance arrangements are subject to regular inspection through the internal audit cycle.</p> <p>Emergency Preparedness arrangements including NYLRF arrangements, plans and exercises</p> <p>Mass vaccination programme for flu and Covid 19</p> <p>The 2022-2032 Health and Wellbeing Strategy sets 10 clear population health goals to improve health and the conditions which create health</p> <p>Climate change mitigation and adaptation programme</p>	Probable	Moderate (15)	No change	<p>RISK OWNER: PETER RODERICK</p> <p>No current actions, continuous monitoring of controls.</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Budget for PH services, such as sexual health service, is insufficient to cope with rising demand.	Sexual health service is overwhelmed leading to poor sexual health and increasing infections across the local authority							

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KCR 7 CAPITAL PROGRAMME: Failure to deliver the Capital Programme, which includes high profile projects. The capital programme currently has a budget of £427mm from 2025/26 to 2029/30. The schemes range in size and complexity but are currently looking to deliver several high profile projects, including Station Gateway and York Central.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Complex projects with inherent risks</p> <p>Large capital programme being managed with reduced resources across the Council</p> <p>Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing</p> <p>Cost pressures due to fluctuating inflation rate (particularly in Construction where 20-30% increases in costs have been seen)</p> <p>UK Bank of England interest rate expected to remain higher than previously forecast</p>	<p>Additional costs and delays to delivery of projects</p> <p>The benefits to the community are not realised</p> <p>Reputational Damage</p> <p>Pausing or stopping projects because of the economic climate may create some compliance issues and may mean that existing projects require extensions</p> <p>Increased interest rates and the continued impact of inflation will reduce the overall funding available to the Council and may therefore lead to reductions in service levels in some areas.</p>	Probable	Major (20)	<p>Project boards and project plans</p> <p>Regular monitoring of schemes</p> <p>Capital programme reporting to Executive and CMT</p> <p>Financial, legal and procurement support included within the capital budget for specialist support skills</p> <p>Project Management Framework</p> <p>Additional resource to support project management</p> <p>5 year Capital Strategy approved annually</p> <p>Capital Programmes are sufficiently staffed to deliver to timescales</p> <p>Internal Audit Report gave reasonable assurance on project management arrangements</p>	Probable	Moderate (15)	Slightly worse	<p>RISK OWNER: Debbie Mitchell and Garry Taylor</p> <p>Development of capital strategy for 2026/27 (Debbie Mitchell, 31/01/2026)</p> <p>NEW Review of major capital projects governance to be undertaken, including development of a resource plan</p> <p>(Garry Taylor & Debbie Mitchell 30/09/2025)</p>

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KCR 9 COMMUNITIES: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services. The council needs to engage in meaningful consultation with communities to ensure decisions taken reflect the needs of residents, whilst encouraging them to be empowered to deliver services that the council is no longer able to do. Failing to do this effectively would mean that services are not delivered to the benefit of those communities or in partnership.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Failure to effectively engage with the communities we serve</p> <p>Failure to contribute to the delivery of safe communities</p> <p>Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process</p> <p>Failure to manage expectations</p> <p>Communities are not willing/able to fill gaps following withdrawal of CYC services</p> <p>Lack of cohesion in the planning and use of CYC and partner community based assets in the city including Parish Councils</p> <p>Failure to mitigate wider determinants of health/deprivation impacts</p>	<p>Lack of buy in and understanding from stakeholders</p> <p>Alienation and disengagement of the community</p> <p>Relationships with strategic partners damaged</p> <p>Impact on community wellbeing</p> <p>Services brought back under council provision – reputational and financial implications</p> <p>Budget overspend</p> <p>Create inefficiencies</p> <p>Services not provided</p> <p>Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services</p>	Probable	Major (20)	<p>CMT working collegiately on joint initiatives around Early Intervention and prevention</p> <p>New early help and prevention community based service delivery models in Housing& Communities</p> <p>Revised Community Safety Plan</p> <p>Devolved budgets to Ward Committees and delivery of local action plans through ward teams</p> <p>Improved information and advice, Customer Strategy and ICT support to facilitate self service</p> <p>CYC Staff and Member training and development</p> <p>Community Safety Strategy in place for 2023/24</p> <p>Community Hubs set up to support residents</p> <p>Roll-out of the Community hubs model as agreed in Oct 2020</p>	Possible	Major (19)	Revised date for action	<p>RISK OWNER: Pauline Stuchfield</p> <p>COMPLETED</p> <p>Team being established to cover equalities, access & inclusion.</p> <p>Updated JD now approved, ready for recruitment.</p> <p>(Pauline Stuchfield 31/12/2024)</p> <p>Approval of Community Safety Strategy for 2024/25</p> <p>(Pauline Stuchfield, 31/03/2025)</p> <p>Neighbourhood Model development Pauline Stuchfield – July 2025</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
such as world conflicts and the cost of living increases	Increase in cost of living and in deprivation			UPDATED Management structure 2024 bringing Communities and Housing together. Volunteer Centre established through York CVS. 'People Helping People Strategy' being reviewed. Financial Inclusion Steering Group Establishment of Food roles in Communities Team Support for Anti-Racism group provided Maintaining strong relationships with parish councils through their Charter Access Officer role has been established in Communities Interim Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group				

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KCR 10 WORKFORCE/ CAPACITY: Reduction in workforce/ capacity may lead to a risk in service delivery. It is crucial that the council remains able to retain essential skills and also to be able to recruit to posts where necessary, during the current periods of uncertainty caused by the current financial climate and transformational change. The health, wellbeing and motivation of the workforce is therefore key in addition to skills and capacity to deliver. In addition, the council must ensure that its key governance frameworks are strong particularly those around statutory compliance for Health & Safety.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>The necessity to deliver savings has resulted in a reduced workforce requiring new and specialist skills</p> <p>Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector</p> <p>Lack of succession planning</p> <p>HR Policies may not be consistent with new ways of working (eg remuneration policy)</p> <p>Uncertainty around long term funding from central government.</p> <p>Lack of long term funding announcements from central government may impact on staff retention as it creates uncertainty for temporary posts funded by external funding</p>	<p>Increased workloads for staff</p> <p>Impact on morale and as a result, staff turnover in key services impacting on business continuity and performance</p> <p>Inability to maintain service standards</p> <p>Impact on vulnerable customer groups</p> <p>Reputational damage as a current and prospective employer.</p> <p>Single points of failure throughout the business</p> <p>.</p> <p>Impact on the health & wellbeing of staff has been and will be significant and may increase early retirements and leavers. Due to</p> <ul style="list-style-type: none"> Remote working (working from home) 	Probable	Major (20)	<p>Workforce Strategy and Action Plan</p> <p>Stress Risk Assessments</p> <p>Annual PDRs</p> <p>Comprehensive Occupational Health provision including counselling.</p> <p>HR policies e.g. whistleblowing, dignity at work</p> <p>Development of coaching/ mentoring culture to improve engagement with staff</p> <p>Corporate Cost Control Group monitoring of absence and performance reporting</p> <p>Apprenticeship task group</p> <p>Agency and Interim Staffing Policies</p> <p>Absence Management Policies</p> <p>Substance Misuse Policy</p> <p>A Workplace Health & Wellbeing Group has been established with staff & trade union representation which is chaired by the Head of HR.</p>	Possible	Moderate (14)	No change	<p>RISK OWNER: Helen Whiting</p> <p>Ongoing action: Review of HR policies to ensure they complement the diverse ways in which our workforce deliver services (Helen Whiting,) 31/12/2025)</p> <p>Implementation of the new Workforce Strategy and Action plan from May 2025</p> <p>(Helen Whiting, 31/03/26)</p> <p>Ongoing action: Review of employee T&Cs. Progress has started with costing options ahead of discussions with CMT and Trade Unions.</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Reduction in posts due to restructures required to achieve budget savings</p> <p>Potential strike action impacting on delivery of services. Ongoing school strikes and wider transport strikes also implicate on workforce availability.</p> <p>Lack of qualified workforce (e.g. care staff, HGV drivers)</p> <p>Ongoing national skills shortage</p> <p>Pay structure issues causing pressure at lower end having knock on impact on middle grades and especially supervisory roles around Grade 5</p> <p>Stress sickness absence remains the highest absence reason, importance of managing stress and potential burnout of staff.</p> <p>All LA's have a heightened awareness of the risk of</p>	<p>can have a negative impact on wellbeing.</p> <ul style="list-style-type: none"> Work life balance – unable to separate work from home due to work being carried out within the home Ongoing vacancies and volume of work in hard to recruit roles <p>However many staff may see an increase in their Health & Well Being due to more agile working. Having greater flexibility between work and home life.</p> <p>More agile and flexible working may also result in increased retention of staff and increase the attraction of candidates for vacant positions.</p> <p>Reduction in agency spend is a positive however, a reduced spend will impact on Teckal arrangements for City of York Trading (operating as Work With York)</p> <p>Financial & reputational impact of successful challenges to T&Cs and claims for equal pay</p>			<p>A staff health & wellbeing survey has been undertaken & this is being followed up by staff focus groups.</p> <p>Increase in regulatory compliance to protect the workforce e.g. Health and Safety regulations, working time directives</p> <p>Annual increase in Living wage is applied (although there is no control over this rate and conflicts with NJC rates)</p> <p>Joint Health and Safety Board and regular review of support for staff</p> <p>Improved frequency of informal and formal meetings with Trade Unions to improve communications and relationships</p> <p>Employer benefits package is well established</p> <p>Annual reminders and voucher provision for flu and covid vaccinations</p> <p>Increased help and awareness of staff wellbeing and mental health; monthly 'make a difference communications' which focuses on wellbeing</p>				<p>(Helen Whiting, 31/12/2025)</p> <p>Ongoing action - Implementation of creative recruitment initiatives.</p> <p>(Helen Whiting, 31/12/2025)</p> <p>Implementation of 2024/25 national pay award once negotiations have been concluded.</p> <p>(Helen Whiting, 31/12/2025)</p> <p>Teckal arrangements resolved from 1st April 2025, WWY will operate exclusively for CYC (noting other City of York Trading companies will continue to operate for other sectors)</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>equal pay claims, following events at Birmingham</p> <p>Serious breach of health and safety legislation</p> <p>Failure to comply with statutory obligations in respect of public safety</p>	<p>Public and staff safety may be put at risk</p> <p>Possible investigation by HSE</p> <p>Prohibition notices might be served preventing delivery of some services</p> <p>Prosecution with potential for imprisonment if Corporate Manslaughter</p>			<p>Business Continuity Planning to assist with redeployment of staff or reduction of service during times of shortage eg HGV drivers</p> <p>Managers being equipped with the right training to manage and lead teams and workforce plan</p> <p>Review of job descriptions and not one size fits all</p> <p>Retention payments and market supplements agreed for key posts</p> <p>HR Advisory circulars now being issued to managers</p> <p>HR representatives on a number of regional task force groups, including for social care workforce promotion and addressing and considering changing terms and practices to mitigate challenges to equal pay. Corporate Governance Board reviewing EP risk progress on regular basis.</p> <p>Health and Safety monitoring in place</p> <p>Ongoing Health and Safety Training programmes at all levels</p>				

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KCR 11 EXTERNAL MARKET CONDITIONS: Failure to deliver commissioned services due to external market conditions. The financial pressures experienced by contracted services (in particular Adult Social Care providers) as a result of increases due to the cost of living crisis could put the continued operation of some providers at risk. The Council has a duty to ensure that there is a stable/diverse market for social care services delivery to meet the assessed needs of vulnerable adults/children. Some services provided by the Council cannot be provided internally (eg Park and Ride) and must be commissioned. External market conditions such as the number of providers willing to tender for services may affect the Council's ability to deliver the service within budget constraints.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>Increases to the national living wage, employers national insurance contributions, and wage inflation in general.</p> <p>Recruitment and retention of staff</p> <p>If failure occurs, the Council may remain responsible for ensuring the needs of those receiving the service continue uninterrupted.</p> <p>Providers may go out of business as a result of the cumulative effects of the financial challenges</p> <p>Many sectors under financial pressure due to cost of living and inflationary pressures (reductions in income or increase in expenditure)</p>	<p>Vulnerable people do not get the services required or experience disruption in service provision</p> <p>Safeguarding risks</p> <p>Financial implications: Increased cost of alternative provider</p> <p>Increased cost if number of providers are limited</p> <p>Reputational damage</p> <p>Providers may face short to medium term recruitment issues due to current market conditions, or face an increase in costs which is passed on to the Council</p>	Probable	Major (20)	<p>Clear contract and procurement measures in place and have been further updated</p> <p>A clear progression process is now in place together with changes to JDs and HoS posts. Retention and recruitment drives in place to support staff within the council and potential new employees</p> <p>Ongoing review of operating and business models of all key providers and putting further mitigation in place, such as more robust contract monitoring and commissioning some 'enhanced' credit checks. Enhanced contract and quality team in place to work with providers reducing the potential for failure</p> <p>CYC investment in extra care OPHs has reduced recruitment pressure</p> <p>Revised SLA with independent care group and quarterly monitoring meetings with portfolio holders</p>	Possible	Moderate (14)	No change	<p>RISK OWNER: SARA STOREY</p> <p>ONGOING ACTION Increase joint working with NHS commissioners to manage market effectively and get best value.</p> <p>(Director of Adults & Integration, 30/06/2025)</p> <p>ONGOING ACTION Work with regional commissioning networks, national networks, local providers, and health and care partners to understand, monitor and manage any individual or national provider instability.</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Costs and cost of living pressures due to increasing inflation rate Cost pressures due to conflict in Ukraine				<p>Ongoing work with providers to set a York cost of care</p> <p>Local policies in place for provider failure</p> <p>Ongoing attendance at Independent Care Group Provider Conference</p> <p>DASS will have oversight of market sustainability. The appointment of a Head of Commissioning starting in Jan 2023 will co-produce a market position statement with health colleagues and providers</p> <p>Focus on prevention and early support to ensure residents are supported to stay at home for longer</p> <p>Co-producing model of care with people using services and their carers</p> <p>The Council's market position statement is regularly reviewed</p>				

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KCR 12 MAJOR INCIDENTS: Failure to respond appropriately to major incidents. Local Authorities are required by law to make preparations to deal with emergencies. Local Authorities have four main responsibilities in an emergency 1. to support the Emergency Services, 2. to co-ordinate non-emergency organisations, 3. to maintain their own services through a robust Business Continuity Management process, 4. to facilitate the recovery of the community and 5. since 2013 the council also has a statutory duty to protect the health of the population under the Health and Social Care Act 2012 and the transfer of public health responsibilities to local authorities. The Council must ensure that its resources are used to best effect in providing relief and mitigating the effects of a major peacetime emergency on the population, infrastructure and environment coming under it's administration. This will be done either alone or in conjunction with the Emergency Services and other involved agencies, including neighbouring authorities.

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
<p>An uncoordinated or poor response to a major incident such as:</p> <ul style="list-style-type: none"> Flood Major Fire Terrorist Attack Pandemic <p>Failure to protect citizens from the adverse impacts of climate change</p> <p>Potential for rolling commercial power outages over winter</p> <p>Increasing frequency of extreme weather events</p> <p>Radicalisation and emergence of extremism and terrorism</p>	<p>Serious death or injury</p> <p>Damage to property</p> <p>Reputational damage</p> <p>Potential for litigation</p> <p>Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented</p> <p>Reduction in life expectancy and quality of life</p> <p>Civil disturbances</p> <p>Risk to community cohesion</p>	Probable	Catastrophic (24)	<p>Emergency planning and Business Continuity Plans in place and regularly reviewed along with regional risk registers</p> <p>Strong partnerships with Police, Fire, Environment Agency and other agencies with principles such as JESIP and METHANE built into the way we work together</p> <p>Support to Regional Resilience forums</p> <p>Support and work in partnership with North Yorkshire local resilience forums</p> <p>Investment in Community Resilience (re Flooding)</p> <p>Work with partners across the city to minimise the risk of a terrorist attack through Protect and Prepare Group and Hostile Vehicle Management projects</p>	Possible	Major (19)	No change	<p>RISK OWNER: Garry Taylor</p> <p>The Terrorism (Protection of Premises) draft bill also known as Martyn's Law, is working it's way through parliament. This KCR will need to be reviewed in light of new obligations after that.</p>

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Warning and Informing is a key responsibility of Category 1 responders. It is important therefore that in times of emergency this responsibility is exercised in a timely way, not to do so has the potential to put a communities at risk.				<p>Development of the local outbreak control plan and a variety of internal recovery strategies</p> <p>Local outbreak prevention, management and response in place</p> <p>Climate change mitigation and adaptation program</p> <p>Regular review and reporting of carbon emissions</p> <p>Carbon reduction and climate change action plan regular updates to Executive/CMT</p> <p>Communications to citizens about steps they can take to reduce impact of climate change</p> <p>Sustainability leads group to encourage city partners to work together to reduce impact of Climate change</p> <p>Communications incident management plans, including outbreak</p> <p>Regular review of emergency and business continuity plans</p>				

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Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				<p>Directorate risk registers will include relevant climate change risks</p> <p>Prevent Situational Risk Assessment in place. The York Prevent Local Delivery Group will mitigate risks from radicalisation and report to the Safer York Partnership and the York & North Yorkshire Prevent Partnership Board.</p> <p>New Corporate Emergency Planning Group established improve resilience of the Council and our Communities and provide assurance we are resilient in Integrated Emergency Management* and comply with the Civil Contingencies Act 2004. (*Anticipate, assess, prevent, prepare, respond and recover)</p> <p>The LRF is currently undertaking a review of capabilities linked with risk reviews.</p>				

KEY CORPORATE RISK REGISTER SUMMARY

Key Corporate Risk	Gross Likelihood	Gross Impact	Gross Score	Net Likelihood	Net Impact	Net Score
KCR1 Financial Pressures	Highly Probable	Major	21	Probable	Major	20
KCR2 Governance	Probable	Major	20	Possible	Major	19
KCR3 Effective and Strong Partnerships	Probable	Major	20	Possible	Moderate	14
KCR4 Changing Demographics	Probable	Major	20	Possible	Major	19
KCR5 Safeguarding	Probable	Major	20	Possible	Major	19
KCR6 Health and Wellbeing	Probable	Major	20	Probable	Moderate	15
KCR7 Capital Programme	Probable	Major	20	Probable	Moderate	15
KCR9 Communities	Probable	Major	20	Possible	Major	19
KCR10 Workforce/ Capacity	Probable	Major	20	Possible	Moderate	14
KCR11 External Market Conditions	Unlikely	Major	18	Unlikely	Moderate	13
KCR12 Major Incidents	Probable	Catastrophic	24	Possible	Major	19

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Annex C

Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes

Background

1. This Annex provides a more detailed analysis of KCR3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes.
2. The description of this risk is as follows: In order to continue to deliver good outcomes and services, the council will have to enter into partnerships with a multitude of different organisations whether they are public, third sector or commercial entities. The arrangements for partnership working need to be clear and understood by partners to ensure they deliver the best possible outcomes.

Risk Detail

Failure to effectively monitor and manage partnerships

3. As a city council, we work collaboratively with a wide range of external partners — including public sector organisations, private companies, voluntary sector organisations, trade unions and community groups, both to deliver vital services and to achieve shared citywide objectives. For example, the council has several thematic partnerships convened to support development and delivery of the 10-year strategies and 10-year plans.
4. Failure to effectively monitor and manage these partnerships presents a significant organisational and reputational risk. This failure can lead to lack of clarity around roles and responsibilities for informing future ambition and delivering current priorities, diverting resources away from core city objectives and instead leading to strategic outcomes which are either diluted or unable to be delivered.
5. The scope of the 2024 Local Government Association Peer Review was discussed at Audit and Governance Committee in January 2024. The Committee recognised the importance of partnership working by considering additional partners to interview. The subsequent LGA Peer Report feedback noted the council needed to do more to understand partners objectives and work together for the city, in particular around development opportunities, and the opportunities the Local Plan will bring.

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Partners who took part in the LGA Peer Challenge were invited to a focus group to discuss what good looks like and make recommendations to strengthen the controls in place (see ‘controls’ over).

Partner (especially NHS, Academies) financial pressures may affect outcomes for residents

6. When delivery partners experience financial pressures, it can directly affect the quality, availability, and sustainability of services residents depend on. Reduced capacity, staff shortages, and cost-cutting may lead to delays, limited access, or lower service standards, potentially increasing demand on council services.
7. Financially constrained partners may be unable to invest in early intervention or preventative services, increasing long-term demand on public systems. This can disproportionately affect vulnerable groups, widen inequalities, and negatively impact shared ambitions for better health and wellbeing, and reduced inequalities. Overall, financial instability in partner organisations threatens the effectiveness of our collaborative efforts to deliver for the city, and undermines our ability to deliver joined-up, resident-focused services.
8. Financial pressures experienced by private sector partners are often as recent geopolitics reducing business certainty and consumer confidence, with supply chains and raw materials costing more than pre-Brexit/Tariffs. More locally this is as a result of policy changes from central government, for example the 10 Year NHS Plan has led to anticipated changes within the Integrated Care Board, increased National Insurance contributions is adversely affecting the hospitality and social care sector, and higher education policy, such as family visas no longer being available has reduced the number of overseas students attending the universities.

Unilateral decisions made by key partners may affect other partners’ budgets or services

9. CYC works with city partners to deliver integrated services and shared ambition. When one partner makes unilateral decisions without consultation—such as withdrawing funding, changing

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service models, or developing their own ambition that is at direct opposites to the council and wider city —it can have a significant knock-on effect for other partners, including the local authority.

10. These uncoordinated changes may shift demand unexpectedly onto council services, increase financial pressures, disrupt joint delivery arrangements, or undermine strategic planning. In addition, by failing to present a united and cohesive strategic ambition to key funding partners, the city could reduce its ability to attract investment for growth.
11. Without early engagement and joint decision-making, this risk compromises the stability, efficiency, and coherence of delivery — ultimately affecting outcomes for residents and putting additional financial strain on already limited council, and city partner, resources.

Priorities of the newly elected Mayor does not align with council /or city priorities

12. The election of the new Mayor risks introducing a potential for a shift in political direction, policy focus, and resource allocation. If the Mayor's priorities did not align with those of the local council or the broader strategic objectives for the city, this misalignment could have created significant risks. Diverging agendas may have led to fragmented decision-making, delays in programme delivery, and inefficient use of resources.
13. Such misalignment could weaken existing partnerships, create tension between political and operational leadership within the council, and disrupt long-term plans that require cross-organisational commitment and funding that would typically be awarded from the Mayor. A lack of alignment between mayoral and council priorities risks reducing the effectiveness of local government, creating unworkable tensions and undermining progress on key outcomes for communities.
14. At present, the city has aligned political leadership, with national, regional, local MP and local administration all within the same political party. Although there remains a risk that the newly elected Mayor does not align with the council or city priorities, this is minimal. The risk is more as a result of too many demands on the

Annex C**Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes**

available funding and simply not having capacity to do everything, rather than as a result of differences in strategic priorities.

Financial pressure on York and Scarborough Teaching Hospitals NHS Foundation Trust (YTHFT) and the Humber and North Yorkshire Health and Care Partnership ICS Board which may have worsened further due to Covid-19 and the cost of living crisis and ongoing demand on services

15. Ongoing financial pressures on NHS partners pose a significant challenge for CYC. These pressures—exacerbated by the long-term impacts of the COVID-19 pandemic, the national cost of living crisis, and sustained high demand for health and care services, together with recent national policy announcements—have the potential to reduce the capacity of NHS partners to deliver timely, preventative, community-based care and support early intervention and prevention.
16. As a result, there is a growing risk of increased demand being placed onto CYC services, particularly adult social care, public health, housing, and family support. This shift places additional strain on CYC's already stretched budget and can undermine the effectiveness of integrated care. This may also lead to poorer outcomes for residents, especially the most vulnerable, due to delays in hospital discharges, reduced community health provision, and disrupted access to essential services.
17. Without coordinated action, the financial instability experienced by health partners will limit the council's ability to plan, respond, and deliver on its statutory duties, and will ultimately compromise collective ambitions for improved population health and wellbeing.
18. This risk has become more likely with the planned abolition of NHS England announced in March 2025, leading to an estimated 20k-30k job cuts nationally. The position for Yorkshire and Humber ICB is not yet clear.

Cumulative impacts of the pandemic and cost of living crisis and a reduction in volunteering on voluntary and community sector

19. The voluntary and community sector (VCS) plays a vital role in supporting residents, particularly vulnerable and hard-to-reach groups, and is a key partner in delivering preventative and

Annex C**Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes**

community-based services alongside CYC. However, the cumulative impacts of the COVID-19 pandemic, the ongoing cost of living crisis, and a noticeable decline in volunteering levels have placed the sector under significant strain.

20. Many VCS organisations are facing increased demand for support at the same time as experiencing rising operational costs, reduced income, and workforce shortages—both paid and voluntary. This reduces their capacity to deliver critical services, contribute to early intervention work, and support community resilience. For the local council, this poses a substantial risk: the weakening of the VCS could lead to increased pressure on statutory services, widening inequalities, and slower recovery in key areas such as mental health, social isolation, and poverty.
21. If these challenges continue without adequate support or collaboration, there is a risk of long-term damage to the ecosystem of local support networks, limiting CYC's ability to achieve its strategic objectives and meet the needs of residents.

Implications

22. The implications for the Council include:
 - Key partnerships fail to deliver or break down
 - Failure to utilise commitment to the city, reduced impact overall impact
 - Misalignment of organisations' ambitions and direction of travel
 - Ability to deliver transformation priorities undermined
 - Delays in funding lead to missed opportunities
 - Adverse impact on service delivery
 - Funding implications
 - Reputational impact

Controls

23. Below are examples of the formal controls put in place by the council to mitigate KCR3. In reality, many more formal and informal arrangements take place every day, with officers at every level working closely with partners in a variety of different ways and for different outcomes.

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Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes

24. The controls facilitated by the council were strengthened following the Corporate Improvement Framework and action plan, approved by the Leader in July 2024.
25. The below references some of the partnership arrangements established by partner organisations, such as the ICB, however there are many more that support delivery.
26. Controls include:

Place partnerships

27. **Executive** At the start of the new administration, Executive were allocated lead roles on different partnership boards to ensure sufficient political oversight, with details added to the Outside Bodies¹ website. Members meet key partners regularly and share feedback with officers to take action as appropriate.
28. **Chief Officers** CYC takes an account management approach to monitoring key partnerships. CMT has identified the organisations who have the most potential to influence or affect organisational and city aims and priority outcomes for residents and have established a partner programme to continue to engage them.
29. Each chief officer, including the Chief Operating Officer, leads on specific relationships, with the pattern of meeting defined by the organisation. It includes 1/4ly meetings with each university and national government bodies, and regularly meetings with health and community partners, city partners, anchor institutions and key developers.
30. **Partner programme** Feedback from the LGA Peer Challenge about harnessing the commitment of partners, and subsequent partner discussions about what good looks like for them informed the Corporate Improvement Action Plan. As a result, an annual partner programme schedule has been developed. It is focused around the key themes of delivering the Local Plan (current growth), developing York's Growth Ambitions (future growth) with cross-cutting themes set by the council plan's four core

¹ [Outside bodies](#)

Annex C**Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes**

commitments of equalities, affordability, climate and health (EACH).

31. Partners meet with the council regularly to discuss key issues and identify areas to work together on, aligned to the 10-year strategies of health, climate and economy, with thematic groups focused on delivering specific ambitions and functional groups sharing expertise, insight and joining up strategic actions.
32. The annual partner programme has been designed to enable each group to understand the current context and shape the next discussion, as a cascade of discussions. This is to manage discussions in smaller groups so each partner can influence and inform, for example, developing York's Growth Ambitions in response to the Local Growth Plan has cascaded through the Economic Partnership, Strategic City Leaders Group and thematic task and finish groups.
33. **Place leadership** Two key place partnerships facilitated by the council are chaired by the Leader and Chief Operating Officer include:
 - The newly established Place Making Partnership, comprised of Mayor, MPs, Leader, Higher Education, Public Sector, Business Representative (Chamber of Commerce) and York Civic Trust set the principles for growth for further discussion by the City Leaders and thematic partnerships.
 - The Strategic City Leaders group (approximately 80 city leaders from across public, voluntary, and private sector) is an overarching strategic leadership group that takes a strategic look at wider place-making and city opportunities. Members also receive a quarterly e-newsletter (Inside our City).
34. **Thematic partnerships** The council has convened several thematic partnerships to support delivery of the 10-year strategies and 10-year plan, developed in collaboration with the city leaders group:

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Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes

- York Climate Commission has been refreshed following a co-design workshop in January, with participants supporting delivering the Climate Change Strategy.
 - York Schools and Academies Board
 - Better Care York
 - York Economic Partnership steers the Economic Strategy and has convened several task and finish groups to develop action plans in response to the objectives - a Global City, A thriving city, City Centre Action Plan, etc.
 - The Transport Expert Panel provides expertise to support delivery of the Local Transport Strategy.
 - The Financial Inclusion Steering Group – established from the 2013 Fairness Commission - oversees development of the Financial Inclusion Strategy and initiatives including work in response to the Cost-of-Living Crisis and oversight of the emerging draft Anti-poverty Strategy (for consideration by Executive in the autumn).
35. **Functional groups** The council has convened functional groups who meet quarterly to deliver city-wide issues, for example:
- York Head of Communications Group
 - York Sustainability Leads Group
36. **Key issues** Place partners are also brought together to discuss particular issues, for example, partners were invited to three workshops during 2024 to both understand more about the council's budgetary pressures and to make recommendations, helping to inform the budget approved by Council in February 2025.
37. **Monitoring and support** The council continues to monitor key issues as a result of emerging national or local policy and engages partners to explore how it can help. This includes offering business support to workforce at risk of redundancy, working with partners to consider how best deliver joint-funded services and convening discussions to identify growth proposals.
38. **Additional partnership arrangements** There are several partnerships across the city. The council participates in these by invitation, building insight and understanding, representing the

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Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes

council's strategic priorities and reflecting how the council can adapt practices to support local issues.

39. Examples include:

- The Skills Board steers the Skills Strategy (this is a city board, convened by Higher York, with the council as a member).
- Tourist Advisory Board that developed the Tourist Strategy (this is a city board, convened by Make It York, with the council as a member).
- The Pride of Place Board – anchor institutions established by Aviva to focus on tackling the cost of living crisis and inequalities
- BioYorkshire Steering Group – established by the University of York, Askham Bryan and Fera to support the economic development of the bioeconomy
- Business representative groups where the council will be invited to discuss a specific issue or attend as a member, for example the BID Board, HAY, Chamber Leaders Group, Cultural Leaders Group, etc.

Independent fund-raising partnerships

40. The Council Plan recognises that it cannot deliver its priorities alone, and the council has convened two independent (of the council) groups to focus on York based fund raising. The York Community Fund, founded by the council and Two Ridings Community Foundation, with a steering group including Joseph Rowntree Foundation, York Council for Voluntary Services (CVS) and York Together.
41. As part of this York Hungry Minds campaign steering group has been established to encourage donations to fund free school meals for all primary school children.

Health partnerships

42. **Systems leadership** The York Health and Care Partnership Executive Committee meets monthly. It is chaired by the Council's Chief Operating Officer, and the ICB's York Place Director, which supports an integrated decision-making approach across organisations.

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43. York Joint Health and Wellbeing Board is a statutory board that steers the Joint Health and Wellbeing Strategy and action plan and is chaired by the Portfolio Holder for Health, Wellbeing and Adult Social Care.
44. **Joint strategy** The Integrated Care System has a strategy that aligns with the Health & Wellbeing Board and Joint Health and Wellbeing Strategy 2022-2032. The York Place Board oversees the delivery of this at a Place level.
45. **Functional groups** Adult Services, Commissioners and the ICB are working closely to deliver several key joint services across health and social care with joint workshop discussions to define delivery practices, referral pathways and identify effective and efficient delivery options. This includes allocation of the Better Care Fund, and the winter pressures group.
46. Financial pressure remains. However, a newly established joint Commissioning Group chaired by the Director of Public Health with representatives from the Council, ICS and the Acute Trust are working together to reduce delays increase flow to reduce escalation beds and increase staffing.
47. **Thematic partnerships** A Joint project group with NHS/ICB/Council has convened to develop the integrated neighbourhood model and progress a review of health and council estates to support improved access to community health. Governance for this group feeds into the above leadership groups.
48. **Monitoring and support** CYC works closely with NHS partners, formally and informally to continue to monitor emerging national policy and the impact on local services. This includes informing discussions about supporting residents through ongoing service delivery.

Regional partnerships

49. **Regional leadership** The devolution deal sets out governance arrangements for the combined authority, which has been mandated in the combined authority's constitution. This included two places for the Leader and Deputy Leader on the combined authority joint committee, ensuring York's interests continue to be

Annex C**Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes**

represented. York has two votes for all combined authority decisions, with two held by North Yorkshire Council and one by the Mayor.

50. **Joint strategy** Arrangements with the newly established MCA are designed to support CYC understand priorities and inform strategic intent, with the Strategy and Partnerships team maintaining a central coordination role. CYC has informed development of the regional economic framework, and Local Growth Plan, co-producing York's response through close partnership working, both at a place level, with health partners and internal partnership arrangements.
51. Both the Mayoral pipeline, approved at July 2024 Leader's decision session; and subsequent Growth Ambitions, discussed at Scrutiny in December, were informed through place-based partnerships and are now steering discussions with the combined authority for future investment into the city.
52. The MCA are developing a series of consultative sessions with different officer groups to help ensure MCA Committee decisions include thorough briefings.
53. **Thematic partnerships** The MCA has established thematic partnerships the council is represented on – these either respond to different funds, such as the Trailblazers pilot or UK Shared Prosperity Fund, or to strategic commitments, such as Local Transport Plan or Local Area Energy Plan Accelerator.
54. **Functional groups** The council has convened a financial group to continue to progress the funding opportunities presented by the combined authority and ensure issues are resolved promptly to keep delivery flowing.
55. **Monitoring** This includes monitoring the "Mayoral pipeline" approved at the Leader's decision session in 2024 and representing York's interests during the development of Local Growth Plan to confirm areas of focus.
56. **Additional partnership arrangements** The council works closely in regional partnerships, sharing local expertise, building insight

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and understanding, representing York's interests and informing strategic intent, such as:

- Yorkshire and Humber Leaders Group
- Yorkshire and Humber Policy Leads Group
- East Coast Mainline Association
- Yorkshire and Humber Climate Commission
- Regional Refugee Integration Forum (York and North Yorkshire representative)
- Yorkshire and Humber sub-regional Migration Group
- Home Office/Local Authority Asylum Safeguarding Board (co-Chair)
- White Rose Forest Strategic Board

Internal partnerships

57. The council works in partnership with the Trade Unions, with monthly meetings held at directorate level to discuss workforce issues and the Trade Unions consulted on new or revised workforce policies.
58. Internal co-ordination is delivered through the Policy Network. Comprised of cross directorate service representatives who have a role in policy development, the policy network meets regularly to inform policy direction, share impacts or issues of emerging policy, and understand the key issues the council asks partners to support and inform.

General Issues

59. As is noted above, the Council places great emphasis on building and maintaining effective partnerships that harness city partners commitment to the city and devotes significant time to ensuring partners continue to understand and inform city growth and service developments. Nevertheless, the risks covered by KC3 are not ones which can ever be 'managed away' and will continue to represent a risk to the Council for the foreseeable future.
60. Although recent independent assessments of the council's approach to working in partnership, for example the review of Equalities, Diversity and Inclusion, the Public Health Peer Challenge and Local Government Association Peer Challenge

Annex C**Analysis of Key Corporate Risk 3 – Failure to ensure partnership arrangements are fit for purpose to effectively deliver outcomes**

Progress report - have all noted one of our strengths is building and nurturing partner relationships; the risk of partnership arrangements no longer being fit for purpose, particularly as financial pressures are felt more acutely and geopolitics creates greater uncertainty cannot be underplayed.

Risk Rating

61. The gross risk score is 20 (likelihood probable, impact major). After applying the controls detailed above the net risk score is reduced to 14 (likelihood possible, impact moderate).

Background papers

- LGA Peer Challenge interviews [Agenda for Audit and Governance Committee on Wednesday, 31 January 2024, 5.30 pm](#) item 40
- Executive (Public Pack) Local Government Association Peer Challenge Agenda Supplement for Executive, 09/05/2024 17:30
- Corporate Improvement Framework: [Annex B DRAFT IMPROVEMENT FRAMEWORK FINAL FOR CONSULTATION.pdf](#)
- Executive Decision Session [LGA Corporate Peer Challenge Final Report 2021](#)
- Partner involvement in budget consultation [budget-consultation-2025-26-external-report-on-budget-consultation-to-september-2024 \(2\).pdf](#)
- [Agenda for Decision Session - Executive Leader, Policy, Strategy and Partnerships on Wednesday, 17 July 2024, 10.00 am](#) item 4 (Corporate Improvement Framework) and item 5 (Mayoral pipeline)
- [Agenda for Economy, Place, Access and Transport Scrutiny Committee on Tuesday, 10 December 2024, 5.30 pm](#) item 5 (response to the Local Growth Plan)
- York North Yorkshire Combined Authority Constitution [240507- YNYCA-Constitution.pdf](#)

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Annex D- Risk Matrix

		Likelihood				
		Remote	Unlikely	Possible	Probable	Highly Probable
Impact	Catastrophic	17	22	23	24	25
	Major	12	18	19	20	21
	Moderate	6	13	14	15	16
	Minor	2	8	9	10	11
	Insignificant	1	3	4	5	7

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Meeting:	Audit & Governance
Meeting date:	30/07/2025
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Cllr Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

Audit and Governance Committee Report:

Update on Purchasing Compliance & No Purchase Order No Pay

Subject of Report

1. The report provides an update to members of Audit & Governance Committee about the ongoing review of Purchasing Compliance, encompassing No Purchase Order No Pay (NPONP) processes. It details the progress made since the report to members in November 2024.

Policy Basis

2. The report and the recommendation support the Financial Strategy of the Council, by providing assurance to Members that financial regulations are followed, orders are raised with the proper authorisation and budgetary control is adequate.

Recommendation and Reasons

3. Audit & Governance are asked to note and comment on the progress to date.

Reason: to gain assurance that the Council is taking proper action to respond to the agreed audit actions and improvements to purchasing processes are being made where necessary.

Background

4. A report on the compliance with the NPONP policy and continuing retrospective ordering was brought to this committee in November 2023. At which point an action plan was agreed for improving both these areas of concern.
5. This committee also received an update on the action plan in February 2024 and November 2024 which showed signs of improvement.

Progress Update

6. A thorough review of Purchasing is being undertaken with a much wider scope than just issues relating to No Purchase Order No Pay. We are making good progress with our review, but due to limited resources and extended scope of the review, this is taking longer than originally planned.
7. The update that follows covers in turn the areas from the original action plan shared with A&G in November 2023. The action plan is included for reference at Annex A.

Policy & Processes

8. The policy remains under review by Finance, Business Support and Procurement. The benefits of the policy still apply today, however adherence to the policy remains inconsistent. With agreement from CMT we are now consulting top-down through Directors, Assistant Directors and Heads of Service.
9. Consulting with services is ongoing and discussions have so far been productive. There have been several meetings in the last few months, although resources have mainly been directed towards production of Final Accounts and submission of Government Returns.
10. Retrospective ordering is still an issue across departments. It should be noted that we define retrospective orders as where the purchase order date comes after the invoice date. There are situations where an invoice arrives that exceeds the remaining value on a purchase order. We cannot extend the value on a purchase order and so a new order will be raised, and this will count as a retrospective order.

11. From this report onwards, only Orders placed directly through the Purchasing system will be reported on. Orders placed elsewhere that interface with the Purchasing system are in a different format and not compatible with the current method of analysis. This removes less than 1% of orders.
12. For orders that are processed through Business Support, we have put in place a new procedure where any request by an officer to raise a purchase order retrospectively is sent to the Systems Accountant for investigation. We are taking every opportunity to educate officers and improve compliance with the policy. The new procedure has led to some unexpected issues which are being addressed on a case-by-case basis.
13. Call-off orders are now being increasingly used by officers where either the value or quantity ordered is unknown in advance.
14. Exemptions remain an option and are assessed on a case-by-case basis in consultation with Procurement. They are primarily for situations where costs are borne unto the Council and we cannot readily choose the supplier, scope or cost.
15. The data from the last round of monitoring shows that there have been further reductions in the number of retrospective orders across the council. To produce a meaningful comparison, the YTD figures are calendar year January 2025 to end of June 2025.

Department	Retrospective Orders CYTD	Total Invoices CYTD	% CYTD	% November 2024 report
Transport, Environment & Planning	644	2,863	23%	30%
Business Support	809	3,736	22%	22%
Housing & Building Services	651	1,750	37%	44%
Other Services	641	3,368	19%	25%

16. The data shows a further reduction across services. A meeting with Highways was held in May, so there has not been sufficient time for the outputs from this meeting to be realised in the numbers for Transport, Environment & Planning.

Training Provision

17. Since the last report, existing self-serve Training materials have been re-written, and the Intranet has been updated with new guides – work will continue to ensure that adequate training materials are available for self-service. Uptake of this existing training provision has improved.
18. Following an Internal Audit report into Budget Management in July 2024, further training needs were identified relating to the purchasing system – to avoid duplication of work and training overload, it is prudent to widen the scope of training from just that related to No Purchase Order No Pay.
19. As recommended previously, new training is being created and this will be a mandatory requirement for all new users of the purchasing module. This will be created with the support of the Workforce Development Unit.
20. For existing users, a refresher training module has been planned for inclusion on the Council's online training system (MYLO) and subject to CMT approval, it is suggested that there will be a requirement to complete this on an annual basis. This training resource will be constantly updated to reflect best practice and to cover the most common queries and mistakes made.

Conclusion

21. We are continuing to work through the action plan and raise awareness of the correct procedures for purchasing at CYC and improvements are being seen, as shown by the data shared.
22. As previously mentioned, this is a very large piece of work within an ever more congested workload. For these policies to be a success will require cultural change within the organisation and the ongoing support of CMT and Members is invaluable.
23. The action plan has been updated at Annex A.

Consultation Analysis

24. Consultation has taken place with the FMS Systems team, Business Support (responsible for the Creditors function) and Corporate Procurement; as these sections all have a role to play in the purchasing process.

25. Consultation about the changes being made will be shared with these teams and Corporate Management Team to ensure support for the changes.

Risks and Mitigations (optional section)

26. If the purchasing processes and No PO No Pay policy are not followed correctly, the main risk is to proper budgetary control. In the current economic climate, it is essential that all commitments are forecast as far as is possible and suppliers understand the terms of payment offered by the Council.

Contact details

For further information please contact the authors of this Report.

Authors

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Service Area:	Finance & Procurement
Report approved:	Yes
Date:	18/07/2025

Background papers

- A&G Report, Update on No PO No Pay processes, 8th November 2023
- A&G Report, Update on Action Plan - No PO No Pay, 28th February 2024
- *City of York Council Creditors internal audit report, issued 13/03/2023*
- *City of York Council Financial Regulations*
- *NPONP Exemptions Policy and List*

Annexes

- Annex A: Action Plan

Annex A

Action Plan – No Purchase Order No Pay

Audit Recommendation	Actions Proposed	Status	Target Date/ Completed by	Revised Date	Responsible Officer
Policy & Processes	1. Review appropriateness of the policy	Completed	31/12/2023	-	Principal Accountant
	2. Consult with key stakeholders	Completed	31/12/2023	-	
	3. Review invoice data and identify services that need support	Ongoing	31/12/2023	31/07/2025	
	4. Make necessary changes to policy/processes	In progress	31/12/2023	31/07/2025	
	5. Issue exemptions in consultation with Procurement	Now BAU	31/12/2023	-	
Training provision	6. Review training offered and attendance	In progress	31/03/2024	31/08/2025	Systems Accountant
	7. Refresher training on the policy	In progress	31/03/2024	31/08/2025	
	8. Consider whether mandatory training is required.	Completed	31/03/2024	-	
Role of Business Support	9. Identify users within business support that are undertaking retrospective ordering	Completed	31/12/2023	-	Principal Accountant/ Head of Business Support

Audit Recommendation	Actions Proposed	Status	Target Date/ Completed by	Revised Date	Responsible Officer
	10. Discuss with services if orders can be raised by someone in the dept	Ongoing	31/03/2024	31/08/2025	
	11. Review authorisation processes	Completed	31/12/2024	-	
Exemptions list	12. Review current list of exemptions in consultation with Procurement	Completed	31/12/2024	-	Principal Accountant/ Head of Procurement
	13. Makes revisions and notify suppliers of changes	Completed	31/12/2024	-	
	14. Reissue to Creditors team and make available on the intranet	In Progress	31/12/2024	31/08/2025	



Meeting:	Audit & Governance Committee
Meeting date:	30/07/2025
Report of:	Director of Finance (S151 Officer)
Portfolio of:	Councillors Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: **Statement of Accounts 2024/25**

Subject of Report

1. The purpose of this report is to present for information the draft 2024/25 Statement of Accounts before they are audited.

Policy Basis

2. The production of the Council's statement of accounts results from all of the council's business processes and helps support the administration's key commitments and priorities as outlined in the Council Plan 2023-2027.

Recommendation and Reasons

3. Audit & Governance Committee note the draft pre-audit statement of accounts, for the financial year ended 31 March 2025.

Reason: To ensure that, in line with best practice, Members have had the opportunity to review the draft pre-audit Statement of Accounts.

Background

4. The Accounts and Audit Regulations (2015) requires Local Authorities to publish draft Accounts by 30th June. York Council met this deadline and published our draft Accounts on 30th June, and they were available for inspection from 1st July.
5. The Council has to prepare an annual Statement of Accounts and present them to Audit & Governance Committee. Members are not being asked, at this stage, to approve these draft pre-audit accounts. The Director of Finance has signed the draft accounts, and the audited accounts will be brought back to this Committee later in the year for approval on behalf of the Council.
6. Following the authorisation of the Director of Finance, the accounts have been available for public inspection for a period of 30 working days from 1st July until 11th August. During this period local government electors for the area are able to exercise their rights to question the auditor about the accounts. At the time of writing, 41 questions about the accounts had been received from 2 local residents.
7. Mazars are the Council's external auditors and they expect to start fieldwork in October/ November and issue a report and opinion by January 2025.
8. The pre-audit Statement of Accounts 2024/25 has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK and is produced in line with International Financial Reporting Standards (IFRS) which are the accounting standards used across the world making Local Authorities' Accounts more comparable with the private sector and worldwide.
9. The first section of the accounts (the Narrative Report) explains the main information included in the accounts, gives an overview of the Council and provides further information about the most significant matters reported in the accounts, along with an analysis of the pressures and risks that may impact on future financial performance.

10. The accounts also include the Council's Annual Governance Statement (AGS), following the annual review of the governance framework and processes. Any significant control issues are identified within the AGS.

Conclusion

11. The production and publication of the statement of accounts is a statutory requirement that provides members and interested parties with the chance to see the full financial position of the Council.
12. Bringing the statement of accounts to audit & governance provides an opportunity for Member led debate and compliance with defined best practice. It is an important part of member involvement in corporate governance that scrutiny is undertaken of the Council's accounts.

Contact details

For further information please contact the authors of this Report.

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Service Area:	Corporate Finance
Report approved:	Yes
Date:	17/07/2025

Annexes

A – Explanation of core statements

B – Draft Statement of Accounts 2024/25

Abbreviations used in this report:

IFRS – International Financial Reporting Standards

CIPFA – Chartered Institute of Public Finance and Accountancy

IAS - International Accounting Standard

AGS – Annual Governance Statement

A brief explanation on the constituent parts of the Annual Financial Report

Narrative Report

1. This is designed to help give readers an understanding of the accounts. It sets out a description of all the individual sections, gives an overview of the revenue and capital position in the year, identifies the position on the Council's borrowing powers and reserves and future issues that may influence how the Council is run. It also provides the opportunity to explain any changes in accounting policies that have been used in the preparation of the Accounts.

Auditors' Report

2. This is the auditor's certificate on the accuracy or otherwise of the authority's accounts and is issued at the end of the audit process. This will be inserted into the Statement of Accounts for approval by Members of Audit & Governance Committee at the end of September.

Annual Governance Statement

3. The 2007 guidance also introduced the requirement on local authorities to prepare an Annual Governance Statement (AGS) instead of a Statement of Internal Control (SIC) for 2007/08, and future accounting years. In preparing the AGS, the Council must address the overall governance arrangements of the organisation rather than specifically the systems of internal control.

Statement of Responsibilities

4. This is a simple statement that sets out the different legal responsibilities of the Council and the 'Section 151 Officer' / Chief Finance Officer). It is where the certificate has to be signed by the CFO to authorise the draft pre-audit Statement of Accounts to state that the accounts represent fairly the position of the Council.

Statement of Accounting Policies

5. This statement sets out all the policies that have been followed in preparing the accounts. It is also intended to demonstrate where, if at all, the policies followed by Council differ from either the best practice or the CIPFA guidelines.

Comprehensive Income and Expenditure Statement

6. The Income and Expenditure Statement shows the net cost of all the functions for which the Council is responsible. It compares the cost of service provision with the income raised by fees and charges, from specific Central Government grants and from the Collection Fund. The surplus or deficit on this account represents the amount by which income is greater than or less than expenditure, where income and expenditure are measured using essentially the same accounting conventions that a large (but unlisted) company would use in preparing its audited annual financial statements.
7. This statement also attempts to analyse changes in the council's asset base due to:
 - Surplus or deficits on income and expenditure
 - The revaluation of the council's fixed assets
 - Changes in pension liabilities due to actuarial revaluationIn many instances these revaluations impact primarily on the council's balance sheet.

Movement in Reserves Statement

8. This account reconciles the amounts that must be taken into account when determining the Council Tax of the Council in accordance with statute and non-statutory proper practices and the sums included in the Income and Expenditure Account.

Balance Sheet

9. The balance sheet shows the overall financial position of the Council with external bodies by bringing together the year-end balances of all the Council's accounts. It shows the balances and reserves at the Council's disposal, the long-term indebtedness, the net current assets and summary information on the fixed assets held.

Cash Flow Statement

10. This statement provides a link between the Balance Sheet at the beginning of the year, the revenue accounts for the year and the Balance Sheet at the end of the year. It summarises on a subjective basis the expenditure and income of the Council for revenue and capital purposes.

Housing Revenue Account Income and Expenditure

11. This account summarises the income and expenditure of providing Council houses. There is a statutory requirement to keep this account separate from other Council activities.

Statement of Movement on the Housing Revenue Account Balance

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

Collection Fund

13. This fund shows the transactions of the Council acting as Charging Authority in relation to Council Tax, Community Charge and Non-Domestic Rating in aid of local services and shows how much has been distributed to the Council, North Yorkshire Police Authority, North Yorkshire Fire and Rescue Authority and parish councils.

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Statement of Accounts

2024/25

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STATEMENT OF ACCOUNTS

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NARRATIVE REPORT

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1. INTRODUCTION

These accounts set out the financial results of the City of York Council activities for the year ending 31st March 2025. They are prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) which requires that the accounts show a true and fair view of the financial position of the Council. Suitable accounting policies have been adopted and applied consistently. Where necessary judgements and estimates have been made which comply with the Code.

This narrative report explains the main information included in the accounts, gives an overview of the Council as at 31st March 2025 and provides further information about the most significant matters reported in the accounts, along with an analysis of the pressures and risks that may impact on future financial performance.

The structure of the accounts is as follows:

Statement of Responsibilities

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

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

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

Cash Flow Statement

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

Notes and Accounting Policies

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

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

- Disclosing information that is not presented elsewhere but is relevant to understanding the statements

Expenditure and Funding Analysis (EFA)

The objective of the EFA is to demonstrate to council taxpayers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

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

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

Movement on the Housing Revenue Account Statement

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

Collection Fund

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

Annual Governance Statement (AGS)

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

Glossary

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

2. ABOUT THE COUNCIL

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

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

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

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

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

3. REVIEW OF THE FINANCIAL POSITION

Funding Context and Financial Planning

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

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

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

NARRATIVE REPORT

Whilst inflation levels were lower in 2024/25 compared with recent years prices are still increasing and as such the cost of living crisis still impacts the council's underlying ability to support its residents. Across the capital programme particularly, the impact of inflation over the years is significantly affecting what we are able to deliver.

Bank of England base rates started the year at 5.25% and have reduced twice during the year to a level of 4.75% at the end of March. The rate at which the council can borrow has remained high which impacts the cost of delivering the capital programme.

In shaping the budget all the issues are carefully considered to ensure a budget that is both prudent and protects vulnerable people. Ensuring that there is the capacity to invest is a critical part of the budget deliberations. In relation to council tax, in the 2024/25 settlement, the Government allowed Councils to increase council tax up to 5% and therefore York's 2024/25 budget included a council tax increase in of 2.99%, plus an additional increase of 2% in line with the Government's Adult Social Care precept.

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

Revenue Outturn 2024/25

The Council's General Fund budget for its own net expenditure was set at £149.3m. To this sum the parish precepts added a further £1.0m. Band D Council Tax, including both Police and Fire Authority precepts, was set at £2,038.66. This was a 4.99% increase on the previous year.

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

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

The Outturn position reported an overspend of £1.1m which has been funded from the planned use of the contingency and a contribution from earmarked reserves. This was an improvement of £3.2m when compared with the forecast at Monitor 3. This demonstrates the hard work undertaken by officers to control expenditure as well as the strong financial management controls that are corporately operated.

However, there remain considerable financial challenges looking ahead into 2025/26 and beyond. The main risks are due to the underlying pressures in adults social care, the impact of minimum wage increases and employers' national insurance increases on suppliers' costs as well as relatively high interest rates which impacts the cost of borrowing. The 2025/26 budget provides for significant growth in adults (£8m) and children's services (£3m) budgets and made proper provision for all known cost increases at that time.

Full details on the individual service areas position for 2024/25 will be reported to Executive in July 2025.

NARRATIVE REPORT

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

Directorate	2024/25 Net Budget	Outturn
	£'000	£'000
Children & Education	35,261	+531
Adult Social Care & Integration	52,051	+4,155
Environment, Transport & Planning	30,360	-1,899
Housing & Communities	11,613	+688
Corporate and Central Services	19,407	-2,352
Sub Total	148,692	+1,123
Use of contingency	576	-576
Use of earmarked reserves		-547
Total	149,268	nil

Reserves

At the end of the financial year 2024/25 the useable reserves stood at £138m, compared to £142m at the end of 2023/24. Further details can be found in note 8. The table below summarises the position on useable reserves (note brackets indicate a reduction in reserve):

	Opening Balance	Net movement in year	Closing Balance at 31/03/2025
	£'000	£'000	£'000
General Fund balance	9,628	(283)	9,345
Earmarked General Fund Reserves	49,983	5,459	55,442
Housing Revenue Account	29,965	(4,149)	25,816
Earmarked Housing Revenue Account Reserves	3,288	(133)	3,155
Major Repairs Reserve	3,954	881	4,835
Capital Receipts Reserve	12,934	(2,891)	10,043
Capital Grants Unapplied	31,944	(2,131)	29,813
Total	141,696	(3,247)	138,449

The Council takes a risk based approach to the management of useable reserves and as part of setting the annual budget, the s151 Officer undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve, and this was incorporated into the Council budget reports. For 2024/25, it was determined that a level of £7.1m is an appropriate figure. However, considering the risks facing the council, in particular the scale of future reductions on top of those already made, it was also considered that headroom should remain above the minimum level

The General Fund reserve balance of £9.3m in the table above also includes individual school balances of £1.9m. These earmarked reserves are not for Council use and the level of reserve, in accordance with the Code, forms part of the Movement in Reserves Statement. In compliance with the Education Reform Act 1988, individual school balances will be carried forward into 2025/26.

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

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

Risks and opportunities

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

At a time of significant reductions in grants and rising demand it is essential to set a prudent, stable and achievable budget. Many councils across the country are now experiencing very severe financial challenges. Whilst the challenges for this council are significant, through sound financial planning, and in year management, the council retains strong financial health. In response to a shift in demand led expenditure pressures and reductions in grant funding, the council is taking steps to enable itself, residents and communities to work together as equal partners to meet their future needs and priorities.

The scale of future budget reductions required will inevitably affect all services and all residents to some extent. In considering what savings can be made we have taken long term approaches to the development of future services and this approach will help to protect the needs of the most vulnerable people in York.

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

Key performance indicators

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

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

4. HOUSING REVENUE ACCOUNT (HRA)

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

The Housing Revenue Account budget for 2024/25 was set as a net surplus of £2,023k prior to debt repayment at February 2024. There were carry forwards of £2,293k agreed as part of the outturn report meaning the revised budget stands at £8,670k deficit (including £8,400k debt repayment). Once revenue contributions to capital expenditure are excluded the underspend on the HRA was £2,471k. The underspend is made up of credit interest on the HRA balances (£850k) planned repairs (external painting) (£659k) general management (£268k) bad debts provision (£277k) lower depreciation charge (£158k) income from leaseholders (£122k) and reductions in utility costs (£245k).

5. BUSINESS RATES AND COUNCIL TAX

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

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

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

As outlined in the introduction, the Collection Fund is an agent's statement. The Council is required by statute to maintain this separate fund for the collection and distribution of amounts due in respect of Council Tax and Business Rates. The fund shows a deficit on Council Tax and Business Rates at 31 March 2025; as it did on 31 March 2024.

Collection rates have continued to improve since the pandemic, particularly on Business Rates, with 98% of the total sum collectable for 2024/25. The deficit on Business Rates has reduced in 2024/25 compared to the figure at 31 March 2024, mainly due to a reduction in the write offs of uncollectable amounts and a reduction in the number of outstanding arrears settled compared to 2023/24.

The collection rate for Council Tax was 97.2% which was a small improvement on last year. The deficit on Council Tax has reduced in 2024/25 compared to the figure at 31 March 2024, mainly due to the improvement in the collection rate and a reduction in write offs of uncollectable amounts compared to 2023/24.

6. CAPITAL EXPENDITURE

Capital expenditure for the year totalled £74.019m (2023/24 £98.377m). This was funded by capital receipts, internal borrowing, Government Grants and other contributions and revenue contributions.

A summary of where the money was spent in 2024/25 and how it was funded is shown below:

	2024/25 Outturn £m
Capital Expenditure	
Children's services	6.497
Adult Social Care	0.902
Housing	31.667
Communities	2.916
Transport & Environment	26.337
City Development	2.012
Property Services	1.700
ICT	1.988
Corporate Services	-
Total expenditure	74.019
Funding	
Prudential Borrowing	18.811
HRA & RTB Receipts	12.909
Grants and other contributions	31.136

NARRATIVE REPORT

Earmarked Reserves	11.163
Total Funding	74.019

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

York Station Gateway - The York Station Gateway scheme is now progressing with delivery, with Package 1 (Utility Diversionary Works) now complete, and Package 2 (Highways Works) midway through construction. There have been delays that have impacted the project and additional costs due to inflationary increases since the project was tendered which have added significant cost to the project. The Package 3 which includes internal works at the station are now also expected to be more expensive than when the scheme was approved in 2020. In total it is currently estimated that to ensure the full benefits of the scheme will be achieved additional funds of c £18.5m will be required to complete the scheme.

York Outer Ring Road Improvements – Whilst the scheme has achieved planning permission a review of the costs of the scheme have identified that to deliver the full scheme as planned is not affordable.

A report to Executive (15th July 2025) at the time of writing is to consider the options around adding additional funding into the Station Gateway scheme and to break the York Outer Ring Road Scheme into phases and to concentrate on delivering priority roundabouts.

Updates on other major projects are provided below:

York Central - The York Central scheme has seen good progress on the delivery of the access infrastructure, with significant works evident on site and with Homes England / Network Rail managing the construction contract which includes; the new bridge across the East Coast Main Line; the spine road with access into the site from Water End; dedicated / segregated pedestrian and cycle routes along the full length of the route, and associated landscaping. The Funding Agreement for allocating £35m of Enterprise Zone (EZ) backed borrowing to the delivery of the York Central Infrastructure has now been agreed with the initial council contribution expected to be paid in 2025/26.

The delivery of the main York Central highway infrastructure by Homes England is progressing with the Phase 1 delivering the alternative route around the National Railway Museum expected to be complete by summer 25, allowing the stopping up of Leeman Rd to be certified.

Road construction has progressed to enable Leeman Road to be stopped up. This includes construction of the new spine road as well as the main cycle/pedestrian route and improvements to Station Rise. Phase 2 of the scheme to connect the new spine road through to Water End is expected to be complete in 2027. Ground improvement works and foundations have progressed for the embankments and bridges.

Castle Gateway - In November 2023 Executive agreed the way forward to deliver some of the masterplan proposals, and work has now commenced to revise designs for the Castle / Eye of York and assess the potential for the delivery of Affordable Housing at Castle Mills. The strategic importance of St George's Field as a parking location was acknowledged and proposals for improving parking provision there, with coach drop off facilities, are being progressed. The proposals will be included in the business case, which will be reported to the Executive for approval in September 2025.

Public and stakeholder engagement has been undertaken on the stage 2 designs for the Castle and Eye of York scheme. This feedback has been used to inform the next stage of design development which will be sent to external consultants for the costs to be established. The cost plan for the scheme is nearing completion and the next stage is to review with the project team. The outcome of this and the review and other parking facilities in the vicinity will also form part the report mentioned above. .

NARRATIVE REPORT

Duncombe Barracks and Burnholme - All 34 new homes at Duncombe Barracks are expected to complete throughout Summer 2025. Progress over the year has been steady and the completion of the Council's first net zero carbon, fully certified Passivhaus development is a great achievement and will see 60% of the homes delivered as affordable housing. Burnholme, the second Passivhaus certified development, will complete slightly later in the year with handovers across autumn and winter. This is a larger site comprising of 78 homes, 60% of which will be affordable.

Ordnance Lane has been redesigned to meet the requirement to deliver 100% affordable housing. The updated design increases the density to 101 new homes and planning approval was achieved for this updated layout in August 2024. The scheme has been designed to RIBA 4 and the tender is underway for a Principal Contractor with tender returns due back in May 2025. Depending on the response from the market, it is hoped that a main works contract will be entered into by Autumn 2025 with a start on site shortly afterwards. Ordnance Lane is a site with a high level of site abnormalities and therefore additional grant has been awarded from the Mayoral Combined Authority to a value of £2,020k to unlock this complex site.

To date, Ordnance Lane has been awarded £2.4m of OPE Brownfield Grant Funding which has been used to significantly derisk the site. An enabling contract has been undertaken to clear the site of all existing structures, remove contamination and strip out the 'Married Quarters' retained buildings. The enabling works contract concluded in December 2024. The final account is yet to be concluded but it is anticipated that works will be within the allocated budget.

The Housing Delivery programme has concluded two grant funded schemes which delivered shared ownership in the city; Homes England's Second-Hand Shared Ownership and YNY Devolution funded Second Hand Shared Ownership with retrofit. Combined these two schemes have delivered 40 new affordable homes to residents who are unable to access home ownership on the open market. The 25 homes funded to provide additional retrofit measures to increase EPC ratings from D or below to C and above have saved in the region of 36 tonnes of CO2 emissions

7. TREASURY MANAGEMENT

The Council's year end treasury debt position for 2024/25 compared to 2023/24 is summarised in the table below:

Debt	31/03/2025 £000	31/03/2024 £000
Balance brought forward	328,487	302,621
Reversal of previous years carrying value	(3,437)	(1,356)
Add new loans taken	49,800	30,000
Less loans matured in year	(43,400)	(6,215)
Total debt as per Treasury Management Outturn Report	331,450	325,050
In year carrying value adjustment	1,642	3,437
Total Debt at 31st March	333,092	328,487

Six new PWLB loans were taken during the year totalling £49,800k with interest rates on the loans ranging from 4.49% to 5.39%. All six loans have maturity dates of 1 year. Nine PWLB loans totalling £43,400k were repaid during the year.

The Council maintained an average investment balance of £29.058m in 2024/25 compared to £23.238m in 2023/24. The surplus funds earned an average rate of return of 4.89% in 2024/25 compared to 4.86% in 2023/24.

8. PENSIONS

The cost of pensions to the Council continues to increase year on year and remains a major item of expenditure. The Council participates in the Local Government Pension Scheme (LGPS) as a scheduled body and is a member of the North Yorkshire Pension Fund (NYPF) which is administered by North Yorkshire Council. The last full actuarial valuation of the fund was carried out as at 31st March 2022. The next triennial valuation of the LGPS will be as at 31st March 2025.

The Council's funded LGPS net defined benefit position is £nil (£nil, 2023/24) at the balance sheet date. The Council also had historic long-term pension liabilities in relation to unfunded discretionary LGPS benefits totalling £937k (2023-24 £1,071k) unfunded discretionary Teachers Pensions benefits totalling £7,275k (2023-24 £8,209k).

Surplus restriction under paragraph 64 of IAS 19

Following the recent economic backdrop over the past couple of years an increasing number of Local Government Pension Scheme funds have seen significant improvements to funding levels, primarily owing to rises in asset values following interest rate increases which has led to improved expected future returns (also known as the discount rate assumption). This has meant that an increasing number of LGPS employers are now seeing net defined benefit accounting surpluses at the balance sheet date.

Under the IAS 19 accounting standard a defined benefit scheme asset (surplus) can only be recognised to the extent that an employer can receive an economic benefit from that surplus. This limitation is known as the "asset ceiling". The Council's IAS 19 balance sheet position as at 31 March 2025 was showing a net pensions asset before consideration of a surplus restriction.

Paragraph 64 of IAS 19 states that "when an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of: (a) the surplus in the defined benefit plan; and (b) the asset ceiling, determined using the discount rate (IAS 19)." The asset ceiling is calculated as being "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan."

The actuary carried out additional calculations of the potential surplus that could be recognised 'through reduced contributions in the future'. The actuary did not consider whether a surplus could be recognised through future refunds, however it should be noted that refunds to employers are only possible when the employer exits the Fund, and it's generally accepted that scheduled bodies cannot normally obtain refunds of surplus during the normal life of the plan. As a scheduled body of the fund, which is open to new entrants, the actuary has assumed that the Council's participation in the fund is indefinite. Additionally scheduled bodies are not normally able to wind up a pension plan and thereby obtain refunds, as in the event of the discontinuation of a local authority the pension fund assets and liabilities would be transferred to a successor authority.

The actuary calculated the asset ceiling to be £nil and therefore the accounting surplus of £246,426k for the funded LGPS defined benefit scheme as at the balance sheet date is not realisable by the Council in the form of either refunds or reduction in employer's contributions and has therefore been limited entirely by the effects of the asset ceiling. Other contributing factors affecting the value of the funded net defined benefit obligation before the asset surplus restriction were as follows:

Asset returns

Asset returns over the accounting period have been lower than expected. This has led to a loss on assets over the accounting period and a worsening of the balance sheet position.

Financial assumptions

There has been a change to the financial assumptions over the accounting period. The discount rate has increased by 1.00%, the CPI assumption has reduced by 0.10% and the salary increase assumption has reduced by 0.10%. This has resulted in a more positive balance sheet position than if the assumptions at the start of the period had been used. The impact of this change has been recognised in Other Comprehensive Income.

Demographic assumptions

There has been a change to the demographic assumptions at the accounting date. The impact of this change has been recognised in Other Comprehensive Income.

Further details can be found in Note 40, Defined Benefit Pension Schemes.

9. NON-CURRENT ASSETS

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

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

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

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

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

The 2024/25 balance sheet value of the council's non-current assets (including current assets held for sale) is £1,541.583m. This has increased by £34.441m from the 2023/24 value of £1,507.142m.

Capital enhancements to the value of £83.286m were made to these assets during 2024/25. This includes £15.072m for Right of Use Assets. Assets to the value of £15.845m were disposed of during the year.

Non-current assets were depreciated by £39.455m during 2024/25. This figure includes amortisation of intangible assets and depreciation on Right of Use Assets.

Valuations on the council's properties are carried out by qualified valuers within the council's Asset and Property Management Team. A revaluation programme exists which set out when each category of Asset will be valued and during 2024/25 this programme included Park and Ride sites and libraries. In addition, Schools and car parks have been revalued again in 2024/25.

Allerton Waste site is normally valued by external valuers due to its specialist nature. The last external valuation was undertaken in 2023/24. During 2024/25 a desktop exercise was undertaken by the lead partner (North Yorkshire Council) to review the valuation using indices to uplift the value. This resulted in a decrease in the value of the asset on the Council's balance sheet by £2.366m.

The council's housing stock normally has a full revaluation every 5 years, and desktop revaluations are undertaken on the interim years. In 2024/25, a desktop valuation was undertaken at 31/01/2025. The value of the council's housing stock decreased by £4.401m as a result of the 31/01/2025 desktop valuation.

The HRA has increased the type of housing offered with the Shared Ownership Programme. In total, 106 properties have been purchased to date, with 11 being purchased in 2024/25. As at the 31 March 2025, equity shares in all properties have been sold, and 7 customers have now purchased 100% of their property. This has reduced the current active stock numbers to 133. The total cost of the 11 properties purchased by the council for shared ownership during 2024/25 was £2.8m. This has completed the 2 shared ownership programmes funded by Homes England and DLUHC which has provided 40 properties over the last 3 years with £2.7m of grant funding.

The revaluation of some investment properties led to a decrease in their valuation of £0.430m. This reflected in note 14 and in the Comprehensive Income and Expenditure statement.

The council's heritage assets increased in value by £0.240m during 2024/25. This increase is reflected in note 13 and also in note 23.

10. OTHER ISSUES

Mayoral Combined Authority (MCA)

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

The Authority has provided an opportunity for the council to access new funding streams. During 2024/25 the council has been successful in attracting funding to support its affordable housing, net zero, transport and net zero ambitions. The city council has been successful in bidding for Transport, Net Zero, Brownfield, Economy based and Regeneration schemes. These will be progressing through 2025-26.

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

Fair Funding Review

The government has announced its intention to review the basis for allocating funding towards local authorities. This will include an update of the relative needs formulas that determine the share of funding authorities receive, a consolidation of grant funding into new grants or rolled into RSG and a revaluation and redistribution of business rates. This is potentially the most significant change introduced since 2013/14 and may impact the funding position for the council over the coming years. The council will be responding to consultation and lobbying for the most positive outcome.

Senior Management Review

The council finalised its Chief Officer restructure during the year and is now operating with a new chief officer structure reporting to the Chief Operating Officer. One of the former Chief Officers who has left the organisation has lodged a claim against the council at an employment tribunal. The tribunal is expected to be held later in the financial year

Equal Pay

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

DSG Safety Valve

During 2021/22 the Council was successful in gaining financial support from the DfE as part of the Safety Valve Programme. This resulted in an additional payment of £7.6m of DSG on the 31st March 2022 with further payments of £4.5m during 2022/23, £2.04m during 2023/24 and £1.46m during 2024/25, as a result of the Council meeting the financial targets set out in the Management Plan for these financial years. This has continued to improve the cumulative carry forward, which is now a surplus of £0.592m at 31st March 2025 (£0.291m deficit at 31st March 2024). This Safety Valve agreement commits the local authority to bring the DSG into an in-year balanced position by 2025/26. Further payments are conditional on the local authority continuing to meet the targets set out in the Management Plan, and reporting quarterly to the DfE on progress, with the eventual aim of eliminating the in-year deficit by the target date, with additional payments by the DfE eliminating the historic deficit at that point. The Council continues to make good progress in this area and remains on target to deliver the targets set out in the Management Plan

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INDEPENDENT AUDITORS REPORT



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STATEMENT OF ACCOUNTS

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STATEMENT OF RESPONSIBILITIES

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STATEMENT OF RESPONSIBILITIES

1. THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

2. THE SECTION 151 OFFICER'S RESPONSIBILITIES

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

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

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

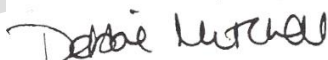
The Section 151 officer has also:

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

3. CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts presents fairly the position of the City of York Council at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Signed



Dated 30/06/2025

Debbie Mitchell, ACMA Chief Finance Officer

4. APPROVAL OF THE ACCOUNTS

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

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

Signed

Dated

Cllr A. Hollyer

Chair, Audit and Governance Committee

MAIN FINANCIAL STATEMENTS

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Comprehensive Income and Expenditure Statement

		2024/25			2023/24		
		Gross Exp. £000's	Income £000's	Net Exp. £000's	Gross Exp. £000's	Income £000's	Net Exp. £000's
	Note						
Service Costs							
Public Health		9,490	(10,173)	(683)	9,388	(10,697)	(1,309)
Housing Revenue Account		36,416	(42,901)	(6,485)	35,471	(43,074)	(7,603)
Adult Social Care and Integration		113,562	(37,217)	76,345	110,764	(40,027)	70,737
Children and Education		141,827	(107,341)	34,486	126,295	(96,992)	29,303
Transport Environment Planning		76,362	(40,736)	35,626	80,228	(46,828)	33,400
City Development		5,882	(4,350)	1,532	5,488	(9,270)	(3,782)
Finance		66,249	(34,610)	31,639	59,536	(34,810)	24,726
HRSS		16,489	(1,665)	14,824	15,051	(1,678)	13,373
Governance		4,940	(761)	4,179	5,356	(504)	4,852
Housing and Communities		32,475	(19,576)	12,899	31,955	(17,498)	14,457
Cost of Services		503,692	(299,330)	204,362	479,532	(301,378)	178,154
Other Operating Expenditure	(9)			6,678			3,521
Financing and Investment Income and Expenditure	(10)			10,929			6,452
Taxation and Non-Specific Grant Income	(11)			(241,000)			(192,534)
(Surplus)/Deficit on Provision of Services	(27)			(19,031)			(4,407)
Revaluation (gains) on non current assets	(23)			(1,625)			(11,317)
Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income	(16)			(277)			(885)
Re-measurement of net defined benefit/liability	(42)			(4,890)			69,294
Other Comprehensive Income and Expenditure				(6,792)			57,092
Total Comprehensive Income and Expenditure				(25,823)			52,685

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

The figures above reflect changes to the council's management reporting structure which took effect during 2024 to 2025. The previous year's Cost of Services has been restated to reflect the new directorates. This is presentational only and does not change the overall net cost of services.

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement

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

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

MOVEMENT IN RESERVES STATEMENT

2023/24

		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2023		(11,875)	(44,306)	(29,427)	(4,270)	(1,506)	(14,665)	(48,485)	(154,534)	(1,023,499)	(1,178,033)
Movement in Reserves during 2023/24											
(Surplus) /Deficit on Provision of Services		4,495		(8,902)					(4,407)		(4,407)
Other Comprehensive Income and Expenditure movement									-	57,092	57,092
Total Comprehensive Expenditure and Income		4,495	-	(8,902)	-	-	-	-	(4,407)	57,092	52,685
Adjustments between accounting basis & funding basis under regulations	7	(7,925)		9,346		(2,448)	1,731	16,541	17,245	(17,245)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(3,430)	-	444	-	(2,448)	1,731	16,541	12,838	39,847	52,685
Transfers to/from Earmarked Reserves	8	5,677	(5,677)	(982)	982				-		-
Increase/Decrease in Year		2,247	(5,677)	(538)	982	(2,448)	1,731	16,541	12,838	39,847	52,685
Balance at 31 March 2024 carried forward		(9,628)	(49,983)	(29,965)	(3,288)	(3,954)	(12,934)	(31,944)	(141,696)	(983,652)	(1,125,348)

Split of General Fund Balance between Schools and GF

	31-Mar-25 £000's	31-Mar-24 £000's
Amount of General Fund Balance held by governors under schemes to finance schools	(1,904)	(2,187)
Amount of General Fund Balance generally available for new expenditure	(7,441)	(7,441)
Total General Fund Balance	(9,345)	(9,628)

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Balance Sheet

	Note	31 March 2025 £000's	31 March 2024 £000's
Property, Plant and Equipment	(12)	1,345,583	1,310,703
Investment Property	(14)	72,074	72,166
Intangible Assets	(15)	1,126	1,713
Heritage Assets	(13)	122,800	122,560
Long - Term Investments	(16)	6,242	5,965
Long - Term Debtors	(18)	3,919	4,077
LONG - TERM ASSETS		1,551,744	1,517,184
Short-Term Investments	(16)	0	53
Inventories		482	391
Short-Term Debtors	(17)	55,352	55,670
Cash and Cash Equivalents	(19)	8,856	1,814
CURRENT ASSETS		64,690	57,928
Short-Term Borrowing	(16)	(70,329)	(47,288)
Provisions due to be settled within 12 months	(22)	(782)	(753)
Short-Term Creditors	(21)	(69,578)	(64,354)
Other Short-Term Liabilities	(21)	(6,212)	(4,398)
CURRENT LIABILITIES		(146,901)	(116,793)
Provisions	(22)	(2,912)	(1,964)
Long-Term Borrowing	(16)	(262,678)	(281,069)
Other Long-Term Liabilities	(16)	(44,562)	(40,658)
Net Liability related to Defined Benefit Pension Scheme	(23) / (40)	(8,212)	(9,280)
LONG-TERM LIABILITIES		(318,364)	(332,971)
NET ASSETS		1,151,169	1,125,348
RESERVES			
<u>Usable Reserves</u>			
Capital Receipts Reserve		(10,043)	(12,934)
General Fund Balance		(9,345)	(9,628)
Housing Revenue Account Reserve		(25,816)	(29,965)
Major Repairs Reserve		(4,835)	(3,954)
Capital Grants Unapplied		(29,813)	(31,944)
Earmarked Reserves	(8)	(58,597)	(53,271)
	MIRS	(138,449)	(141,696)
<u>Unusable Reserves</u>			
Revaluation Reserve		(541,036)	(553,128)
Capital Adjustment Account		(496,585)	(458,254)
Financial Instruments Adjustment Account		1,305	1,214
Financial Instruments Revaluation Reserve		(3,822)	(3,545)
Dedicated Schools Grant Adjustment Account		9,940	9,940
Pensions Reserve		8,212	9,280
Collection Fund Adjustment Account		5,235	7,526
Employee Benefit Adjustment Account		4,031	3,315
	(23)	(1,012,720)	(983,652)
TOTAL RESERVES		(1,151,169)	(1,125,348)

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

Cash flow Statement

	Note	2024/25 £000's	2023/24 £000's
Net (Surplus)/Deficit on the provision of Services		(19,031)	(4,407)
Adjustments to the Net (Surplus)/Deficit on the Provision of Services for non-cash movements	(24)	(71,166)	(39,424)
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are investing and financing activities	(24)	38,385	39,145
Net Cash Flows from Operating Activities		(51,812)	(4,686)
Investing Activities	(25)	54,648	37,832
Financing Activities	(26)	(9,878)	(21,668)
Net (Increase)/Decrease in Cash and Cash Equivalents		(7,042)	11,478
Cash and Cash Equivalents at the beginning of the reporting period	(19)	(1,814)	(13,292)
Cash and Cash Equivalents at the end of the reporting period	(19)	(8,856)	(1,814)

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES & CONCEPTS

I. General

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued by government.

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

II. Accounting Concepts

a) Accruals

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- The de minimus level for revenue accruals is £500 and for capital items is £5,000.

b) Going concern

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

III. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 30 days 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 Council's cash management.

IV. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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

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

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

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

VI. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision (MRP) contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

VII. Employee Benefits

Benefits Payable during Employment

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

An accrual is made for the cost of holiday entitlements (or flexi-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the North Yorkshire Pension Fund (NYPF) attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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. Further information can be found in NYPF's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.8% as at 31st March 2025.

- The assets of the NYPF attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities (current bid price)
 - unquoted securities (professional estimate)
 - unitised securities (current bid price)
 - property (market value)
- The change in the net pensions liability/asset is analysed into the following components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
 - net interest on the defined benefit liability/asset i.e. net interest expense/income for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, considering any changes in the net defined benefit obligation during the period as a result of contribution and benefit payments.
 - Re-measurement 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/asset that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
 - contributions paid to the NYPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
 - decrease of assets and liabilities as a result of disposals following academy conversions
 - Restriction of the net pension asset under paragraph 64 of IAS 19

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (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 NYPF.

VIII. Events After the Balance Sheet Date

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

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

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

IX. Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. It is considered that no property is identical

and hence Level 1 observable inputs do not exist in the property market as opposed to say shares in private companies

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

X. Financial Instruments

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

Financial Liabilities

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

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

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

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

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

Notional interest is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement reflecting the prevailing market rate used to discount the loan, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. The reconciliation of amounts between the Comprehensive Income and Expenditure Statement and Balance Sheet is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

- Amortised Cost
- Fair Value through Profit or Loss (FVPL)
- Fair Value through Other Comprehensive Income (FVOCI)

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

Financial Assets measured at Amortised Cost

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

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

For loans made at less than market rates (soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for 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.

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

Financial Assets measured at Fair Value through Profit of Loss

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

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

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

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

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

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

Financial Assets measured at Fair Value through Other Comprehensive Income

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

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

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

Financial Assets designated to Fair Value through Other Comprehensive Income

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

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

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

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

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

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

XI. Government Grants and Contributions

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

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

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

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

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

Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

XII. Heritage Assets

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

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

All categories of heritage assets increase the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, further detail is provided below.

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

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

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

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

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

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

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

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

Mansion House Collection and Civic Regalia – are recorded on the 2024/25 balance sheet using the valuations provided by an antiques and fine art external valuation expert who revalued the assets in the collection in March 2023. The Regalia and items in the Mansion House are deemed to have

indeterminate lives and the Council does not consider it appropriate to charge depreciation. The policy for acquisitions, made by purchase or donation, is the same as for the art collection.

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

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

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

Heritage Assets – General

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

Disposal: disposal of heritage assets are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Heritage asset disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 1 – Accounting Policy XX (Property, Plant & Equipment)).

XIII. Intangible Assets

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

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

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

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

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

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

XIV. Interests in Companies and Other Entities

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

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

XV. Joint Arrangements

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

- A Joint Venture
- A Joint Operation

Joint Venture

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

Joint Operation

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

XVI. Inventories and Long Term Contracts

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

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

XVII. Investment Property

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

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

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

XVIII. Leases

The Council as Lessee

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

Initial measurement

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000.00 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

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

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

The Council as Lessor

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

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

XIX. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2024/25 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, except for costs relating to the Council's status as a multifunctional, democratic organisation which are charged under Corporate and Customer Services in the Comprehensive Income and Expenditure Statement.

XX. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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

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

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

All elements of the 15 Local Authority controlled schools are shown in the Council's financial statements.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- Community assets & Infrastructure assets – depreciated historical cost
- assets under construction – historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Specialised assets, for example school buildings, residential homes and hostels, and sports facilities – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- all other assets:
 - – equipment is measured using depreciated historical cost as a proxy for current value
 - – buildings and land are measured at current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Componentisation

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

XXI. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Schools PFI, the liability was written down by an initial capital contribution of £4.2m. Four schools are incorporated in the PFI scheme – Hob Moor Primary, Hob Moor Oaks, St Barnabas Primary and St Oswalds Primary. St Barnabas and St Oswalds Primaries belong to the Church of England Diocese and were never included on the LAs balance sheet. However, the two Hob Moor schools were previously owned by the council and were recognised as assets. These two schools became Academies during 2018/19; therefore, the accounting treatment is now the same as the two other schools and they are no longer included as assets.

In 2024/25 the Council remeasured the PFI contracts under the requirements of the IFRS16 Leases standard.

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

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

XXII. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

XXIII. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

Earmarked Reserves

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

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

Usable Reserves

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

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

Unusable Reserves

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

XXIV. Revenue Expenditure Funded from Capital under Statute

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

XXV. Schools

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

XXVI. Value Added Tax (VAT)

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

XXVII. Highways Infrastructure Assets

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

Recognition

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

Measurement

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

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

Depreciation

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

Annual depreciation is the depreciation amount allocated each year. The useful lives of all Highways Infrastructure assets are reviewed annually and for 2024/25 they are as follows:

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

Disposals and derecognition

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

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

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

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

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

Council Tax Income

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

In its capacity as a billing authority the Council acts as an agent: it collects and distributes Council Tax income on behalf of the major preceptors and itself. The major preceptors are North Yorkshire Police and North Yorkshire Fire and Rescue Service, along with the 31 parish councils of York.

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

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

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

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

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

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

Non-Domestic Rates (NDR) Income

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

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

In its capacity as a billing authority the Council acts as an agent: it collects and distributes NDR income on behalf of the government, major preceptor and itself. The major preceptor is North Yorkshire Fire and Rescue Service.

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

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

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

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

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

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

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

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

- The Effects of Changes in Foreign Exchange Rate (Amendments to IAS 21) issued in August 2023
- Insurance Contracts (IFRS 17) issued in May 2017
- Property, Plant and Equipment (adaptation and interpretation of IAS 16)
- Intangible Assets (adaptation and interpretation of IAS 38)

These changes are not expected to have a material impact on the Council's Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

Estimation of the net obligation to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

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

- A 0.1% increase in the discount rate would reduce the funded defined benefit obligation by £8,403k
- A 0.1% increase in the assumed level of pension increases will increase funded defined benefit obligation by £7,803k
- An increase in one year of longevity would increase the funded defined benefit obligation by £13,804k

Further details of the impact of changing the key assumptions on the present value of the funded defined benefit obligation as 31 March 2025 can be found in Note 40.

Property, Plant & Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The closing Net Book Value of all Property, Plant & Equipment assets (including Infrastructure) at 31 March 2025 is £1,345.583m. Of this, £723.903m relates to buildings and their components (excluding land) which were depreciated during 2024/25. The depreciation charge for 2024/25 for these assets was £22.719m (as shown in the Council Housing and Other Land & Buildings columns in the table in note 12). It is estimated that the annual depreciation charge for these buildings and components would increase by £0.884m for every year that useful lives are reduced.

Property valuations are carried out by the Council's internal Valuers, with the exception of Allerton Waste Site which is valued by external Valuers due to its specialist nature. Property assets are measured at either Depreciated Replacement Cost (DRC), Existing Use Value (EUV) or Fair Value (FV). When undertaking valuations, assumptions and estimations are made which could impact on the carrying value of assets on our balance sheet. As an indicator of sensitivity, a theoretical increase or decrease in value of 1% on Property, Plant & Equipment and Investment Property assets measured using DRC, EUV or FV (currently carried on Balance sheet at £1,088.065m), would result in an increase or decrease of £10.881m.

Property assets are revalued on a five-year rolling programme, although some types of property asset or higher valued assets are revalued more frequently to ensure the balance sheet value is materially accurate. Investment Properties are reviewed annually by our Valuers according to market conditions at year end. Those over £500k have an annual full revaluation, but those below £500k have a full revaluation under the rolling programme if the Valuer considers that the valuations are still accurate on interim years and we do not need to update. Council Housing and other Housing Revenue Account properties are revalued annually, as are all Surplus properties, Assets Held for Sale, Council maintained schools and the Community Stadium. Assets in the five-year rolling programme which have not been revalued in the current year, are reviewed with the assistance of our valuers, to see if there might have been a material change in value since the last full valuation.

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

5. MATERIAL ITEMS OF INCOME AND EXPENSE

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For 2024/25 there were no material items of income and expenditure (£0k in 2023/24).

6. EVENTS AFTER THE REPORTING PERIOD

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

Adjusting Events:

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

Non- adjusting Events:

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

No adjusting or non-adjusting events were identified between the end of the reporting period and the accounts being authorised for issue on 30/06/2025 by the S151 officer.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The movement in reserves statement includes the totals shown in this note.

Adjustments between Accounting Basis and Funding Basis under Regulations – 2024/25

2024/25

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

2024/25 Continued...

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

Adjustments between Accounting Basis and Funding Basis under Regulations – 2023/24

2023/24

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(24,066)	(11,039)	-	-	-	35,105
Revaluation (losses)/gains on Property Plant and Equipment	6,483	2,405	-	-	-	(8,888)
Movements in the market value of Investment Properties	(1,244)	-	-	-	-	1,244
Amortisation of intangible assets	(608)	(166)	-	-	-	774
Capital grants and contributions applied	40,840	3,547	-	-	-	(44,387)
Revenue expenditure funded from Capital under statute	(17,267)	-	-	-	-	17,267
Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	(3,901)	(9,992)	-	-	-	13,893
Insertion of items not debited or credited to the Comprehensive income and Expenditure Statement:						
Statutory provision for the financing of capital investment	7,451	1,900	-	-	-	(9,351)
Capital expenditure charged against the General Fund and HRA balances	169	1,797	-	-	-	(1,966)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,487	1,050	-	-	(7,537)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(21,912)	(2,166)	-	-	24,078	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	219	11,081	-	(11,300)	-	-
Transfer of cash loan repayment to the Capital Receipts Reserve	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	12,966	-	(12,966)
Contribution from the Capital Receipts Reserve towards revenue costs under Capital Receipts flexibility	-	-	-	-	-	-

2023/24 Continued...

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital receipts pool	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance disposal costs	-	(65)	-	65	-	-
Contribution from the Capital Receipts Reserve to finance repayment of 141 RTB receipts	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	11,039	(11,039)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	8,591	-	-	(8,591)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(87)	-	-	-	-	87
Adjustments primarily involving the Financial Instruments Revaluation Reserve						
Movement in fair value of Financial Instruments	-	-	-	-	-	-
Adjustment primarily involving the Pensions Reserve:						
Employer's pensions contributions and direct payments to pensioners payable in the year	12,995	526	-	-	-	(13,521)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(13,854)	(571)	-	-	-	14,425
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(556)	-	-	-	-	556
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer of deficit in respect of schools budget	-	-	-	-	-	-
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	926	-	-	-	-	(926)
Total Adjustments:	(7,925)	9,346	(2,448)	1,731	16,541	(17,245)

8. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Transfers Out During Year £000's	Transfers In During Year £000's	Net mov't During Year £000's	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
General Fund					
Developers Contributions Unapplied	5,761	(6,942)	(1,181)	(12,241)	(11,060)
Capital Reserve	-	(3,442)	(3,442)	(3,442)	-
Venture Fund	-	(41)	(41)	(4,089)	(4,048)
Risk Reserve	544	(1,156)	(612)	(1,670)	(1,058)
Treasury Reserve	-	-	-	(1,279)	(1,279)
DSG Reserve	9,649	(10,533)	(884)	(10,533)	(9,649)
NNDR Reserve	17,759	(16,534)	1,225	(11,690)	(12,915)
Miscellaneous	277,829	(278,352)	(523)	(10,496)	(9,973)
Subtotal General Fund	311,542	(317,000)	(5,458)	(55,440)	(49,982)
HRA					
Miscellaneous	-	(26)	(26)	(167)	(141)
53rd Week Rent	-	(566)	(566)	(1)	565
HRA Investment Reserve	724	-	724	(2,989)	(3,713)
Subtotal HRA	724	(592)	132	(3,157)	(3,289)
Total Earmarked Reserves	312,266	(317,592)	(5,326)	(58,597)	(53,271)

Reserves

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

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

DSG Reserve - This reserve represents the surplus achieved on the Dedicated Schools Grant in the two years since the MHCLG (now DLUHC) ring-fencing of deficits at 31/03/2021. To understand the overall DSG position, reference to Note 39 and the Unusable Reserves section of the Statement of Accounts is required.

Risk Reserve – This was created from a consolidation of several smaller reserves that has supported overspends across the council in 2023/24 and 2024/25 without the use of general reserve.

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

NNDR reserve - The NNDR Reserve was created to account for 'timing differences' between NNDR receipts in the Collection Fund and General Fund, which occur mainly due to S31 grants. When central government provide a discount on a business sector's NNDR liability, central government compensates the Council by providing a S31 grant equivalent to the discount given, which is allocated to the General Fund. This 'discount' results in a deficit on the Collection Fund and a corresponding surplus on the General Fund. The surplus on the General Fund is transferred to the NNDR earmarked reserve to use in the following year against the Collection Fund deficit. In both 2022/23 and 2023/24, the government provided increased reliefs to retail and hospitality businesses. The transfers in and out during 2023/24 allow for the release of S31 grants in respect of these reliefs.

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

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

9. OTHER OPERATING EXPENDITURE

	2024/25 £'000's	2023/24 £'000's
Parish council precepts	999	928
Gains/losses on the disposal of non-current assets	5,679	2,593
Total	6,678	3,521

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £'000's	2023/24 £'000's
Interest payable and similar charges	15,975	14,202
Net interest on the net defined benefit liability	123	(3,187)
Interest receivable and similar income	(1,538)	(1,283)
Income and expenditure in relation to investment properties and changes in their fair value	(3,559)	(2,790)
Other investment income	(72)	(490)
Total	10,929	6,452

11. TAXATION AND NON SPECIFIC GRANT INCOME

	2024/25 £'000's	2023/24 £'000's
Council tax income	(114,869)	(107,965)
Non domestic rates	(36,913)	(33,300)
Non-ringfenced or government grants	(45,877)	(38,139)
Capital grants and contributions	(43,341)	(13,130)
Total	(241,000)	(192,534)

12. PROPERTY, PLANT AND EQUIPMENT

2024/25	Council Dwellings	Other Land & Buildings	Plant / Vehicle / Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use Assets	Total Property, Plant & Equipment	Service concession assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation (GCA)</u>									
At 1 April 2024	587,888	411,433	42,686	274	23,899	102,026	-	1,168,206	53,510
Opening balance adjustment for IFRS 16 Leases	-	2,667	-	-	-	-	3,137	5,804	2,667
Additions	14,197	11,530	3,275	-	-	30,215	15,072	74,289	-
IFRS 16 remeasurement 2024/25	-	140	-	-	-	-	-	140	140
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,197)	(6,374)	-	3	(986)	-	(201)	(21,755)	(7,395)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(654)	-	69	(99)	-	-	(684)	-
Derecognition - Disposals	(2,590)	(10,264)	(1,037)	-	-	-	-	(13,891)	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(3,120)	-	-	-	-	-	(3,120)	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-	-
Other transfers between asset classes (Cost or Valuation)	(136)	6,482	6,389	39	442	(28,900)	-	(15,684)	-
At 31 March 2025	585,162	411,840	51,313	385	23,256	103,341	18,008	1,193,305	48,922
<u>Accumulated Depreciation & Impairment</u>									
At 1 April 2024	-	(4,571)	(23,752)	-	-	-	-	(28,323)	-
Depreciation Charge for 2024/25	(9,796)	(12,923)	(5,054)	(2)	-	-	(1,232)	(29,007)	(5,029)
Acc. Depreciation WO to GCA	9,796	13,064	-	-	-	-	279	23,139	5,029
Acc. Impairment WO to GCA	-	-	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	163	1,016	-	-	-	-	1,179	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-	-
Other transfers between asset classes (Depreciation and Impairment)	-	-	-	-	-	-	-	-	-
At 31 March 2025	-	(4,267)	(27,790)	(2)	-	-	(953)	(33,012)	-
<u>Net Book Value</u>									
At 31 March 2025	585,162	407,573	23,523	383	23,256	103,341	17,055	1,160,293	48,922
At 31 March 2024	587,888	406,862	18,934	274	23,899	102,026	-	1,139,883	53,510

Comparative Movements in 2023/24:

2023/24	Council Dwellings	Other Land & Buildings	Plant / Vehicle / Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	Service concession assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation (GCA)</u>								
At 1 April 2023	593,601	389,154	42,986	284	25,826	74,997	1,126,848	50,662
Additions	10,934	9,193	3,567	-	-	41,644	65,338	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,009)	2,995	-	(10)	(467)	-	(11,491)	2,848
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	8,888	-	-	-	-	8,888	-
Derecognition - Disposals	(3,936)	(7,179)	(3,986)	-	(170)	-	(15,271)	-
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(2,648)	-	-	-	-	(2,648)	-
Assets reclassified (to)/from Investment Property	-	(65)	-	-	-	-	(65)	-
Other transfers between asset classes (Cost or Valuation)	1,298	11,095	119	-	(1,290)	(14,615)	(3,393)	-
At 31 March 2024	587,888	411,433	42,686	274	23,899	102,026	1,168,206	53,510
<u>Accumulated Depreciation & Impairment</u>								
At 1 April 2023	-	(6,114)	(23,628)	-	-	-	(29,742)	-
Depreciation Charge for 2023/24	(9,893)	(11,186)	(4,086)	(2)	-	-	(25,167)	(3,701)
Acc. Depreciation Write Out to Gross Carrying Amount	9,893	12,643	-	2	-	-	22,538	3,701
Acc. Impairment WO to GCA	-	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	74	3,962	-	-	-	4,036	-
Assets reclassified (to)/from Investment Property	-	12	-	-	-	-	12	-
Other transfers between asset classes (Depreciation and Impairment)	-	-	-	-	-	-	-	-
At 31 March 2024	-	(4,571)	(23,752)	-	-	-	(28,323)	-
<u>Net Book Value</u>								
At 31 March 2024	587,888	406,862	18,934	274	23,899	102,026	1,139,883	53,510
At 31 March 2023	593,601	383,040	19,358	284	25,826	74,997	1,097,106	50,662

Depreciation

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

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

Capital Commitments

- At 31 March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years budgeted to cost c£3.946m. Similar commitments as 31 March 2024 were c£6.931m.

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. All valuations are carried out internally with the exception of Allerton Waste Recycling Plant. This was valued in 2023/24 by external valuers due to its specialist nature, and then a desktop review was undertaken by the lead partner (North Yorkshire Council) in 2024/25 using indices to uplift the value. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historical cost. The effective date for Property, Plant and Equipment valuations is usually 31st March, with the exception of Housing Revenue Account assets which have an effective valuation date of 31st January.

The council's housing stock normally has a full revaluation every 5 years, with the latest full revaluation undertaken at 31/03/2022. On the interim years, desktop revaluations are normally undertaken. This year a desktop valuation was undertaken at 31/01/2025. The value of the council's housing stock decreased by £4.401m as a result of the desktop revaluation at 31/01/2025.

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant etc. £000's	Community £000's	Surplus Assets £000's	Asset under Construction £000's	Right Of Use Assets £000's	TOTAL £000's
Carried at historical cost	-	-	51,313	-	-	101,265	-	152,578
Valued at Current Value as at:								
31-Mar-25	585,162	332,044	-	227	23,256	-	18,008	958,697
31-Mar-24	-	36,418	-	158	-	440	-	37,016
31-Mar-23	-	12,046	-	-	-	-	-	12,046
31-Mar-22	-	15,274	-	-	-	1,636	-	16,910
31-Mar-21	-	16,058	-	-	-	-	-	16,058
Total Cost or Valuation	585,162	411,840	51,313	385	23,256	103,341	18,008	1,193,305

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

All of the Council's Surplus Properties have been categorised as Level 2 within the fair value hierarchy as at 31 March 2025. The fair value of Surplus Properties as at 31 March 2025 is £23.256m. There were no transfers between Levels 1 and 2 during the year.

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

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

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

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

HIGHWAYS INFRASTRUCTURE ASSETS

Movements on balances

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

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

Movement in Highways Infrastructure balances:

	2024/25 £000	2023/24 £000
Net Book Value at 1st April	170,820	163,058
Additions	8,646	14,436
Derecognitions	-	-
Depreciation	(9,796)	(9,939)
Impairment	-	-
Other Movements in cost	15,620	3,265
Net Book Value at 31st March	185,290	170,820

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

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

	31 March 2025 £000	31 March 2024 £000
Infrastructure assets	185,290	170,820
Other PPE assets	1,160,293	1,139,883
Total PPE assets	1,345,583	1,310,703

13. HERITAGE ASSETS

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

	Heritage Properties £000	Art Collection £000	Mansion House Collection & Civic Regalia £000	Castle Museum Collections £000	TOTAL £000
Cost or Valuation					
1 April 2023	1,636	109,742	9,563	1,349	122,290
Revaluations	-	-	-	270	270
31 March 2024	1,636	109,742	9,563	1,619	122,560
Cost or Valuation					
1 April 2024	1,636	109,742	9,563	1,619	122,560
Revaluations	-	160	-	80	240
31 March 2025	1,636	109,902	9,563	1,699	122,800

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

Heritage Properties

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

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

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

Art Collection

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

Mansion House Collection and Civic Regalia

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

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

Museum Collections

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

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

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

14. INVESTMENT PROPERTY

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

	2024/25 £000's	2023/24 £000's
Commercial rental income from investment property	(5,272)	(5,498)
Commercial direct operating expenses arising from investment property	1,282	1,464
Net Income	(3,990)	(4,034)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment properties over the year.

	2024/25 £000's	2023/24 £000's
Balance at start of the year	72,166	72,826
Additions:		
Acquisitions	-	-
Enhancements	351	531
Disposals	(13)	-
Net gain or loss on Fair Value	(430)	(1,244)
Transfers:		
to/ from Property, Plant & Equipment	-	53
Balance at end of year	72,074	72,166

Fair Value measurement of Investment Property

All of the Council's Investment Properties have been categorised as Level 2 within the fair value hierarchy as at 31 March 2025. The fair value of Investment Properties as at 31 March 2025 is £72.074m. There were no transfers between Levels 1 and 2 during the year.

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

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

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

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

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

Valuation Processes for Investment Properties

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

15. INTANGIBLE ASSETS

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

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

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

The carrying amount of intangible assets is amortised on a straight-line basis and the amortisation charge in 2024/25 was £652k (2023/24 was £774k), contained in this figure is £166k relating to HRA assets.

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

		2024/25			2023/24	
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
- Gross carrying amounts	-	8,016	8,016	-	8,505	8,505
Category Adjustments	-	64	64	-	128	128
- Revised Gross carrying amounts	-	8,080	8,080	-	8,633	8,633
- Accumulated amortisation	-	(6,303)	(6,303)	-	(6,139)	(6,139)
Net carrying amount at the start of the year	-	1,777	1,777	-	2,494	2,494
Purchases	-	-	-	-	3	3
Other disposals	-	-	-	-	(10)	(10)
Amortisation for the period	-	(652)	(652)	-	(774)	(774)
Net carrying amount at the end of year	-	1,125	1,125	-	1,713	1,713
Comprising:						
- Gross carrying amounts	-	8,080	8,080	-	8,016	8,016
- Accumulated amortisation	-	(6,955)	(6,955)	-	(6,303)	(6,303)
	-	1,125	1,125	-	1,713	1,713

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

Non-Current					Current				
Investments			Debtors		Investments		Debtors		Total
31-Mar-25 £'000	31-Mar-24 £'000		31-Mar-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000
Fair Value through profit or loss	-	-			-	-			-
Amortised cost:									
- Investments over 30 days					-	53			-
- Long term Debtors			3,919	4,077					3,919
- Trade Debtors							32,880	29,846	32,880
Fair value through other comprehensive income									
- designated equity instruments	6,242	5,965							6,242
Fair value through other comprehensive income									
- other	-	-							-
Total financial assets	6,242	5,965	3,919	4,077	-	53	32,880	29,846	43,041
Non-financial assets	-	-	-	-	-	-	22,472	25,824	22,472
Total	6,242	5,965	3,919	4,077	-	53	55,352	55,670	65,513

Financial Liabilities

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31-Mar-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000	31-Mar-24 £'000	31-Mar-25 £'000	31-Mar-24 £'000	
Fair Value through profit or loss	-	-			-	-			-
Amortised cost:									
- Loans	(262,678)	(281,069)			(70,329)	(47,288)			(333,007)
- PFI	(42,765)	(40,658)			(1,507)	(1,083)			(44,272)
- Right of Use Leases	(1,797)				(674)				(2,471)
- Trade Creditors			-	-			(38,570)	(39,361)	(38,570)
Total financial liabilities	(307,240)	(321,727)	-	-	(72,510)	(48,371)	(38,570)	(39,361)	(418,320)
Non-financial liabilities	-	-	-	-	-	-	(31,008)	(24,993)	(31,008)
Total	(307,240)	(321,727)	-	-	(72,510)	(48,371)	(69,578)	(64,354)	(449,328)

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

Note 2 - The above table does not include cash held by the authority that is either on call, instant access or on a notice period of 30 days or less. These amounts are included in Note 19 Cash and Cash Equivalents totalling £8.856m for 2024/25 (£1.814m for 2023/24). Short term investments within Note 19 Cash and Cash Equivalents total £9.039m for 2024/25 (£4.622m for 2023/24).

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

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

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

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

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

	31-Mar-25			31-Mar-24			31-Mar-25	31-Mar-24
	Nominal	Gain / (Loss) within equity	Fair Value	Nominal	Gain / (Loss) within equity	Fair Value	Dividend	Dividend
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Yorwaste Ltd	1,008	1,275	2,283	1,008	855	1,863	-	-
Veritau Ltd	-	276	276	-	962	962	20	-
UK Municipal Bonds Agency PLC	40	(40)	-	40	(40)	-	-	-
Make It York Ltd	-	718	718	-	-	-	25	25
City of York Trading Ltd	-	1414	1414	-	1672	1672	-	300
Leeds City Region Revolving Investment Fund	1,372	179	1,551	1,372	96	1,468	20	20
Work With York Ltd	-	-	-	-	-	-	-	-
Total	2,420	3,822	6,242	2,420	3,545	5,965	65	345

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

No equity instruments were derecognised in 2024/25 and none were derecognised in 2023/24.

Fair value

Basis for recurring fair value measurements:

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

Fair value of Financial Assets

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

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/03/25	Investment / Redemption	As at 31/03/24	Gain / (Loss) posted to Other Comprehensive Income and Expenditure
			£'000s	£'000s	£'000s	£'000s
Equity Shareholding in Yorwaste Ltd	Level 3		2283	-	1863	420
Equity Shareholding in Veritau Ltd	Level 3		276	-	962	(686)
Equity Shareholding in Make It York Ltd	Level 3	IFRS 13 Fair Value Measurement - Adjusted Net Asset Value Method	718	-	-	718
Equity Shareholding in City of York Trading Ltd	Level 3		1414	-	1672	(258)
Equity Shareholding in Leeds City Region Revolving Investment Fund	Level 3		1551	-	1468	83
Equity Shareholding in UK Municipal Bonds Agency PLC	Level 3		-	-	-	-
Equity Shareholding in Work with York Ltd	Level 3		-	-	-	-
Total			6,242	-	5,965	277

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

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

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

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

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

The fair values calculated are as follows:

	31 March 2025		31 March 2024	
	Carrying Amount £'000s	Fair Value £'000s	Carrying Amount £'000s	Fair Value £'000s
Financial Liabilities held at amortised cost:				
PWLB debt	(323,714)	(288,546)	(317,249)	(294,422)
Interest on PWLB debt	(1,932)	(1,932)	(3,791)	(3,791)
Market debt	(5,000)	(5,828)	(5,000)	(5,446)
Interest on Market debt	(97)	(97)	(97)	(97)
WYCA debt	(2,264)	(2,350)	(2,220)	(2,350)
Interest on WYCA debt	-	-	-	-
Short-term creditors	(38,570)	(38,570)	(39,361)	(39,361)
Long-term creditors	-	-	-	-
PFI liabilities	(44,272)	(44,272)	(41,741)	(41,741)
Right of Use Leases	(2,471)	(2,471)	-	-
Total	(418,320)	(384,066)	(409,459)	(387,208)

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £290.478m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount of £325.645m and the fair value of £290.478m is £-35.167m; £-35.553m PWLB fair value amount and £0.386m PWLB carrying value adjustment. The £-35.167m measures the reduced interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional or reduced interest that the authority will pay as a result of its PWLB commitments for individual fixed rate loans is to compare the terms of these individual loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the existing PWLB loans principal amount £324.100m (Carrying value £325.645m plus £0.386m PWLB carrying value adjustment and less £1.931m accrued interest) would be valued at £272.114m, the fair value being £-51.986m. But, if the authority were to seek to realise the overall projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loans including the penalty charge would be £-35.167m.

Financial Assets

	31 March 2025		31 March 2024	
	Carrying Amount £'000s	Fair Value £'000s	Carrying Amount £'000s	Fair Value £'000s
Financial Assets held at amortised cost:				
Cash (current bank accounts and held)	(183)	(179)	(2,808)	(2,808)
Cash callable in less than 30 days	9,000	9,000	4,600	4,600
Investment Interest	39	39	22	22
Investments less than 365 days	-	-	53	53
Investments greater than 365 days	-	-	-	-
Short-term debtors	32,880	32,880	29,846	29,846
Long-term debtors	3,919	3,919	4,077	4,077
Total	45,655	45,659	35,790	35,790

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

	31 March 2025			
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB debt		(290,478)		(290,478)
Market debt		(5,925)		(5,925)
WYCA debt		(2,350)		(2,350)
Short-term creditors			(38,570)	(38,570)
Long-term creditors			-	-
PFI liabilities			(44,272)	(44,272)
Right of Use Lease liabilities			(2,471)	(2,471)
Total	-	(298,753)	(85,313)	(384,066)

Financial Assets

Financial Assets held at amortised cost:

Cash and Cash Equivalents	8,860			8,860
Investments				-
Short-term debtors			32,880	32,880
Long-term debtors			3,919	3,919
Total	8,860	-	36,799	45,659

Comparator year 2023/24:

				31 March 2024
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB debt		(298,213)		(298,213)
Market debt		(5,543)		(5,543)
WYCA debt		(2,350)		(2,350)
Short-term creditors			(39,361)	(39,361)
Long-term creditors			-	-
PFI liabilities			(41,741)	(41,741)
Lease liabilities			-	-
Total	-	(306,106)	(81,102)	(387,208)
Financial Assets				
Financial Assets held at amortised cost:				
Cash and Cash Equivalents	1,814			1,814
Investments	53			53
Short-term debtors			29,846	29,846
Long-term debtors			4,077	4,077
Total	1,867	-	33,923	35,790

17. DEBTORS

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Trade Receivables	36,542	33,604
Prepayments	6,130	4,878
Other receivable amounts	22,354	26,656
Sub-total	65,026	65,138
Impairment	(9,674)	(9,468)
Total Debtors	55,352	55,670

Other receivable amounts include statutory debtors of £11.088m due for Council Tax and NNDR (£10.711m in 2023/24) and £2.135m due from HMRC (£1.765m in 2023/24). All other amounts included in other receivable amounts are for Collection Fund. These balances are treated as non-financial assets within the Financial Instruments Note 16. The £11.088m Council Tax and NNDR has an impairment allowance of £6.012m (£5.710m in 2023/24) which assumes a collection rate of 97.2% for Council Tax and 97.9% for NNDR (97.1% for Council Tax and 98.1% for NNDR in 2023/24). The £6.012m is included in the £9.674m impairment allowance (£9.468m in 2023/24) shown in the table above. The £2.135m due from HMRC is VAT owed and has no impairment against it.

18. LONG TERM DEBTORS

	Expenditure During Year £000's	Income During Year £000's	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Housing Loans	-	(1)	8	9
Yorwaste Loan	-	-	1,000	1,000
Finance Lease Receivables	-	(8)	150	158
PFI Schemes	-	(137)	2,727	2,864
Other	-	(12)	34	46
	-	(158)	3,919	4,077

19. CASH AND CASH EQUIVALENTS

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

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Cash Held by the Authority	3,011	2,529
Bank Current Accounts	(3,194)	(5,337)
Short Term Deposits	9,039	4,622
Total Cash and Cash Equivalents	8,856	1,814

20. ASSETS HELD FOR SALE

	2024/25 £000's	2023/24 £000's
Balance outstanding at start of year	-	-
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	3,120	2,648
Revaluation losses	-	-
<u>Assets declassified as held for sale:</u>		
- Property, plant and Equipment	-	-
Assets sold	(3,120)	(2,648)
Balance outstanding at year-end	-	-

Fair Value measurement of Assets Held for Sale

The Council's Assets Held for Sale are usually categorised as Level 2 within the fair value hierarchy. The fair value of Assets Held for Sale as at 31 March 2025 is nil, so there are no assets categorised as level 2 at this date. The fair value can be higher than the balance sheet value for Assets Held for Sale as, in line with accounting policies, Assets Held for Sale are held on the balance sheet at the lower of the carrying value on transfer to this category and fair value less costs to sell.

21. CREDITORS

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Trade payables	(38,570)	(39,361)
Receipts in advance	(13,643)	(11,478)
Other payables	(17,365)	(13,515)
Total Creditors	(69,578)	(64,354)
Other Short-Term Liabilities:		
- PFI Schools	(250)	(783)
- PFI AWRP	(1,257)	(300)
- Right of Use Leases	(674)	
- Accumulated Absences	(4,031)	(3,315)
Total Short-Term Liabilities	(75,790)	(68,752)

Other payable amounts include statutory creditors of £4.566m for Council Tax and NNDR (£3.787m in 2023/24), £5.172m for payroll taxes and pension payments to HMRC and the Pension Funds (£4.985m in 2023/24), and £0.010m for CIS taxes to HMRC (£0.09m in 2023/24). All other amounts included in other payables are for Collection Fund. These balances are treated as non-financial liabilities within the Financial Instruments Note 16.

This note contains £0.00m of Capital Grants received in advance (£0.00m in 2023/24) and £9,189m of Revenue Grants received in advance (£8.698m in 2023/24). Further details can be found in Note 33.

22. PROVISIONS

Total Provisions:

	Insurance Fund £000's	Business Rates £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2024	(1,664)	(882)	(170)	(2,716)
Additional provisions made in 2024/25	(1,213)	(931)	(679)	(2,823)
Amounts Used In 2024/25	454	882	-	1,336
Unused amounts reversed in 2024/25	509	-	-	509
Unwinding of discounting in 2024/25	-	-	-	-
Balance at 31 March 2025	(1,914)	(931)	(849)	(3,694)

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

	Insurance Fund £000's	Business Rates £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2024	(484)	(98)	(170)	(752)
Additional provisions made in 2024/25	(479)	(103)	-	(582)
Amounts Used In 2024/25	454	98	-	552
Unused amounts reversed in 2024/25	-	-	-	-
Unwinding of discounting in 2024/25	-	-	-	-
Balance at 31 March 2025	(509)	(103)	(170)	(782)

Insurance Fund

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

Business Rates

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

Other Provisions

All other provisions are individually insignificant.

23. UNUSABLE RESERVES

	Balance at 2024/25 £000's	Balance at 2023/24 £000's
Revaluation Reserve	(541,036)	(553,128)
Capital Adjustment Account	(496,585)	(458,254)
Financial Instruments Adjustment Account	1,305	1,214
Financial Instruments Revaluation Reserve	(3,822)	(3,545)
Dedicated Schools Grant Adjustment Account	9,940	9,940
Pensions Reserve	8,212	9,280
Collection Fund Adjustment Account	5,235	7,526
Accumulated Absences Account	4,031	3,315
Total Unusable Reserves	(1,012,720)	(983,652)

Revaluation Reserve

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

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

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

	2024/25 £000's	2023/24 £000's
Balance at 1 April	(553,128)	(550,975)
Upward revaluation of assets	(13,377)	(17,711)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	11,753	6,395
(Surplus)/deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services	(1,624)	(11,316)
Difference between fair value depreciation and historical cost depreciation	8,327	6,801
Accumulated gains on assets sold or scrapped	5,389	2,362
Amount written off to the Capital Adjustment Account	13,716	9,163
Properties RR movement with CAA		
Balance at 31 March	(541,036)	(553,128)

Capital Adjustment Account

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

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

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

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

	2024/25 £000's	2023/24 £000's
Balance at 1st April	(458,254)	(431,225)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	38,803	35,106
Revaluation losses on Property, Plant and Equipment	684	(8,888)
Amortisation of intangible assets	652	774
Revenue expenditure funded from capital under Statute	6,892	17,267
Right of Use Acquisitions under IFRS 16 (Peppercorn leases) - credited to the CIES	(15,019)	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	15,845	13,893
	47,857	58,152
Adjusting amounts written out of the Revaluation Reserve	(13,716)	(9,163)
Net written out amount of the cost of non-current assets consumed in the year	34,141	48,989
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(13,018)	(12,966)
Use of the Major Repairs Reserve to finance new capital expenditure	(10,329)	(8,591)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(21,153)	(20,309)
Application of grants to capital financing from the Capital Grants Unapplied Account	(9,142)	(24,078)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(17,692)	(9,351)
Statutory provision for the financing of the HRA subsidy		-
Capital expenditure charged against the General Fund and HRA balances	(1,568)	(1,967)
	(72,902)	(77,262)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	430	1,244
Balance at 31 March	(496,585)	(458,254)

Financial Instruments Adjustment Account

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

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

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

	2024/25		2023/24	
	£000's	£000's	£000's	£000's
Balance at 1st April		1,214		1,127
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement		(17)		(17)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements		64		61
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		47		44
NPV / Fair Value adj. for WYCA 0% loan (loan at concessionary rate) charged to CIES		-		-
Concessionary rate loan interest charged to CIES		44		43
Fair Value adjustment write up to reflect the benefit of having a loan at a concessionary rate		44		43
Balance at 31st March		1,305		1,214

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

	2024/25		2023/24	
	£000's	£000's	£000's	£000's
Balance at 1st April		(3,545)		(2,660)
Upward revaluation of investments	(1,221)		(1,089)	
Downward revaluation of investments	944		204	
Change in impairment loss allowances				
		(277)		(885)
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		-		-
Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to fair value through other comprehensive income		-		-
Balance at 31st March		(3,822)		(3,545)

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 Council 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 benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31-Mar-25	31-Mar-24
	£000's	£000's
Balance at 1 April	9,280	(60,918)
Remeasurement of the net defined benefit liability/(asset)	(4,890)	69,529
Net increase in assets & liabilities from disposals	-	(235)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	17,400	14,425
Employer's pensions contributions and direct payments to pensioners payable in the year.	(13,578)	(13,521)
Balance at 31 March	8,212	9,280

Collection Fund Adjustment Account

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

	31-Mar-25 £000's	31-Mar-24 £000's
Balance at 1 April	7,526	6,970
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(2,291)	556
Write off of balance		
Balance at 31 March	5,235	7,526

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 Balance is neutralised by transfers to or from the Account.

	2024/25		2023/24	
	£000's	£000's	£000's	£000's
Balance at 1 April		3,315		4,242
Settlement or cancellation of accrual made at the end of the preceding year	(3,315)		(4,242)	
Amounts accrued at the end of the current year	4,031		3,315	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		716		(927)
Balance at 31 March		4,031		3,315

Dedicated Schools Grant Adjustment Account

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

	31-Mar-25 £000's	31-Mar-24 £000's
Balance at 1 April		
Deficit amount accumulated at 1st April	9,940	9,940
Amount by which expenditure chargeable to the DSG was exceeded by actual DSG Grant received for the financial Year	-	-
Balance at 31 March	9,940	9,940

24. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	Balance at 31-Mar-25	Balance at 31-Mar-24
	£000's	£000's
Interest received	(1,538)	(1,212)
Interest paid	13,236	7,709
Dividends received	(185)	(477)

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

	31-Mar-25 £000's	31-Mar-24 £000's
Depreciation, Impairment and Amortisation of fixed assets	(40,138)	(26,991)
(Increase)/decrease in impairment for bad debt	206	(967)
Increase/(decrease) in stocks and works in progress	90	31
Increase/(decrease) in debtors	1,335	4,156
(Increase)/decrease in creditors	(11,383)	680
Pension Liability:		
Net Charge to the CIES	(17,400)	(14,425)
Employers contributions to pension funds and direct payments to pensioners	13,578	13,521
Carrying amount of non-current assets sold	(15,845)	(13,893)
Other non-cash items charged to the net Surplus or Deficit on the Provision of Services:		
Provisions	(978)	(110)
Movements in the value of investment properties	(430)	(1,244)
Movements in the value of Finance Leases and PFI	(137)	(121)
Movement in the FIAA	(64)	(61)
Adjustment to the Net Surplus or Deficit on Provision of Services for non-cash movements	(71,166)	(39,424)

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

	31-Mar-25 £000's	31-Mar-24 £000's
Proceeds from sale of property, plant and equipment, investment property and intangible assets	10,167	11,299
Grants applied to the financing of capital expenditure	28,218	27,846
Adjustments for items included in the net surplus or deficit on the Provision of Services that are investing and financing activities	38,385	39,145

25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Purchase of property, plant and equipment, investment property and intangible assets	93,087	77,176
Purchase of short-term and long-term investments	397,697	343,451
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,168)	(11,299)
Proceeds from short-term and long-term investments	(397,750)	(343,650)
Other receipts from investing activities	(28,218)	(27,846)
Net cash flows from investing activities	54,648	37,832

26. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Cash receipts of short-term and long-term borrowing	(49,800)	(30,000)
Other receipts from financing activities	(21)	(12)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,110)	1,064
Future payments - IFRS 16	(3,892)	-
Repayments of short-term and long-term borrowing	43,400	6,215
Other payments for financing activities	1,545	1,065
Net cash flows from financing activities	(9,878)	(21,668)

Reconciliation of borrowing and PFI liabilities arising from financing activities:

2024/25:

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

2023/24:

	2023/24 01 April	Financing cash flows	Changes which are not financing cash flows	2023/24 31 March
	£000's	£000's	Acquisition £000's	Other non- financing cash flows £000's
Long-term borrowings	(295,050)	13,400	-	(281,650)
Short-term borrowings	(6,215)	(37,185)	-	(43,400)
	(301,265)	(23,785)	-	(325,050)
Other Short-term Liabilities:				
- Right of Use Lease liabilities	-	-	-	-
- PFI liabilities	(42,806)	1,065	-	(41,741)
Total liabilities financing activities	(344,071)	(22,720)	-	(366,791)

PFI liabilities include long term liabilities of £42.765m (£40.658m in 2023/24) as shown in the balance sheet under 'Other Long-Term Liabilities' and short-term liabilities of £1.507m (£1.083m in 2023/24) as shown in the balance sheet under 'Other Short-Term Liabilities'. Note that PFI contracts have been remeasured as at 1st April 2024 and during 2024/25 due to the accounting requirements of the IFRS 16 Leases standard that was adopted by the Council on 01/04/24. This has led to an overall increase in the PFI liabilities already included in the Balance Sheet and is shown in the financing and non-financing cash flows in the above table. More information can be found in Note 37 PFI and Similar Contracts.

Right of Use Lease liabilities include long term liabilities of £1.797m (£0.00m in 2023/24) as shown in the balance sheet under 'Other Long-Term Liabilities' and short-term liabilities of £0.674m (£0.00m in 2023/24) as shown in the balance sheet under 'Other Short-Term Liabilities'. There are no prior year comparator figures as the ROU lease liabilities represent those brought into the Balance Sheet as at 1st April 2024 under the transition to IFRS 16 Leases accounting standard. More information can be found in Note 36 Leases.

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

27. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2024/25	2023/24
	£000	£000
Expenditure/Income		
Expenditure		
Employee benefits expenses	167,809	156,777
Other services expenses	292,628	283,405
Support service recharges	716	765
Depreciation, amortisation, impairment	40,138	38,112
Interest payments	15,975	14,202
Precepts and levies	999	927
Loss on the disposal of assets	5,679	2,593
Total Expenditure	523,944	496,781
Income		
Customer and client receipts	(105,429)	(99,006)
Interest and investment income	(1,610)	(1,773)
Income from council tax and non domestic rates	(151,782)	(141,266)
Government grants and contributions	(219,768)	(205,584)
Other Operating Income	(64,386)	(53,558)
Total Income	(542,975)	(501,187)
Surplus or Deficit on the Provision of Services	(19,031)	(4,406)

Analysis of Customer and client receipts:

	2024/25	2023/24
	£000	£000
Public Health	(81)	(93)
Housing Revenue Account	(41,194)	(37,341)
Adult Social Care and Integration	(16,647)	(17,201)
Children and Education	(5,387)	(4,824)
Transport Environment and Planning	(26,468)	(17,226)
City Development	(628)	(705)
Finance	(5,625)	(8,816)
Human Resources and Support Services	(571)	(1,236)
Governance	(93)	(243)
Housing and Communities	(8,735)	(11,321)
Total Customer & Client Receipts	(105,429)	(99,006)

28. POOLED BUDGETS

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

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

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

	2024/25 £000s	2023/24 £000s
Contributions to the Better Care fund		
Council – Disabled Facilities Grant	1,821	1,596
Council – Improved Better Care Fund Grant	5,369	5,369
Vale of York CCG/Humber and North Yorkshire ICB	15,725	14,883
Adult Social Care Discharge Fund	2,687	1,765
	25,602	23,613
Expenditure from the Better Care Fund		
City of York Council Commissioned Schemes	13,990	12,823
Vale of York CCG/Humber and North Yorkshire ICB commissioned schemes	11,612	10,790
	25,602	23,613
Net Surplus arising on the Pooled budget during the year	-	-

29. MEMBERS ALLOWANCES

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

	2024/25 £000's	2023/24 £000's
Allowances	810	786
Expenses	3	8
Total	813	794

30. OFFICERS' REMUNERATION

Senior Officers' Remuneration

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

Senior Officer Restructure

On 21 March 2024 members of the Council's Staffing Matters and Urgency Committee approved a proposed restructure of the Corporate Management Team. The purpose of the restructure was to address some of the significant savings challenges the Council faces but also was intended to be the first step to reducing layers in the organisation to achieve a flatter structure, and to enable focus upon the key priorities of the Council.

Members agreed to remove the following posts from the senior officer establishment:

- Director of Customer and Communities
- Corporate Director of Place
- Director of Environment, Transport and Planning
- Chief Finance Officer (Section 151 Officer)

Members agreed to create the following posts into the senior officer establishment:

- Director of Housing and Community Services
- Director of City Development
- Director of Transport and Environment
- Director of Finance (Section 151 Officer)

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

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

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

Notes

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

The remuneration paid to the Council's senior employees in 2023/24 was:

Position	Notes	Salary, Fees and Allowances	Expenses	Compensation for loss of office	Total Excluding Employer's Pension Contributions	Employer's Pension Contributions	Total Remuneration Package
Chief Operating Officer – Ian Floyd		159,743	-	-	159,743	23,003	182,746
Corporate Director Children and Education		119,953	151	-	120,104	17,273	137,377
Corporate Director of Adults and Integration - Officer F	1	75,029	213	-	75,242	10,804	86,046
Director of Adults Safeguarding - Officer G	1	103,449	-	-	103,449	14,897	118,346
Corporate Director of Adults and Integration - Officer H	1	4,514	-	-	4,514	650	5,164
Corporate Director of Place		119,953	-	-	119,953	17,273	137,226
Director of Public Health - Officer I	2	80,919	-	-	80,919	11,652	92,571
Director of Public Health – Officer J	2	33,372	-	-	33,372	4,806	38,178
Director of Governance		101,829	170	-	101,999	14,663	116,662
Director Customer and Communities		103,542	-	-	103,542	14,910	118,452
Chief Finance Officer - Officer D	3	96,806	-	-	96,806	13,940	110,746
Head of Human Resources & Organisational Development - Officer E	4	72,678	-	-	72,678	9,355	82,033
Total							1,225,547

- No bonuses or benefits in kind were paid to any senior officer during the 2023/24 financial year
- Expenses include any expenses claimed during the 2023/24 financial year
- Employer pension contributions are not payments made directly to officers, rather they are payments to the relevant pension scheme that the officer is enrolled in. The employer contribution rate for 2024/25 was 14.4%.

Notes

- A. On 30th November 2023 the Corporate Director of Adults and Integration (Officer F) left the Council. The Director of Adults Safeguarding (Officer G) was appointed as the interim Corporate Director of Adults and Integration, covering the statutory Director of Adult Social Services (DASS) until the Council appointed a permanent Corporate Director of Adults and Integration (Officer H) on 18th March 2024. The annualised remuneration package for this position was £119,721, excluding employer pension contributions.
- B. On 31st December 2023 the Director of Public Health (Officer I) retired from the Council and was replaced a new Director of Public Health (Officer J) who joined the Council on 1st December 2023. The annualised remuneration package for this position was £99,844, excluding employer pension contributions.
- C. On 2nd October the Council's Staffing Matters and Urgency Committee approved two temporary additional responsibility (TARA) allowances for the Chief Finance Officer (Officer F). The first TARA covered the period 1st April 2023 to 31st December 2023 for reasons associated with leading the finance workstream and being accountable for the finances for the creation of the York and North Yorkshire Mayoral Combined Authority. The second TARA commenced from 1st January 2024 for reasons relating to the officer being appointed the interim role of Section 73 officer for the Combined Authority which was approved by the Devolution Joint Committee and remained in place until the Combined Authority appointed a permanent Section 73 officer. The total value of the TARA paid to this officer during the 2023-24 financial year was £8,813.04 and these costs (including oncosts) were recharged entirely to the Combined Authority.
- D. On 9th November 2023 the Council approved a temporary additional responsibility (TARA) allowance for the Head of Human Resources & Organisational Development (Officer E). The TARA commenced from 1st April 2023 for reasons associated with leading the HR and Organisational Development workstream for the creation of the York and North Yorkshire Mayoral Combined Authority and remained in place until the Combined Authority appointed its own Head of Human Resources. The total value of the TARA paid to this officer during the 2023-24 financial year was £6,516.00 and these costs (including oncosts) were recharged entirely to the Combined Authority.

Other Officers' Remuneration

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

Remuneration band	2024/25		2023/24	
	Non-Schools	Schools	Non-Schools	Schools
£50,000 - £54,999	63	52	99	59
£55,000 - £59,999	80	38	30	19
£60,000 - £64,999	31	14	27	18
£65,000 - £69,999	3	9	10	8
£70,000 - £74,999	11	6	8	7
£75,000 - £79,999	1	5	1	5
£80,000 - £84,999	1	6	1	3
£85,000 - £89,999	1	2	2	1
£90,000 - £94,999	2	1	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	2	1
£105,000 - £109,999	2	-	1	2
£110,000 - £114,999	-	2	-	-
£115,000 - £119,999	-	1	-	-
Total	195	136	181	123

Each year the number of employees who exceed the £50k reporting threshold increases, largely driven by wage inflation and incremental progression within the pay structure. The disclosure table primarily captures the remuneration of officers at Grade 11 SCP2 and above (Grade 11 SCP3, 2023/24).

Exit packages

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

(a)	(b)		(c)		(d)		(e)	
Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [(b) + (c)]		Total cost of exit packages in each band	
	2024-25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
							£	£
£0 - £20,000	2	3	13	5	15	8	90,332	32,255
£20,001 - £40,000	-	1	1	-	1	1	22,600	20,446
£80,001 - £100,000	-	1	-	-	-	1	-	93,026
Total	2	5	14	5	16	10	112,932	145,727

The total cost of £113k (2023/24: £146k) in the table above includes £113k (2023/24: £146k) for exit packages that have been charged to the authority's comprehensive income and expenditure statement in the current year. The table above includes 14 exits from local authority-maintained schools.

31. EXTERNAL AUDIT COSTS

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

	2024/25 £000's	2023/24 £000's
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor	438	284
Fees payable in respect of other services provided by Mazars LLP	57	27
	495	311

The 2024/25 scale fee is £310k. The accrued fees for other services in 2024/25 relate to assurance work on the Teachers' Pensions return and certification of grants claims and returns (£38.5k).

In 2024/25 a fee variation of £38k was paid for 22/23 and £90k for 21/22

The accrued fees for other services in 2023/24 relate to assurance work on the Teachers' Pensions return and certification of grants claims and returns (£18.5k).

32. DEDICATED SCHOOLS GRANT

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

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

Details of the deployment of the DSG receivable for **2024/25** are as follows:

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

Prior year comparator – 2023/24

	Central Expenditure £000's	Individual Schools Budget £000's	DSG Total £000's
Final DSG for 2023/24 (before recoupment)			160,739
Academy and High needs recoupment for 2023/24			(87,104)
Total DSG available after recoupment			73,635
Brought forward from 2022/23			7,217
Carry forward to 2024/25 agreed in advance			(8,175)
DSG resources available for distribution in 2023/24	25,964	46,713	72,677
In year adjustments	2,040	(189)	1,851
Final resources available for distribution in 2023/24	28,004	46,524	74,528
Less actual central expenditure	(26,848)		(26,848)
Less actual ISB deployed to schools		(46,206)	(46,206)
Plus Local Authority contribution for 2023/24	-	-	-
In-year carry forward to 2024/25	1,156	318	1,474
Plus: Carry-forward to 2024/25 agreed in advance			8,175
Carry-forward to 2024/25			9,649

In-year adjustments include a £2.04m Safety Valve grant receipt during 2023/24

DSG Unusable Reserve at 31st March 2023	9,940
Addition to DSG Unusable reserve in 2023/24	-
Total of DSG Unusable Reserve at 31st March 2024	9,940
Net DSG Position at 31st March 2024 (Deficit)	291

33. GRANT INCOME

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

	2024/25 £000's	2023/24 £000's
Credited to Taxation and Non-Specific Grant Income		
Government Grants:		
Capital Grants	(43,341)	(13,130)
Demand on Collection Fund	(114,869)	(107,965)
Non-Domestic Rates	(36,913)	(33,300)
Business Rates Retention Grant	(15,427)	(13,858)
Social Care Support Grant	(13,607)	(10,905)
Improved Better Care Fund	(5,369)	(4,764)
Market Sustainability & Improvement Fund	(3,202)	(1,113)
Discharge Fund	(1,254)	-

Homes for Ukraine Grant	(1,134)	(891)
Troubled Families Support Grants	(627)	(502)
Other DLUHC Grants	(813)	(1,680)
DFE Education Grants	(975)	(795)
DWP Household Support Fund	(2,154)	(2,200)
DOH Grants	(156)	(176)
Other Government Grants	(1,060)	(1,072)
Non-Government Grants:		
Other Non-Government Grants	(99)	(183)
TOTAL	(241,000)	(192,534)

Credited to Services

Government Grants:

DFE Dedicated Schools Grant Base	(84,872)	(75,486)
DWP Council Tax, Housing Benefit & Administration Grant	(25,512)	(24,935)
DOH Public Health Grant	(8,906)	(8,977)
DFE Education Services Grant	(4,703)	(3,615)
DFE High Needs, 6th Form funding	(2,447)	(2,588)
DFE Pupil Premium Grant	(2,337)	(2,296)
DFE Universal Infant Free Schools Meals - Revenue Funding	(693)	(783)
DFE Adoption Support Fund	(177)	(154)
DFE PFI Revenue Support	(1,186)	(1,186)
DFE Covid 19 Schools Grant	-	(608)
DFE Education Grants	(2,102)	(2,607)
DFE Skills Funding Agency - Adult and Community Learning	(1,009)	(586)
DLUHC UK Shared Prosperity Fund and Community Grants	(2,645)	(1,186)
DLUHC Homelessness Grants	(1,377)	(1,213)
DLUHC New Homes Bonus	(56)	(63)
Other grants from DLUHC	(412)	(3,440)
DFT Bus Service Improvement Plan Grant	(2,929)	(1,782)
Other grants from DFT	(309)	(616)
DEFRA Biodiversity and Air Quality Grants	(80)	(175)
DWP Access to Work Grant	(70)	(108)
DOH Adult Social Care Discharge Programme	(15)	-
DOH Urgent Emergency Care & Support	(119)	(343)
DOH Supplemental Substance Misuse Grant	(450)	-
Homes England Grants	(28)	(102)
Homes Office Grants	(1,638)	(2,463)
Other Government Grants	(855)	(789)
Non-Government Grants:		
Trading Standards Institute Grant	(1,733)	(1,781)
WYCA Grants	(32)	(144)
NHS	(173)	(154)
Integrated Care Board (ICB) Grants	(1,625)	(2,876)
Other Non-Government Grants	(1,296)	(921)
TOTAL	(149,786)	(141,977)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

	2024/25	2023/24
	£000's	£000's
Current Liabilities		
Grants Receipts in Advance (Capital Grants)		
Miscellaneous other grants (capital)	-	-
TOTAL	-	-
Grants Receipts in Advance (Revenue Grants)		
Government Grants:		
Homes for Ukraine Grant	1,010	1,958
DFE Education Grants	1,405	1,191
DFE Education Services Grant	1,023	814
DFE High Needs, 6th Form funding	5	5
DFE Pupil Premium Grant	200	250
DFE Adoption Support Fund	-	5
DFE Skills Funding Agency - Adult and Community Learning	-	62
DLUHC UK Shared Prosperity Fund and Community Grants	-	57
DLUHC Homelessness Grants	-	117
Other grants from DLUHC	601	322
DFT Bus Service Improvement Plan Grant	2,973	2,555
Other grants from DFT	481	305
DEFRA Biodiversity and Air Quality Grants	164	213
DOH Adult Social Care Discharge Programme	95	-
Homes England Grants	222	250
WYCA Grants	35	66
NHS	11	-
Integrated Care Board (ICB) Grants	833	381
Other Non-Government Grants	131	147
TOTAL	9,189	8,698

34. RELATED PARTIES

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments and Grant receipts outstanding at 31 March 2025 are shown in Note 33.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 29.

During 2024/25 the Council made the following transactions with entities which members have been appointed to in their capacity as CYC councillors:

Entity	No. Members	Role		Expenditure £'000	Income £'000	Outstanding Creditors £'000	Outstanding Debtors £'000
SNAPPY	1	Trustee	2024-25	44	23	-	-
			2023-24	44	20	-	2
York Museums and Gallery Trust	2	Trustees (Registered Directors)	2024-25	571	9	-	13
			2023-24	311	-	-	-
York Wheels Ltd	1	Trustee (Registered Director)	2024-25	31	-	2	-
			2023-24	151	-	-	-
Shopmobility York	1	Trustee	2024-25	13	-	-	-
			2023-24	13	-	-	-

During 2024/25 the Council made the following transactions with entities which members were acting in a non-CYC capacity:

Entity	No. Members	Role		Expenditure £'000	Income £'000	Outstanding Creditors £'000	Outstanding Debtors £'000
Rowley & Sons		Director	2024-25	-	177	-	12
Family Funeral Services	1	(Senior Partner)	2023-24	-	166	-	72

In all instances, the grants and works/services commissioned were made with proper consideration of declarations of interest. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at West Offices during office hours.

Senior Officers

During 2024/25 the Council made the following transactions with entities not controlled or significantly influenced by the Council which senior officers have been appointed to in their capacity as CYC Officers:

Entity	No. Officers	Role		Expenditure £'000	Income £'000	Outstanding Creditors £'000	Outstanding Debtors £'000
York Cares	1	Director	2024-25	-	6	-	-
			2023-24	-	5	-	-

During 2024/25 no grants, works or services of a significant value were commissioned from companies in which officers had an interest outside of their Council responsibilities (2023/24 £0k).

During 2024/25 no payments were made to organisations whose senior management included close family members of any senior officer (2023/24 £0k).

In all instances, the grants and works/services commissioned were made with proper consideration of declarations of interest.

Entities Controlled or Significantly Influenced by the Council

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, but due to the values involved these do not require the Council to prepare Group Accounts.

For detailed information relating to Yorwaste, Veritau, City of York Trading and Make it York please see Long Term Investments section of this note.

Other

The following are not entities that are controlled or significantly influenced by the Council. However, there are elected members on the board and therefore this additional information has been included below to enhance transparency.

Yorkshire Purchasing Organisation

YPO (formerly known as the Yorkshire Purchasing Organisation) was established as a joint committee of Local Authorities in 1974 and City of York Council is one of the thirteen founder member authorities. One elected member is on the board of YPO Procurement Holdings Ltd. There is no remuneration for this role.

York BID

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

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

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

West Yorkshire Combined Authority

The WYCA brings together local councils and businesses so that everyone in the region can benefit from economic prosperity and a modern, accessible transport network. York is an associate member of the combined authority, which works closely with the private sector through the Leeds City Region Enterprise Partnership (LEP) to ensure that their work meets the needs of employers in the region. It is led by Combined Authority members and the LEP Board. The Council has one elected member on each of the following committees:

Committee	Remuneration
Board	None
Transport committee – Ordinary Member	None*
Transport committee – Ordinary Member (Sub)	£1,137
Overview & scrutiny committee	£3,350

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

York and North Yorkshire Mayoral Combined Authority

The York and North Yorkshire Mayoral Combined Authority has been created by the City of York Council and North Yorkshire Council and is a legally recognised, single body. It was launched on 1 February 2024. This followed an inaugural meeting on 22 January 2024 where the constitution, budget and statutory officers were confirmed. A mayor was elected on 2nd May 2024. The Council has 2 elected members on the Combined Authority board. No allowances were paid in 2024/25.

LONG TERM INVESTMENTS

The Council holds several investments for the medium / long term. They comprise mainly share investments in five companies: Yorwaste (£1,008k), Veritau (a nominal £1), City of York Trading (a nominal £1), Make it York (a nominal £1) and Work With York Ltd (a nominal £1). The shares are included in the balance sheet at Fair value which differs to the nominal value as detailed in Note 16.

Yorwaste

The Council has, as a result of the local government reorganisation in the area at 1 April 1996, a 22.27% shareholding in Yorwaste Ltd. The majority shareholder is North Yorkshire County Council who hold the remaining 77.73%. The Company's profit and loss account is not included as part of the Comprehensive Income and Expenditure Account. The Company's assets and liabilities are not in the Consolidated Balance Sheet.

With effect from 1 October 2015 the Council has a service agreement with Yorwaste Limited for waste disposal services and is charged on a cost recovery basis. Prior to this contract prices were negotiated on an arms length commercial basis.

One senior officer is an appointed director, and no remuneration is paid for this role. Members who are appointed as directors on the board of Yorwaste are entitled to an allowance established in accordance with North Yorkshire County Council's (NYCC's) remuneration arrangements which are paid for by the Company. One member sits on the board and received remuneration of £10.79k (2023/24 £10.83k, split between two members due to a change in Council representation).

The Council received no dividends in 2024/25 from Yorwaste (£0k 2023/24).

Veritau

Since 1 April 2009, internal audit and counter-fraud services have been provided by Veritau. Veritau Limited is jointly owned by City of York Council and North Yorkshire County Council, with each Council having an equal shareholding of 50%. Contract prices are negotiated on an arms length commercial basis. The Council is represented on the board by the Chief Finance Officer and one Member of the Council. There is no remuneration for either of these roles.

A new company, Veritau Public Sector Limited (VPS) was established in May 2024 and started trading on 1 August 2024, at which point all commissioned works and services transferred across to the new company. The company is limited by guarantee and currently has 4 member councils, CYC, NYC, Redcar & Cleveland Borough Council and Leicester City Council. Two further councils are expected to join in the next few months. VPS is a 'not for profit' Teckal company which provides assurance related services to its member councils. Each member council, including CYC, maintains control of the company through the articles and members' agreement with all key business decisions listed as reserved matters.

The Council received a dividend of £20k during 2024/25 from Veritau (£0k 2023/24).

City of York Trading

City of York Trading was incorporated as a private company on the 18th November 2011 and the company is 100% owned by the Council. The company has a Chief Executive and a Board of Directors, made up of the Chief Executive, 3 Members of the Council and 2 other independent non executive directors. No Council employees are on the Board. The company started trading in June 2013. The company provides temporary staff to the Council, schools and other external organisations.

A new company, Work With York Limited was established in October 2024 and the company is 100% owned by the Council. Trading will start from 1st April 2025, at which point all commissioned works and services will transfer across to the new company.

The Council received no dividends in 2024/25 from City of York Trading (£300k 2023/24).

Make it York

Make it York is a company limited by shares created on 1 April 2015 and the Council is the sole shareholder. Of the 12 directors, 2 will represent the Council and these representatives are currently 2 members of the Council. No remuneration is paid for either of these roles.

The Council received a dividend of £25k during 2024/25 from Make It York (£25k 2023/24).

Net Value of Transactions and Balances at Year End

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

	2024/25			2023/24 (Restated)		
	Expenditure	Income	Net Exp	Expenditure	Income	Net Exp
	£'000	£'000	£'000	£'000	£'000	£'000
City of York Trading Ltd	3,582	(84)	3,498	5,170	(403)	4,767
Make it York	707	(637)	70	621	(713)	(92)
Veritau	684	(38)	646	620	(21)	599
Yorwaste Ltd	4,734	(1,194)	3,540	4,765	(1,208)	3,557
YPO	18	(120)	(102)	16	(177)	(161)
	9,725	(2,073)	7,652	11,192	(2,522)	8,670

The following amounts were due to related parties at 31 March 2025 and are included in debtors:

	2024/25 £'000	2023/24 (Restated) £'000
City of York Trading Ltd	22	-
Make it York	58	132
Veritau	4	16
Yorwaste Ltd	86	125
	170	273

The following amounts were due from related parties at 31 March 2025 and are included in creditors:

	2024/25 £'000	2023/24 (Restated) £'000
City of York Trading Ltd	425	331
Make it York	-	1
Veritau	3	1
Yorwaste Ltd	166	136
YPO	-	1
	594	470

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

35. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25 £000's	2023/24 £000's
Opening Capital Financing Requirement	502,238	481,932
IFRS 16 Opening Balance adjustment for Lease and PFI Liability	6,817	-
Restated Opening Capital Financing Requirement	509,055	481,932
Capital Investment		
Property, Plant and Equipment	82,934	79,774
Investment Properties	352	530
Intangible Assets	-	3
Revenue Expenditure Funded from Capital under Statute	5,807	17,267
Investment in Equity	0	-
PFI remeasurements	212	-
Sources of Finance		
Capital Receipts	(13,018)	(12,966)
Government Grants and Other Contributions	(45,314)	(44,387)
Direct Revenue Contributions	(1,568)	(1,966)
Major Repairs Reserve	(10,329)	(8,591)
MRP (Minimum Revenue Repayment) - Loans	(7,106)	(6,276)
HRA Debt Repayment	(8,400)	(1,900)
MRP (Minimum Revenue Repayment) - Leases	(719)	-
PFI / PPP Payments	(1,475)	(1,182)
Movement in Year	1,376	20,306
Closing Capital Financing Requirement	510,431	502,238
Explanations of movement in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	18,811	29,664
MRP (Minimum Revenue Repayment) - Loans	(7,106)	(6,276)
HRA Debt Repayment	(8,400)	(1,900)
Right of Use Asset - Leases	53	-
MRP (Minimum Revenue Repayment) - Leases	(719)	-
PFI remeasurements	212	-
PFI / PPP Payments	(1,475)	(1,182)
Increase/(decrease) in Capital Financing Requirement	1,376	20,306

The Capital Financing Requirement increased in 2024/25 as a result of the level of borrowing required to fund capital expenditure being greater than the provision set aside for the repayment of debt.

The introduction of IFRS 16 Leases on 1st April 2024 has also served to increase the Capital Financing Requirement as Lessee leases previously treated as revenue under IAS 17 have now been brought into the Balance Sheet and accounted for under capital requirements, while PFI contracts already on the Balance Sheet have been remeasured in accordance with the new accounting standard as at 1st April 2024. Opening Balance adjustments for IFRS 16 have been made to the CFR. More information can be found in Note 36 Leases and Note 37 PFI and Similar Contracts.

36. LEASES

In 2024/25 the Council adopted IFRS 16 Leases as per the Code of Practice for Local Council Accounting in the United Kingdom.

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

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

- Leases for items of low value, less than £10k, are exempt from the new arrangements and continue to be accounted for as revenue items under net cost of services in the Comprehensive Income and Expenditure Statement.
- Leases that do not exceed 365 days are classed as short-term leases and exempt from the new arrangements and continue to be accounted for as revenue items under net cost of services in the Comprehensive Income and Expenditure Statement.

For those leases brought into the Balance Sheet at 1st April 2024:

- Lease liabilities are measured at the present value of the remaining lease payments at 1st April 2024, discounted by the Council's incremental borrowing rate at that date.
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.35%
- Right of Use Assets are measured at the amount of the remaining lease liability unless they are classed as peppercorn leases for which the Council makes nominal or nil payment. For peppercorn leases, which fall into the land and buildings category, these assets are measured at their Fair Value, and there is no lease liability.

This has resulted in the following changes to the balance sheet:

- £3,137k opening balance additions to Property, plant and equipment for Right of Use Assets measured at the amount of their remaining lease liability as at the 1st April 2024.
- £15,072k in year additions to Property, plant and equipment for Right of Use Assets, split between:
 - £15,019k peppercorn leases.
 - £53k in year lease extensions / modifications.
- £2,471k closing lease liabilities at 31st March 2025, split between:
 - £1,797k non-current creditors (lease liabilities)
 - £674k current creditors (lease liabilities)

Minimum Revenue Payment (MRP) of £719k has been charged against lease liabilities in 2024/25 which serves to write down the Council's Capital Financing Requirement for the Right of Use Assets added into the Council's Balance Sheet. MRP is equal to the in year lease repayment amount for Right of Use Assets.

COUNCIL AS LESSEE

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

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

Right of Use Assets

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

	Land and buildings £000s	Vehicles, plant and equipment £000s	Total £000s
Balance at 1 April 2024	2,196	941	3,137
Additions	15,019	53	15,072
Revaluations	78	-	78
Depreciation and amortisation	(718)	(514)	(1,232)
Disposals	-	-	-
Balance at 31 March 2025	16,575	480	17,055

Transactions under Leases

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

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

Maturity analysis of lease liabilities

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

	2024/25 £000s
Less than one year	775
One to five years	1,313
More than five years	974
Total undiscounted liabilities	3,062

COUNCIL AS LESSOR

Transactions under leases

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

	2024/25 £000s	2023/24 £000s
Finance leases		
Finance income on the net investment in the lease	(3)	(4)
Operating leases		
Total lease income	(6,086)	(5,575)

Net investment in finance leases

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

	2024/25 £000s	2023/24 £000s
Net investment at 1 April	118	126
Payments by lessees	(8)	(7)
Net investment at 31 March	110	119

Maturity analysis of lease receivables

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

	Finance Leases		Operating Leases	
	31 March 2025 £000s	31 March 2024 £000s	31 March 2025 £000s	31 March 2024 £000s
Less than one year	11	11	4,553	4,847
One to two years	11	11	4,180	3,413
Two to three years	11	11	3,520	3,075
Three to four years	11	11	3,225	2,447
Four to five years	11	11	2,084	2,157
More than five years	78	89	54,561	56,191
Total undiscounted receivables	133	144	72,123	72,130

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

	31 st March 2025 £000s	31 st March 2024 £000s
Total undiscounted lease receivables	133	144
Unearned finance income	(23)	(25)
Net investment in leases	110	119

37. PFI AND SIMILAR CONTRACTS

PFI - Schools

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

Property Plant and Equipment

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

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

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2025 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000's	Finance Payment £000's	Liability Repayment £000's	Total Payments £000's
Within 1 Yr	1,557	392	250	2,199
Between 2 Yrs and 5 Yrs	6,647	1,392	926	8,965
Between 6 Yrs and 10 Yrs	7,361	1,083	3,289	11,733
Between 11 Yrs and 15 Yrs	1,482	51	903	2,436
	17,047	2,918	5,368	25,333

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

PPP – Allerton Waste

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

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

The Councils financial commitments under this are

	Repayment of Liability	Interest Payments	Provision of Services	Lifecycle costs	Total
	£'000	£'000	£'000	£'000	£'000
less than one year	1,257	3,610	3,170	348	8,385
between 2 and 5 years	4,515	13,120	13,554	3,099	34,288
between 6 and 10 years	7,693	13,734	19,037	4,238	44,702
between 11 and 15 years	13,316	7,404	21,676	4,086	46,482
between 16 and 20 years	12,123	962	13,347	688	27,120
	38,904	38,830	70,784	12,459	160,977

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

Value of PFI Assets

	2024/25			2023/24		
	Schools	Waste	Total	Schools	Waste	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	-	53,510	53,510	-	50,662	50,662
IFRS 16 adjustments	-	2,807	2,807	-	-	-
Depreciation	-	(5,029)	(5,029)	-	(3,701)	(3,701)
Additions	-	-	-	-	-	0
Revaluations	-	(2,366)	(2,366)	-	6,549	6,549
Disposals	-	-	-	-	-	0
Closing Balance	-	48,922	48,922	-	53,510	53,510

Value of PFI Liabilities

	2024/25			2023/24		
	Schools	Waste	Total	Schools	Waste	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance	4,862	36,879	41,741	5,164	37,642	42,806
Opening Balance Adjustment for IFRS16	1,013	2,667	3,680	-	-	-
Revised Opening Balance	5,875	39,546	45,421	5,164	37,642	42,806
IFRS16 In Year Remeasurement	72	140	212			
Payments/Repayments	(579)	(782)	(1,361)	(302)	(763)	(1,065)
Additions	-	-	-	-	-	-
Closing Balance	5,368	38,904	44,272	4,862	36,879	41,741

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

38. IMPAIRMENT LOSSES

Impairment losses are where a physical loss to the asset occurs. In comparison a revaluation loss is a reduction in market value of the asset. In 2024/25 there were no impairment losses charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. (2023/24 nil).

39. PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers Pension Scheme

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

During 2024/25 the Council paid £6,930k (2023/24 £5,659k) to CTP in respect of teachers' retirement benefits, representing 28.68% (including a 0.08% administration levy) of pensionable pay since 1st April 2024. The contributions due to be paid in the next financial year are estimated to be £7,068k.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These amounted to £613k (2023/24 £576k) and are fully accrued in the pensions liability described in the figures that follow in Note 40. The Council is not liable to the scheme for any other entities obligation under the plan.

NHS Staff Pension Scheme

NHS Staff transferred to the Council over recent years have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is 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.

During 2024/25 the Council paid £60k (2023/24 £68k) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 14.38% (2023/24 14.38%) of pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the next financial year are estimated to be £52k. The Council is not liable to the scheme for any other entities obligation under the plan.

40. DEFINED BENEFIT PENSION SCHEMES

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

The North Yorkshire Pension Fund, which is a Local Government Pension Scheme, is treated as a defined benefit scheme, since the Council's liabilities to its current and former employees can be identified within the fund, and the Council will be liable to meet these, irrespective of the future performance of the fund. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The information below relates to the cost of pension arrangements borne by this Council and included in the revenue accounts.

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

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

We recognise the costs 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 we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out 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.

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary benefits arrangements		Teachers' Pension Scheme Discretionary benefits arrangements	
	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)
Comprehensive Income and Expenditure Statement						
Cost of services:						
Service cost comprising						
Current service cost	16,519	16,937	-	-	-	-
Past service cost (inc. curtailments)	195	146	-	-	-	-
(Gain)/loss from settlements	-	-	-	-	-	-
Administration expenses	563	529	-	-	-	-
Net service cost	17,277	17,612	-	-	-	-
Financing and investment income and expenditure comprising						
Interest on defined benefit obligation, before asset restriction	(7,102)	(3,643)	49	57	379	399
Interest on unrecognised asset due to effect of asset ceiling	6,797	-	-	-	-	-
Net Interest expense	(305)	(3,643)	49	57	379	399
Total post-employment benefits charged to the surplus or deficit on the provision of services	16,972	13,969	49	57	379	399
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability/(asset) comprising:						
Return on plan assets (in excess of)/below that recognised in net interest	18,823	(44,414)	-	-	-	-
Actuarial (gains)/losses due to changes in financial assumptions	(117,196)	(23,982)	(71)	(15)	(662)	(137)
Actuarial (gains)/losses due to changes in demographic assumptions	(5,035)	(10,799)	(7)	(28)	(54)	(182)
Actuarial (gains)/losses due to liability experience	1,261	7,650	2	(96)	16	(64)
Adjustment (gain)/loss due to effect of asset ceiling	98,033	141,596	-	-	-	-
Adjustment (gain)/loss due to disposals/acquisitions	-	(235)	-	-	-	-
Total remeasurements recognised in other comprehensive income and expenditure	(4,114)	69,816	(76)	(139)	(700)	(383)
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	12,858	83,785	(27)	(82)	(321)	16
Movement in Reserves Statement						
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(16,972)	(13,969)	(49)	(57)	(379)	(399)
Actual amount charged against the General Fund balance for pensions in the year:						
Employers' contributions payable to scheme	12,858	12,846				
Retirement benefits payable to pensioners			107	99	613	576

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary benefits arrangements		Teachers' Pension Scheme Discretionary benefits arrangements	
	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)
Present value of the defined benefit obligation	600,194	693,448	937	1,071	7,275	8,209
Fair value of plan assets	(846,620)	(835,044)	-	-	-	-
Subtotal	(246,426)	(141,596)	937	1,071	7,275	8,209
Effect of asset ceiling	246,426	141,596				
Net liability/(asset) arising from defined benefit obligation	-	-	937	1,071	7,275	8,209

The Council's funded LGPS defined benefit obligation is £nil (£nil, 2023/24) following the restriction of the surplus. The Council also had historic long -term pension liabilities in relation to unfunded discretionary LGPS benefits totalling £937k (2023/24 £1,071k) unfunded discretionary Teachers Pensions benefits totalling £7,275k (2023/24 £8,209k).

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary benefits arrangements		Teachers' Pension Scheme Discretionary benefits arrangements	
	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)
Opening fair value of scheme assets	835,044	765,494	-	-	-	-
Interest income on assets	39,871	35,704	-	-	-	-
Remeasurement gains/(losses) on assets	(18,823)	44,414	-	-	-	-
Contributions by the employer	12,858	12,846	107	99	613	576
Contributions by participants	6,014	5,737	-	-	-	-
Net benefits paid out	(28,344)	(26,424)	(107)	(99)	(613)	(576)
Net increase in assets from disposals/acquisitions	-	(2,727)	-	-	-	-
Settlements	-	-	-	-	-	-
Closing fair value of scheme assets	846,620	835,044	-	-	-	-

The unfunded Teacher's Pension benefits and unfunded LGPS discretionary benefits has no assets to cover its liabilities. The funded Local Government Pension Scheme's assets comprised:

	2024/25		2023/24	
	%	£000	%	£000
Asset Classification:				
Equities	60.60	513,052	47.90	399,986
Property	5.90	49,951	5.60	46,762
Government Bonds	14.80	125,300	12.40	103,545
Corporate Bonds	7.60	64,343	7.30	60,958
Multi Asset Credit	5.30	44,871	5.20	43,422
Cash	1.50	12,699	4.30	35,907
Other	4.30	36,405	17.30	144,463
Total	100.00	846,620	100.00	835,044

Details on the nature and risks of the pension fund's assets and investment policies can be found in the North Yorkshire Pension Fund Annual Report and Accounts, which are available on the website of the North Yorkshire Pension Fund as well as in the pension fund disclosures within the North Yorkshire County Council Statement of Accounts, which are available on the website of the administering authority.

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

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary benefits arrangements		Teachers' Pension Scheme Discretionary benefits arrangements	
	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)
Opening balance at 1 April	693,448	694,555	1,071	1,252	8,209	8,769
Current service cost	17,082	17,466	-	-	-	-
Interest expense on defined benefit obligation	32,769	32,061	49	57	379	399
Contributions by scheme participants	6,014	5,737	-	-	-	-
Actuarial (gains)/losses due to changes in financial assumptions	(117,196)	(23,982)	(71)	(15)	(662)	(137)
Actuarial (gains)/losses due to changes in demographic assumptions	(5,035)	(10,799)	(7)	(28)	(54)	(182)
Actuarial (gains)/losses due to liability experience	1,261	7,650	2	(96)	16	(64)
Net benefits paid out	(28,344)	(26,424)	(107)	(99)	(613)	(576)
Past service cost (inc. curtailments)	195	146	-	-	-	-
Net increase in liabilities from disposals/acquisitions	-	(2,962)	-	-	-	-
Settlements	-	-	-	-	-	-
Closing balance at 31 March	600,194	693,448	937	1,071	7,275	8,209

The liabilities show the underlying commitments that the Council has to pay, namely retirement benefits in the long-term and has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

Reconciliation of asset ceiling

	Local Government Pension Scheme	
	2024/25 (£000)	2023/24 (£000)
Opening impact of asset ceiling	141,596	-
Interest on effect of asset ceiling	6,797	-
Actuarial losses / (gains)	98,033	141,596
Closing impact of asset ceiling	246,426	141,596

Statutory arrangements for funding pension obligations means that the financial position of the Council remains healthy, and the current funding position allows the Council to use its surplus position to support the payment of future pension contributions to the Fund at a rate below the primary contribution rate to reduce the Council's surplus in the scheme.

Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Local Government Pension Scheme Discretionary benefits arrangements		Teachers' Pension Scheme Discretionary benefits arrangements	
	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)	2024/25 (£000)	2023/24 (£000)
Mortality assumptions:						
Longevity at 65 for current pensioners:						
Men	21.90	22.10	21.90	22.10	21.9	22.1
Women	24.50	24.60	24.50	24.60	24.5	24.6
Longevity at 65 for future pensioners:						
Men	22.50	23.00				
Women	25.20	25.60				
Principal financial assumptions (% per annum):						
Rate of inflation	2.50	2.60	2.50	2.60	2.50	2.60
Rate of increase in salaries	3.75	3.85				
Rate of increase in pensions	2.50	2.60	2.50	2.60	2.60	2.60
Rate for discounting scheme liabilities	5.80	4.80	5.80	4.80	5.80	4.80

The estimation of the defined benefit obligation 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 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 method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2025 and the projected service cost for the period ending 31 March 2026 is set out below.

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	591,791	600,194	608,597
% change in present value of total obligation	-1.40%		1.40%
Projected service cost (£M)	11,092	11,615	12,149
Approximate % change in projected service cost	-4.50%		4.50%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	600,794	600,194	599,594
% change in present value of total obligation	0.10%		-0.10%
Projected service cost (£M)	11,615	11,615	11,615
Approximate % change in projected service cost	0.00%		0.00%

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

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	607,997	600,194	592,391
% change in present value of total obligation	1.30%		-1.30%
Projected service cost (£M)	12,149	11,615	11,092
Approximate % change in projected service cost	4.60%		-4.50%

Post retirement mortality assumption

Adjustment to mortality age rating assumption *	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	613,998	600,194	586,390
% change in present value of total obligation	2.30%		-2.30%
Projected service cost (£M)	12,033	11,615	11,185
Approximate % change in projected service cost	3.60%		-3.70%

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

Impact on the Council's Cash Flows

The total employer contributions made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 was £12,858k. The Council estimates that it'll make employer contributions totalling £12,359k to the scheme in 2025/26.

The weighted average duration of the defined benefit obligation for scheme members is 14.3 years (16.4 years in 2023/24).

Legal cases

Virgin Media Ltd vs NTL Pension Trustees

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

The current position in relation to local government pension schemes (LGPS) is that actuarial confirmations for all amendments have not yet been located. The most recent update was in July 2024 from Government's Actuary Department (GAD) and included the following information:

- Relevant certificates have been located in respect of the 2014 reforms.
- They believe a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this.

The impact of the ruling on the Virgin Media case on LGPS liabilities is not known and no adjustments to reflect the impact of the ruling have been made to the financial statements for this financial year.

Further information and developments on this case will be monitored and any impacts on the LGPS liabilities will be considered.

41. CONTINGENT LIABILITIES

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

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Nature and Extent of Risks Arising from Financial Instruments

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

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

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

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

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

The annual Treasury Management Strategy Statement for 2024/25 which incorporates the prudential indicators was approved by Full Council on 22nd February 2024. Details can be viewed here on the Council's website under item 66:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MID=13928#AI67008> after recommendation by Executive on 25th January 2024, which can be viewed here on the Council's website under item 83:
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.

The key issues within the strategy were:

- The Authorised Limit for 2024/25 was set at £632.306m (prudential indicator 6A).
- The Operational Boundary for 2023/24 was set at £602.306m (prudential indicator 6B).
- The maximum and minimum exposures to the maturity structure of debt which are contained within prudential indicator 7. The maturity structure of debt table is contained within this note under the 'Refinancing and Maturity Risk' section.
- The setting out of borrowing and investment policies to manage risk.

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

Credit Risk

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

Investments

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

<https://democracy.york.gov.uk/documents/s172786/Treasury%20Management%20Strategy%20Report.pdf>

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

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

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

The full Investment Strategy for 2024/25 within the annual Treasury Management Strategy Statement for 2024/25 which incorporates the prudential indicators was approved by Full Council on 22nd February 2024. Details can be viewed here on the Council's website under item 66:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=13928#AI67008> after recommendation by Executive on 25th January 2024, which can be viewed here on the Council's website under item 83:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council's Treasury Investments are shown below:

	Balance at 31-Mar-25 £000	Balance at 31-Mar-24 £000
Notice Accounts	-	53
Money Market Funds	9,039	4,622
Total	9,039	4,675

The Council's maximum exposure to credit risk in relation to its investments in banks, building societies and Money Market Funds of £9.039m (£4.675m in 2024/25) is not assessed collectively as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2025 that this was likely to crystallise.

There were no circumstances known as at 31 March 2025 that would require impairment on any investments.

Long-term debtors

The Council has Long-term debtors of £3.919m (£4.077m in 2023/24) and further details can be found in Note 18.

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

There was no evidence at 31 March 2025 that indicated any loans to third parties or long-term debtors were credit impaired and Expected Credit Loss was deemed to be low, therefore no Expected Credit Loss was made.

Short-term debtors

Trade receivables form part of the Council's Short-term debtors. The Council does not generally allow credit for its invoiced trade receivables, such that £12.079m of the £32.880m Short term trade receivables debtors balance is past its due date for payment in 2023/24 (£11.100m of the £33.769m in 2023/24). A balance is past its due date if it is over 28 days old. The past due date amounts can be analysed by age as follows:

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Less than 3 months	1,919	2,781
3 to 6 months	930	1,226
6 months to 1 year	1,931	2,964
More than 1 year	7,299	4,129
Total	12,079	11,100

The Council makes an annual impairment allowance and at 31 March 2024 the Council's total impairment was £9.674m (£9.468m at 31 March 2024) for all Short-term debtors, of which £3.662m (£3.758 at 31 March 2024) related to trade receivables.

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

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

Uncollectable amounts are written off in line with the Council's bad debt policy as outlined in its Financial Regulations within the Constitution. During the year, the authority wrote off financial assets with a contractual amount outstanding of £0.188m (£0.359m in 2023/24).

Amounts Arising from Expected Credit Losses and Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2024:

Financial Instrument Type	Credit Rating	Gross Carrying Amount 31-Mar-25 £000	Gross Carrying Amount 31-Mar-24 £000	Total Expected Credit Loss 31-Mar-25 £000	Total Expected Credit Loss 31-Mar-24 £000	Change in Expected Credit Loss from previous year £000
Investments	AAA to A+	9,039	4,675	-	-	-
Loans to third parties	Not Rated	1,042	1,055	-	-	-
Finance lease receivables	Not Rated	150	158	-	-	-
PFI	Not Rated	2,727	2,864	-	-	-
Short-term debtors - trade receivables	Not Rated	36,542	33,604	(3,662)	(3,758)	96

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

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

Liquidity risk

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

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

The maturity analysis of financial liabilities is as follows:

Council loans outstanding

	Balance at 31 March 2025 £000	Balance at 31 March 2024 £000
Interest Due within one year	(2,029)	(3,888)
Maturing within one year	(68,300)	(43,400)
Maturing in 1 - 2 years	(15,950)	(13,500)
Maturing in 2 - 5 years	(50,350)	(49,700)
Maturing in 5 - 10 years	(61,050)	(63,450)
Maturing in more than 10 years	(135,800)	(155,000)
Carrying Value Adjustment	386	451
Total	(333,093)	(328,487)

Note 3 – The Councils LOBO loan is shown at the next call date rather than at its maturity date in the above table. The Councils WYCA loan is shown at its principal amount.

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

	Interest Rates Payable 2024/25	Balance at 31 March 2025 £000	Balance at 31 March 2024 £000
Public Works Loan Board (PWLB)	1.50% to 5.39%	(324,100)	(317,700)
PWLB (Carrying Value Adjustment)		386	451
Dexia Bank LOBO	3.88%	(5,000)	(5,000)
WYCA	0.00%	(2,350)	(2,350)
Interest Owed on Long Term Debt at 31st March		(2,029)	(3,888)
Total		(333,093)	(328,487)

Note 4 – The Councils LOBO loan is shown at the next call date rather than at its maturity date in the above table. The Councils WYCA loan is shown at its principal amount.

All trade payables of £38.570m (£39.361m in 2024/25) are due to be paid in less than one year and are not shown in the table above. Further details for short term creditors can be found in Note 21.

Refinancing and Maturity Risk

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

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (Prudential Indicator 7) as approved in the annual Treasury Management Strategy Statement for 2024/25 which incorporates the prudential indicators was approved by Full Council on 22nd February 2024. Details can be viewed here on the Council's website under item 66:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=13928#AI67008> after recommendation by Executive on 25th January 2024, which can be viewed here on the Council's website under item 83:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.

	Approved Minimum Limits 2024/25 %	Approved Maximum Limits 2024/25 %	Authority Actual at 31-Mar-25 £000's	Authority Actual at 31-Mar-25 £000's	Authority Actual at 31-Mar-24 £000's	Authority Actual at 31-Mar-24 £000's
Less than 1 year	-	30	(68,300)	20.61%	(43,400)	13.35%
Between 1 and 2 years	-	30	(15,950)	4.81%	(13,500)	4.15%
Between 2 and 5 years	-	40	(50,350)	15.19%	(49,700)	15.29%
Between 5 and 10 years	-	40	(61,050)	18.42%	(63,450)	19.52%
More than 10 years	30	90	(135,800)	40.97%	(155,000)	47.68%
Total			(331,450)	100.00%	(325,050)	100.00%

Note 5 – This table shows the principal loan amount outstanding excluding interest. The Councils LOBO loan is shown at the next call date rather than at its maturity date in the above table. The Councils WYCA loan is shown at its principal amount.

Market Risk

Interest Rate Risk

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

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

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

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

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	Balance at 31-Mar-25 £000's	Balance at 31-Mar-24 £000's
Increase in interest payable on variable rate investments borrowings		
Increase in interest receivable on variable rate investments	(90)	(47)
Impact on Surplus or Deficit on the Provision of Services	(90)	(47)
Decrease in fair value of fixed rate investment assets		
Impact on Other Comprehensive Income and Expenditure	-	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on Surplus or Deficit on Provision of Services or Other Comprehensive Income and Expenditure)	30,861	34,572

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

Price risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £6.242m (£5.965m in 2023/24) in a number of equity investments detailed further in Note 16 to the Statement of Accounts. Whilst these holding are generally illiquid, the Council is exposed to gains or losses arising from movements in the value of the shares.

These shareholdings have arisen due to specific service or strategic objectives; the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. In line with the Councils accounting policy for these types of investments the shares have all been designated as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £0.312m (£0.298m in 2023/24) gain or loss being recognised in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

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

43. EXPENDITURE AND FUNDING ANALYSIS (EFA)

Net Expenditure Chargeable to the General Fund and HRA Balances	2023/24 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	2024/25 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(972)	(331)	(1,303)	Public Health	(707)	24	(683)
8,174	(15,777)	(7,603)	Housing Revenue Account	10,207	(16,692)	(6,485)
69,284	1,453	70,737	Adult Social Care and Integration	74,876	1,469	76,345
29,119	184	29,303	Children and Education	29,021	5,465	34,486
20,048	(2,628)	17,420	Transport Environment Planning	25,685	9,941	35,626
1,849	11,756	13,605	City Development	1,213	319	1,532
30,454	(6,667)	23,787	Finance	39,570	(7,931)	31,639
11,985	(95)	11,890	HRSS	12,605	2,219	14,824
4,065	787	4,852	Governance	3,832	347	4,179
10,459	5,007	15,466	Housing and Communities	11,350	1,549	12,899
184,465	(6,311)	178,154	Net Cost of Services	207,652	(3,290)	204,362
(182,756)	195	(182,561)	Other Income and Expenditure	(203,220)	(20,173)	(223,393)
1,709	(6,116)	(4,407)	Surplus or Deficit	4,432	(23,463)	(19,031)
			Opening General Fund and HRA Balance	(39,593)		
(41,302)			Surplus or Deficit	4,432		
1,709			Closing General Fund and HRA Balance at 31 March 2025	(35,161)		
(39,593)						

The objective of the EFA is to demonstrate to council taxpayers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

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

NOTE - The figures above reflect changes to the council's management reporting structure which took effect during 2024 to 2025. The previous year's Cost of Services has been restated to reflect the new directorates. This is presentational only and does not change the overall net cost of services

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

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

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

- Other Operating Expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets;
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

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

- For Services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs; and
- For Financing and Investment Income & Expenditure the net interest on the defined benefit liability is charged to the CIES.

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

- For services this includes adjustments made from accruing compensated absences earned but not taken in the year;
- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and
- The charge under Taxation and no-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- 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

NOTES TO THE MAIN FINANCIAL STATEMENTS

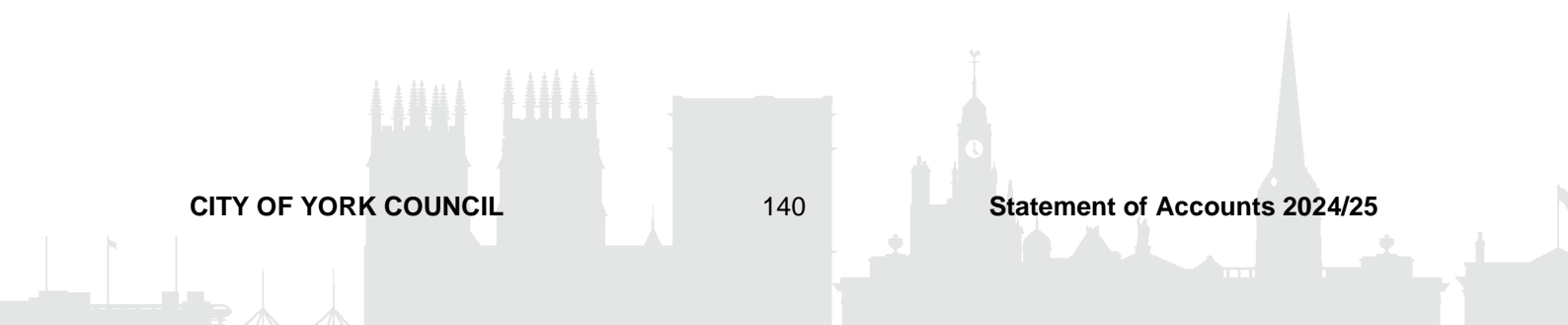
2023/24

2024/25

Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
6	126	(463)	(331)	Public Health	(5)	117	(88)	24
8,799	195	(24,771)	(15,777)	Housing Revenue Account	13,274	198	(30,164)	(16,692)
				Adult Social Care and				
778	501	174	1,453	Integration	786	507	176	1,469
3,584	617	(4,017)	184	Children and Education	6,179	518	(1,232)	5,465
				Transport Environment				
12,914	726	(16,268)	(2,628)	Planning	16,613	665	(7,337)	9,941
(3,448)	78	15,126	11,756	City Development	131	72	116	319
1,031	870	(8,568)	(6,667)	Finance	970	725	(9,626)	(7,931)
1,483	357	(1,935)	(95)	HRSS	2,054	327	(162)	2,219
(8)	99	696	787	Governance	-	91	256	347
2,903	522	1,582	5,007	Housing and Communities	1,322	478	(251)	1,549
28,042	4,091	(38,444)	(6,311)	Net Cost of Services	41,324	3,698	(48,312)	(3,290)
				Other Income and Expenditure from the Expenditure and Funding Analysis				
3,403	(3,187)	(21)	195		(20,296)	123	-	(20,173)
31,445	904	(38,465)	(6,116)	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	21,028	3,821	(48,312)	(23,463)

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OTHER STATEMENTS



HOUSING REVENUE ACCOUNT

Income and Expenditure Statement:

	Note	2024/25 £000's	2023/24 £000's
Income			
Dwellings Rents	(3)	(38,499)	(34,790)
Non-dwelling rents		(569)	(561)
Charges for Services and Facilities		(3,294)	(3,247)
Contributions Towards Expenditure		(404)	(376)
Revaluation gains and reverse revaluation losses	(6)	(216)	(4,100)
Total Income		(42,982)	(43,074)
Expenditure			
Repairs and maintenance		10,047	9,239
Supervision and management		11,779	12,135
Rents, Rates, Taxes and Other Charges		964	924
Depreciation, impairment and revaluation losses of non-current assets	(6)	13,488	12,900
Debt Management Costs		46	50
Movement in impairment allowance for uncollectable amounts	(4)	173	223
Total Expenditure		36,497	35,471
Net Cost of Services included in the Comprehensive Income and Expenditure Statement		(6,485)	(7,603)
Share of Corporate Costs			
HRA share of other amounts included in the Council's			
Net Cost of Services but not allocated to specific services		-	-
Net Cost of HRA Services		(6,485)	(7,603)
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
Payments to the Government Housing Capital Receipts pool		-	-
(Gain) or loss on sale of HRA non-current assets		(893)	(1,089)
Interest payable and similar charges		5,121	4,926
Interest and investment income		(1,871)	(2,538)
Pensions interest cost and expected return on pension assets	(5)	(14)	(149)
Capital grants and contributions receivable		(1,050)	(2,449)
(Surplus)/Deficit on Provision of Services		(5,192)	(8,902)

Movement on the HRA Statement

	2024/25		2023/24	
	£000's	£000's	£000's	£000's
Balance on the HRA at the end of the previous year		(29,965)		(29,427)
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement		(5,192)		(8,903)
Adjustments between accounting basis & funding basis under regulations				
Depreciation and impairment charges		(13,273)		(8,799)
Capital grants applied in year		3,097		3,547
Transfer to Capital Grants Reserve		(2,066)		(1,116)
Non-current assets written off		(8,397)		(9,992)
Repayment of debt (Statutory and Voluntary)		8,400		1,900
Capital Expenditure funded by the HRA		1,437		1,798
Income from non-current asset sales		9,290		11,081
Transfer from Capital Receipts Reserve		(40)		(65)
Depreciation costs met by MRR		11,210		11,039
Retirement benefits		(185)		693
Pension payments				(739)
Net Increase/Decrease before Transfers to or from reserves		4,281		444
Transfers to/(from) reserves		(132)		(982)
(Increase)/Decrease in Year on the HRA		4,149		(538)
Balance on the HRA at the end of the current year		(25,816)		(29,965)

1. SIGNIFICANCE OF THE STATUTORY HOUSING REVENUE ACCOUNT

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

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

There is a surplus of £5.192m (2023/24 £8.903m) on the Housing Revenue Account Income and Expenditure Account, this reduces to a deficit of £4.149m (2023/24 surplus of £0.538m) for the year on the Statutory Housing Revenue Account.

2. LEGISLATIVE BACKGROUND

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

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

3. GROSS RENTS

Gross rental income is the total amount due for the year before the allowance for voids of £980k (2023/24 £956k) which represents 2.48% (2023/24 2.67%) of the gross rental income including charges for services. The average weekly rent for 2024/25 was £97.32 compared to £89.84 in 2023/24.

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

	2024/25 £000's	2023/24 £000's
Rents due from Tenants	(27,795)	(25,011)
Rents remitted by Rent Rebates through the Housing Benefit System	(11,684)	(10,735)
Total Gross Rental Income	(39,479)	(35,746)
Less void loss	980	956
Net Dwelling Rental Income	(38,499)	(34,790)

The Council was responsible for managing 7,540 dwellings at 31 March 2025.

The HRA dwelling stock was made up as follows:

	2024/25	2023/24
Houses	3,430	3,447
Bungalows	490	490
Flats, Bedsits & Maisonettes	3,424	3,435
Hostel Places	70	60
Shared Ownership*	126	116
	7,540	7,548

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

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

	2024/25	2023/24
Stock at 31st March	7,548	7,565
Dwelling Sales	(32)	(50)
Shared Ownership Freehold sales	(1)	(2)
Additions to Council dwelling stock	15	13
Additions to Shared ownership stock	11	25
Hostel Units Closures	-	(3)
Re-categorised to HRA non-dwelling stock	(1)	-
	7,540	7,548

4. RENT ARREARS

The arrears as at 31 March for rent not paid to the Council are shown in the table below. During 2024/25 rent arrears as a proportion of gross rent income have decreased from 7.79% of the amount due to 6.03%.

		2024/25	2023/24
		£000's	£000's
Arrears at 31 March	- Current tenants	1,884	2,204
	- Former tenants	496	435
Amounts Written Off during the Year		217	328
Increased/(Reduced) Provision during the Year		173	223
Impairment Allowance for Uncollectable Amounts		1,576	1,620

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

		2024/25	2023/24
		%	%
Dwelling rent arrears as a % of gross rent debit			
	- Current tenants	4.77%	6.13%
	- Former tenants	1.26%	1.66%
		6.03%	7.79%

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

	2024/25	2023/24
	£000's	£000's
Arrears at 31 March	40	40
Amounts Written Off during the Year	19	3
Increased/(Reduced) Allowance during the Year	-	-
Impairment allowance for Uncollectable Amounts	21	37

5. IAS19 TRANSACTIONS FOR THE HRA

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

	Local Government Pension Scheme £000s	
	2024/25 (£000)	2023/24 (£000)
Comprehensive Income and Expenditure Statement		
Cost of services:		
Service cost comprising		
Current service cost	742	693
Past service cost (inc. curtailments)	9	6
(Gain)/loss from settlements	0	0
Administration expenses	25	22
Net service cost	776	721
Financing and investment income and expenditure comprising		
Interest on defined benefit obligation	(319)	1,311
Interest on plan assets	305	(1,460)
Net Interest expense/(income)	(14)	(149)
Total post-employment benefits charged to the surplus or deficit on the provision of services	762	572
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(762)	(572)
Actual amount charged against the HRA balance for pensions in the year:		
Employers' contributions payable to scheme	577	522

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

Councils are required by an amendment to the Accounts and Audit Regulations 1996, to establish and maintain an MRR. The main credit to the reserve is an amount equivalent to the total depreciation charges for all HRA assets.

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

	2024/25 £000's	2023/24 £000's
Dwellings	9,796	9,893
Other Land and Buildings	1,337	1,074
Intangible assets	166	166
Plant, Vehicles & Equipment	76	71
Infrastructure	1	1
	11,376	11,205
Reversal of Revaluation loss/Impairment	1,897	(2,405)
	13,273	8,800

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

	2024/25 £000's	2023/24 £000's
Balance at 1 April	(3,954)	(1,506)
Depreciation on HRA dwellings	(9,796)	(9,893)
Depreciation on other HRA assets	(1,414)	(1,146)
Capital expenditure on houses within the HRA charged to the reserve	10,329	8,591
Balance at 31 March	(4,835)	(3,954)

7. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

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

2024/25 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Cons-truction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2024	587,888	48,806	766	17	116	1,734	25,253	664,580
Additions	14,197	4,656	-	-	-	-	10,507	29,360
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,197)	1,941	-	-	-	-	-	(12,256)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(1,966)	-	-	69	-	-	(1,897)
Derecognition - Disposals	(2,590)	(2,697)	-	-	-	-	-	(5,287)
Assets reclassified (to)/from Held for Sale	-	(3,120)	-	-	-	-	-	(3,120)
Other movements in Cost or Valuation	(136)	136	-	-	-	-	-	-
At 31 March 2025	585,162	47,756	766	17	185	1,734	35,760	671,380
Accumulated Depreciation & Impairment								
At 1 April 2024	-	(14)	(195)	(10)	-	-	-	(219)
Depreciation Charge for 2024/25	(9,796)	(1,337)	(76)	(1)	-	-	-	(11,210)
Acc. Depreciation WO to GCA	9,796	1,338	-	-	-	-	-	11,134
Derecognition - Disposals	-	10	-	-	-	-	-	10
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2025	-	(3)	(271)	(11)	-	-	-	(285)
Net Book Value								
At 31 March 2025	585,162	47,753	495	6	185	1,734	35,760	671,095
At 31 March 2024	587,888	48,792	571	7	116	1,734	25,253	664,361

2023/24 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Cons- truction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2023	593,601	36,397	713	17	116	2,009	22,557	655,410
Additions	10,934	6,486	53	-	-	-	12,901	30,374
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,009)	933	-	-	-	(275)	-	(13,351)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	2,405	-	-	-	-	-	2,405
Derecognition - Disposals	(3,936)	(3,424)	-	-	-	-	-	(7,360)
Assets reclassified (to)/from Held for Sale	-	(2,648)	-	-	-	-	-	(2,648)
Other movements in Cost or Valuation	1,298	8,657	-	-	-	-	(10,205)	(250)
At 31 March 2024	587,888	48,806	766	17	116	1,734	25,253	664,580
Accumulated Depreciation & Impairment								
At 1 April 2023	-	(91)	(124)	(9)	-	-	-	(224)
Depreciation Charge for 2023/24	(9,893)	(1,074)	(71)	(1)	-	-	-	(11,039)
Acc. Depreciation WO to GCA	9,893	1,132	-	-	-	-	-	11,025
Derecognition - Disposals	-	16	-	-	-	-	-	16
Other movements in Depreciation and Impairment	-	3	-	-	-	-	-	3
At 31 March 2024	-	(14)	(195)	(10)	-	-	-	(219)
Net Book Value								
At 31 March 2024	587,888	48,792	571	7	116	1,734	25,253	664,361
At 31 March 2023	593,601	36,306	589	8	116	2,009	22,557	655,186

8. VACANT POSSESSION VALUE OF COUNCIL DWELLINGS

In accordance with the Department for Levelling Up, Housing and Communities guidance, council house valuations are reduced from an open market value by a regional adjustment factor in recognition of their status as social housing. The adjustment factor is 41%. The council recognises council dwellings at a value of £585.162m (2023/24 £587.888m) at the balance sheet date. The vacant possession value of the council dwellings at 31st January 2025 was £1,401.803m (2023/24 £1,408.462m). There were a number of Right to Buy disposals that occurred between the 31st January 2025 valuation and the balance sheet date, so the vacant possession value at 31st March 2025 will be slightly reduced. The difference between vacant possession value and balance sheet value of dwellings shows the economic cost of providing council housing at less than market rents.

9. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

The capital expenditure to be financed in 2024/25 is £29.360m (2023/24 £30.124). The analysis of the expenditure and the sources of financing used are set out in the following table:

	2024/25				2023/24			
	Dwellings £000's	Equipment £000's	Intangibles £000's	Total £000's	Dwellings £000's	Equipment £000's	Intangibles £000's	Total £000's
Total capital expenditure	29,360			29,360	30,124			30,124
Financing								
Borrowing	(972)			(972)	(2,880)			(2,880)
Capital Receipts	(12,570)			(12,570)	(12,966)			(12,966)
Major Repairs Reserve	(10,329)			(10,329)	(8,591)			(8,591)
Grants	(3,097)			(3,097)	(3,890)			(3,890)
Revenue Contributions	(1,437)			(1,437)	(1,797)			(1,797)
Other Contributions	(955)			(955)				-
	(29,360)	-	-	(29,360)	(30,124)	-	-	(30,124)

10. CAPITAL RECEIPTS

In accordance with Part 1 of the Local Government Act 2003 housing capital receipts are subject to capital pooling requirements. A proportion of dwelling receipts can be retained with the remainder paid to the Government. However, 100% of the value of land sales may be retained if it is to be used for affordable housing. The receipts received can be analysed as follows:

	2024/25			2023/24		
	Council	Other	Total	Council	Other	Total
	Dwellings £000's	Properties £000's		Dwellings £000's	Properties £000's	
Sales proceeds	(3,405)	(5,885)	(9,290)	(4,946)	(6,115)	(11,061)
less: administrative costs	40		40	65		65
Net proceeds	(3,365)	(5,885)	(9,250)	(4,881)	(6,115)	(10,996)
Right to buy discount repaid	-		-	(20)		(20)
Mortgage principal repaid			-			-
	(3,365)	(5,885)	(9,250)	(4,901)	(6,115)	(11,016)
of which:						
Usable	(3,365)	(5,885)	(9,250)	(4,901)	(6,115)	(11,016)
Payable to Housing Pooled Capital Receipts			-			-
	(3,365)	(5,885)	(9,250)	(4,901)	(6,115)	(11,016)

11. INVESTMENT PROPERTIES

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

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

	2024/25 £000's	2023/24 £000's
Balance 1 April	71	71
Additions	-	-
Disposals	-	-
Net gain or loss on Fair Value	-	-
Transfers:		
- To / From Property, Plant & Equipment	-	-
Balance 31 March	71	71

12. ASSETS HELD FOR SALE

Description	2024/25 £000's	2023/24 £000's
Balance outstanding at Start of Year	-	-
Assets newly classified as Held for Sale :		
Property, Plant and Equipment	3,120	2,648
Assets Sold	(3,120)	(2,648)
Balance outstanding at End of Year	-	-

COLLECTION FUND

Collection Fund Statement

	Note	2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000	2023/24 Total £000
Income					
Council Tax Receivable	2		(142,726)	(142,726)	(134,225)
Business Rates Receivable	3	(87,398)		(87,398)	(78,749)
Contribution Towards Previous Year's Estimated Deficit					
Central Government					
City of York Council			(711)	(711)	(2,464)
North Yorkshire Police & Crime Commissioner			(132)	(132)	(459)
North Yorkshire Fire & Rescue Authority			(36)	(36)	(124)
Total Income		(87,398)	(143,605)	(231,003)	(216,021)
Expenditure					
Apportionment of Prior Year Surplus/(Deficit)					
Central Government		(5,439)		(5,439)	590
City of York Council		(5,330)		(5,330)	579
North Yorkshire Police & Crime Commissioner				-	-
North Yorkshire Fire & Rescue Authority		(109)		(109)	12
		(10,878)	-	(10,878)	1,181
Precepts, Demands and Shares					
Central Government		44,806		44,806	43,976
City of York Council		43,910	113,895	157,805	150,849
Parish Councils			1,031	1,031	958
North Yorkshire Police & Crime Commissioner			21,203	21,203	20,253
North Yorkshire Fire & Rescue Authority		896	5,737	6,633	6,413
		89,612	141,866	231,478	222,449
Disregarded amounts - Enterprise Zone growth				-	1,744
Charges to Collection Fund					
Write Offs				-	-
Interest on refunds		-		-	-
Increase/(Decrease) in Allowance for Non Collection		712	933	1,645	1,702
Increase/(Decrease) in Provision for Appeals		100		100	400
Appeals charged to the Collection Fund		-		-	-
Cost of Collection		288		288	288
Transitional Protection Payments Receivable from Government		662		662	(5,652)
		1,762	933	2,695	(3,262)
Total Expenditure		80,496	142,799	223,295	222,112
(Surplus)/Deficit Arising In Year		(6,902)	(806)	(7,708)	6,091
(Surplus)/Deficit Brought Forward		16,071	1,725	17,796	11,705
(Surplus)/Deficit Carried Forward		9,169	919	10,088	17,796

1. LEGISLATIVE BACKGROUND

This fund is an agent's statement that reflects the statutory obligation, under the Local Government Finance Act 1988, for billing authorities (i.e. City of York Council) to maintain a separate Collection Fund. This is a fund specifically for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The statement shows the transactions of the Council in relation to the collection from taxpayers of sums due for council tax and NNDR, and their distribution to the Council, North Yorkshire Police and Crime Commissioner (NYPCC), North Yorkshire Fire and Rescue Authority (NYFRA), parish councils and central government.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. The Council Tax base for 2024/25 was 69,097.6 (68,633.1 in 2023/24).

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to a Band D Equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties - $20 \times 18/9$). A new band, band A reduced, was introduced by the government to allow a discount to be given to those people who are entitled to a one-band discount but who live in a band A property.

This gives the tax base for the Council. The valuation bands, the Band D equivalent figures originally estimated for the year, the year-end Band D equivalent figures and the 2024/25 charges are included in the table below.

In addition, the government makes a contribution for properties classed as "Crown" properties in lieu of paying Council Tax. These contributed £703k (2023/24 £653k) to the Council Tax income.

Property Band	Property Value		Estimated Chargeable dwellings	Proportion of Band D	Estimated Tax Base	Average Charge In Year
A reduced	up to	£40,000	15.8	5/9	8.8	£1,132.59
A	up to	£40,000	7,645.1	6/9	5,096.7	£1,359.11
B	£40,000 to	£52,000	19,459.5	7/9	15,135.2	£1,585.62
C	£52,000 to	£68,000	22,240.9	8/9	19,769.7	£1,812.14
D	£68,000 to	£88,000	11,958.6	9/9	11,958.6	£2,038.66
E	£88,000 to	£120,000	7,133.9	11/9	8,719.2	£2,491.70
F	£120,000 to	£160,000	3,453.6	13/9	4,988.6	£2,944.73
G	£160,000 to	£320,000	1,746.9	15/9	2,911.5	£3,397.77
H	over	£320,000	88.1	18/9	176.1	£4,077.32
TOTAL			73,742.4		68,764.4	
Crown Properties					333.2	
Taxbase for the calculation of Council Tax					69,097.6	

The impact of Covid-19 was to reduce the Council Tax amount collectable due to an increased number of applicants for council tax support in comparison to prior to Covid. Post pandemic, this effect continues to be seen as a result of the cost of living crisis. The in year collection rate has increased again slightly to 97.20% compared to last year of 97.14%, but is still below pre Covid levels. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year.

Outstanding arrears that are irrecoverable are written off against the allowance for impairment (formerly bad and doubtful debts) made in prior years, although wherever possible action continues to be taken to recover as much of these sums as possible. During the year arrears of £722k (2023/24 £1,074k) were written off against the impairment allowance for non-collection. An annual assessment of the level of arrears and their age and recoverability, the amount to be provided as provision for future write-offs and the value of outstanding appeals against the council tax band that has been awarded for new properties is undertaken. Following this exercise the level of provision set-aside against the impairment allowance for non-collection on the current level of arrears was increased by £933k (increase in 2023/24 of £647k). The impact on the balance of the impairment allowance is a slight increase, allowing for write-offs made in 2024/25. Overall, it is considered to be set at a prudent level at this stage, given the impact of the cost of living crisis as well.

3. INCOME FROM BUSINESS RATES

Under the arrangements for business rates, the Council collects NNDR for its area based on the local rateable value multiplied by a uniform rate. The rateable value at 31 March 2025 was 242,055,571 (2023/24 242,605,745) and the rate for 2024/25 was 54.6p (2023/24 51.2p), with a reduction to 49.9p (2023/24 49.9p) for small businesses. The Council has no control over these values.

The current business rates retention scheme aims to give Council's a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to a central pool, local authorities retain a proportion of the collectable rates due. In 2024/25 as a member of the Leeds City Region (LCR) Business Rates pool, the Council retains 49% and the remainder is distributed to central government (50%) and the preceptors which in the case of York is 1% to North Yorkshire Fire and Rescue Authority (NYFRA).

The business rates shares payable for 2024/25 were estimated before the start of the financial year as £44.806m (£43.976m in 2023/24) to central government, £0.896m (£0.879m in 2023/24) to NYFRA and £43.909m (£43.096m in 2023/24) to City of York Council. These sums have been paid in 2024/25 and charged to the Collection Fund in year.

The financial year 2023/24 saw the implementation of a new valuation list for rateable properties nationally. For York the overall impact of the 2023 revaluation was a 3.7% reduction in the gross rateable value. Collectible rates have therefore reduced in comparison to 2022/23, although the government provides reducing transitional protection for 3 years to phase in the impact of the reduction.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VAO) and hence business rates outstanding as at 31 March 2025. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The increase in provision charged to the collection fund for 2024/25 has been calculated at £100k (£400k in 2023/24). The 2017 ratings list is now closed to new appeals, however the 2024/25 financial year saw a large number of open appeals settled and refunds provided to rate payers, which resulted in a reduced gross rates payable at year end in comparison to the NNDR 1 budgeted position.

In 2024/25 the government has continued to offer increased business rates reliefs to retail properties, which are reimbursed to the Council through the General Fund account through the use of S31 grants. The impact of this to the Collection Fund is a deficit, which is offset by the additional grant income on the General Fund account which is held in reserve until the deficit is fully realised.

The in year collection rate has continued to improve since the pandemic when there was a significant reduction (as low as 90% in 2020/21). In 2024/25 the collection rate remained around 98% which is similar to pre-Covid levels. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year. There has been a lower level of write offs for historic debts against the impairment allowance than in previous years, however the overall arrears level has risen and the allowance has been increased back to the required level through an increase of £712k (£1,055k in 2023/24).

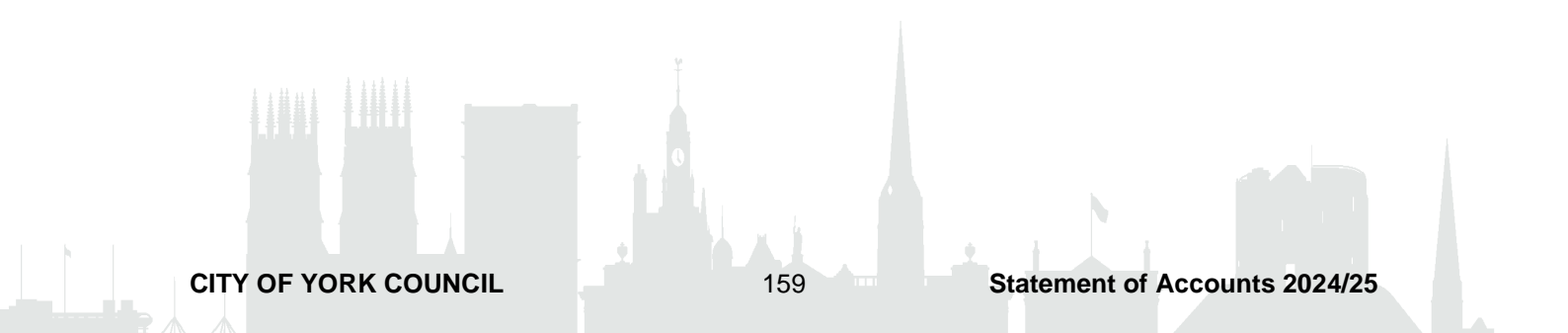
4. DISTRIBUTION OF YEAR END (SURPLUS)/DEFICIT

As set out in note 1 the year-end (surplus)/deficit is distributed to Central Government, City of York Council, the North Yorkshire Police and Crime Commissioner (NYPCC) and the North Yorkshire Fire and Rescue Authority (NYFRA).

	2024/25 Business Rates £'s	2024/25 Council Tax £'s	2024/25 Total £'s	2023/24 Total £'s
Central Government	4,584,501	-	4,584,501	8,035,401
City of York Council	4,492,808	742,085	5,234,893	9,270,155
North Yorkshire Police Authority	-	136,683	136,683	258,740
North Yorkshire Fire and Rescue Authority	91,691	40,088	131,779	231,057
	9,169,000	918,856	10,087,856	17,795,393

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ANNUAL GOVERNANCE STATEMENT



2024-2025 ANNUAL GOVERNANCE STATEMENT

Executive summary

What are our Governance arrangements and are they fit for purpose?

Our governance arrangements are the systems and processes which enable us to make sound decisions with high-quality information, and a good understanding of risk. Those systems rely on strong leadership, engagement with communities and stakeholders and a laser focus on the public interest.

Alongside many Councils, City of York Council ("the Council") continues to experience pressure on financial resources. The Council is determined, despite its financial challenges, to continuously improve¹. This requires innovative approaches to service delivery and taking difficult decisions. Our governance arrangements are crucial in getting those difficult decisions right.

The Council has adopted a Local Code of Corporate Governance which is consistent with the seven principles set out in "proper practice" for the public sector, namely Delivering Good Governance in Local Government: Framework published by CIPFA/SOLACE 2016 (the Framework)².

The overall aim of the Local Code of Corporate Governance is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making;
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

A copy of our Local Code is available on our website at www.york.gov.uk/CorporateGovernance

This Annual Governance Statement ("AGS") for 2024-2025 demonstrates how we have complied with our local code and reviews its effectiveness. The conclusion of this AGS is that our governance arrangements have, during the past year, met their purpose in ensuring we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Governance Outlook and areas for action

The Council is satisfied the current arrangements have adequately supported the purpose of guiding decision making which focuses on achievement of the authority's aims and manages risk. We strive however to maintain a self-awareness which facilitates continuous improvement.

The Council continues to respond positively when areas for improvement come to light. During the year, where issues have been identified these have been dealt with in an open and transparent way, often including public reports to Executive. This enables the Council to learn from any mistakes and embed lessons into future planning.

During March 2025, Children's Services was inspected by Ofsted and rated as outstanding in all areas. Ofsted particularly praised the council's "relentless drive", strong leadership and commitment to putting children first.

Our annual review process identified areas for development around:

¹ The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

² An addendum to the Framework was published in January 2025. Authorities should ensure that the AGS for 2025/26 onwards comply with this amended guidance, and they are encouraged to consider it for 2024/25.

- Monitoring and reporting of project costs to allow for timely escalation and intervention
- Understanding the impact of staff resources on the ability to deliver projects and services
- Making better use of scrutiny.

These will be the target for action in the coming financial year and we will reflect on our success in strengthening these aspects of governance in the 25/26 AGS.

Assessment of Effectiveness

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The Council works within this framework to deliver the Council Plan³. This Plan sets out the Council's priorities and makes the following commitments to good governance:

"Financial Management: Ensure financial stability through a long-term financial strategy, that recognises the major unprecedented financial challenges, takes the difficult decisions needed, and ensures investment is focused upon priority areas.

Core Commitments: Embed the four Core Commitments into our decision-making, policies and programmes of work."

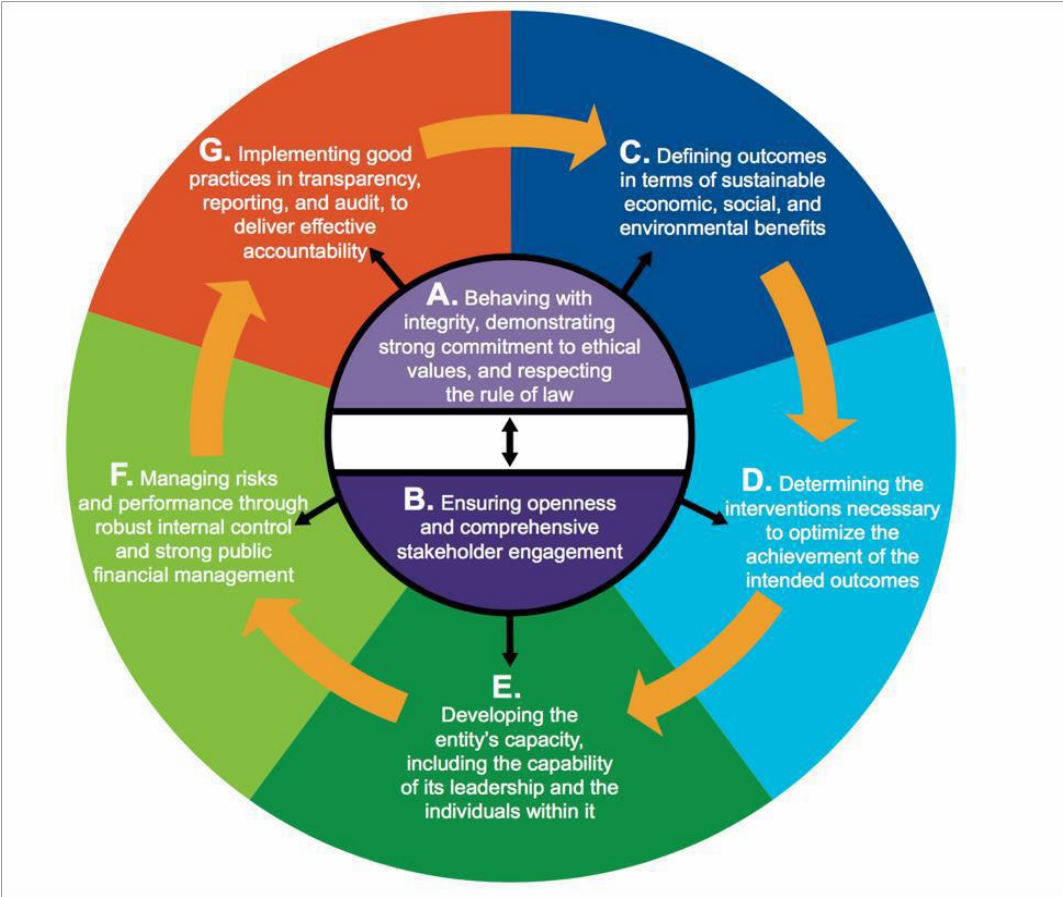
Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is designed to help us identify, prioritise and manage risks.,

Our governance arrangements can only be effective if we engage with them as an organisation honestly and consistently. Where our processes indicate a concern, we must act swiftly.

The "Delivering Good Governance" framework below envisages a continuous application of seven principles with a core of A and B being about the behaviours of integrity, demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement. These behaviours are demonstrated across the Council.

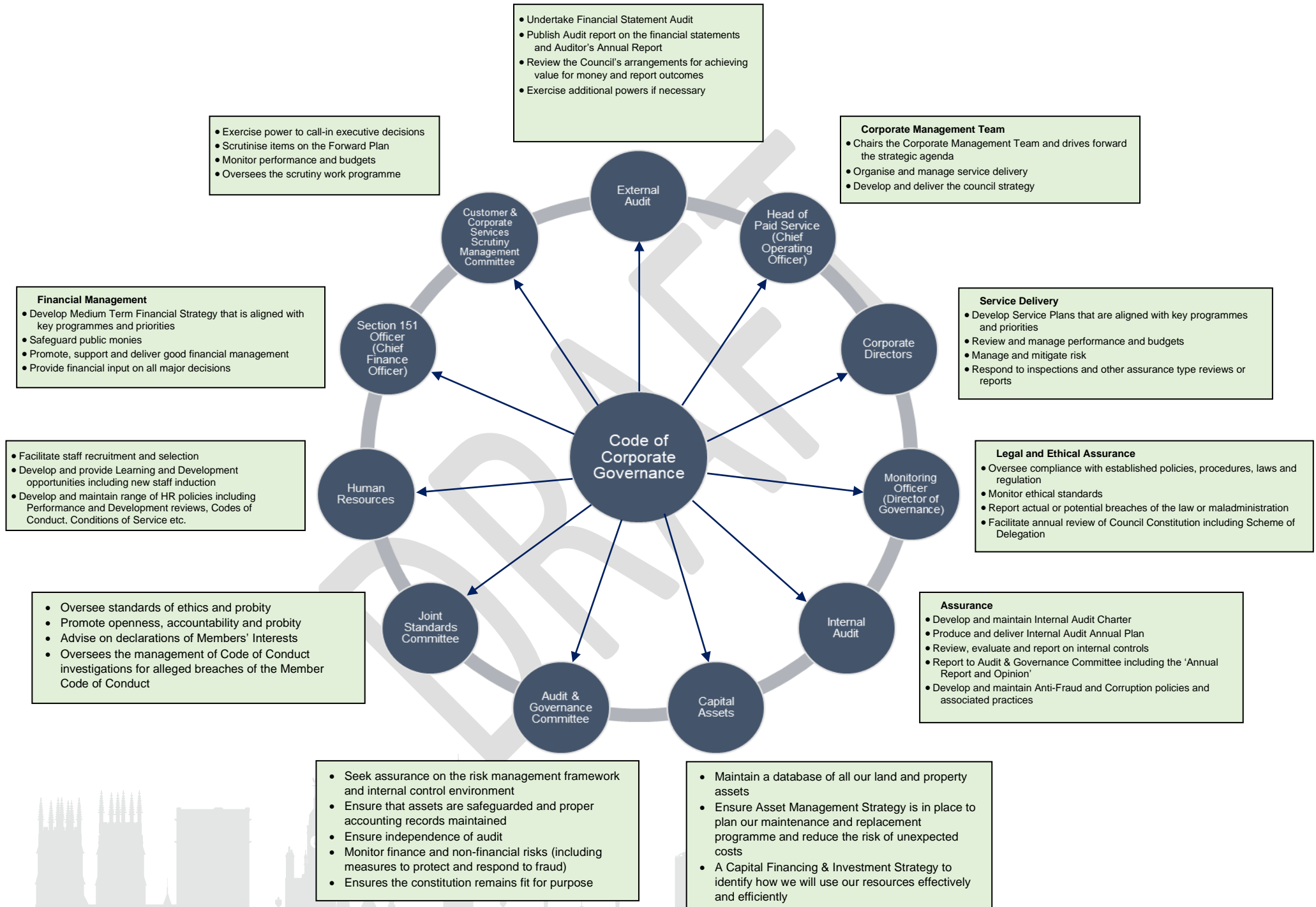
Our governance arrangements are well aligned to the delivery of the priorities in the Council Plan and are being used to track progress and costs. In some cases, delivery of a planned outcome has been highlighted as being in jeopardy. Our governance framework has successfully supported reprioritisation. It is likely however that ongoing financial pressures will mean that we need to further improve some of our governance arrangements. These are described in the section on "Where our governance needs to improve."

³ <https://www.york.gov.uk/CouncilPlan>



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What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources, including:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2024-2025 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and
- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;

- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee.

- Consideration of the council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption;
- Regular updates to Audit and Governance Committee on the council's risk register and any other issues highlighted through the council's risk management arrangements;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators which are reported quarterly to Executive;
- Challenge through Overview and Scrutiny (for example review of the work programmes, recommendations to the Executive, call-in's, etc. as can be seen in the reports to Corporate Services, Climate Change and Scrutiny Management Committee);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services, NHS data security and protection toolkit);
- Any comments made by our External Auditors in their Annual Report or as a result of their review of the Council's arrangements for securing economy, efficiency, and effectiveness (value for money);
- Recommendations and comments made by any other review agencies and inspectorates; and
- Regular updates to Audit and Governance Committee on complaints, concerns, comments and compliments and FOI/EIR, data protection and information governance.

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How do we know that our arrangements are working?

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework. It provides an analysis of the effectiveness of how we conform with each element of the framework, and identifies areas where improvements are required

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Acting in the public interest requires a commitment to effective arrangements for:			
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	1. Behaving with integrity	<ul style="list-style-type: none"> ➤ The political and managerial leadership sets the tone. ➤ Through this leadership we ensure that the required policies are put into place and monitored. ➤ Codes of Conduct for members and officers form part of the Council's Constitution. These sets out expected behaviours which are consistent with the Nolan Principles. ➤ The Protocol on Officer Member Relations which forms part of the Constitution sets out the way Councillors and Officers should interact and serve the public interest effectively. ➤ Mandatory Training on the Employee Code of Conduct has been launched on the Council's intranet for all officers. ➤ Joint Standards Committee produces an Annual Report to Council which includes a synopsis of Code of Conduct related complaints received during the Municipal Year in respect of Councillors (both City of York and Parish Councillors). 	<ul style="list-style-type: none"> ➤ A member induction programme was implemented following all out elections in May 2023. Much of the programme content was captured electronically and has been used by members for refresher training. Evaluation of member training has indicated a need to promote wider uptake and a comprehensive flexible offer which can be accessed on demand alongside ad hoc training and briefings on current issues. ➤ Joint Standards Committee responded on behalf of the Council to the Government's consultation on Strengthening Standards. Any forthcoming legislation will require an update to the Council's standards procedures.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	2. Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme. 	
		<ul style="list-style-type: none"> ➤ We enhanced our commitment to Equity and Diversity by adopting: <ul style="list-style-type: none"> ➤ a social model of disability ➤ a Charter for Organisational Standards created by York Poverty Truth Commission ➤ an Anti-Racism Strategy; and ➤ agreeing to treat care experience as if it were a protected characteristic. ➤ We reviewed and updated our decision report template to ensure that the Core Commitments in the Council plan were always addressed. 	<ul style="list-style-type: none"> ➤ We will continue to seek ways to espouse ethical values and engage proactively and respectfully with our whole city community.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Respecting the rule of law	<ul style="list-style-type: none"> ➤ The Council's Constitution is regularly reviewed and updated to ensure our framework for lawful decision making is clear, accurate and up to date. ➤ Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the Members' Code of Conduct complaints process or, in relation to Officers, action taken under our capability and/or disciplinary procedures. ➤ The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. ➤ The Whistleblowing Policy is complemented by the Counter Fraud and Corruption Policy, Fraud and Corruption Prosecution Policy, Counter Fraud Strategy, Anti-Money Laundering Policy, and Anti-Bribery Policy. 	
Principle B Ensuring openness and comprehensive stakeholder engagement	1. Openness	<ul style="list-style-type: none"> ➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and the Freedom of Information Publication Scheme. ➤ We provide regular performance updates relating to information requests and complaints to management teams and the Audit & Governance Committee. ➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings, and for public participation in the majority of meetings. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ Only those reports which are considered exempt are dealt with in closed session (known as Part II), and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication. 	
	2. Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, Humber and North Yorkshire Health and Care Partnership (which was established in July 2022), North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regional economic development such as York and North Yorkshire Mayoral Combined Authority, West Yorkshire Combined Authority and have strategic links with North Yorkshire Council. Locally, we regularly engage with key institutions such as the universities, colleges, business representative and environmental groups, education system partners such as the academies, together with health and care partners in the NHS, private sector, and community sector. We have a comprehensive approach to working with key city leaders through the monthly partnership group. We also engage and consult extensively with our Local Trade Unions in respect of employment related issues. ➤ The City of York Council and the Humber & North Yorkshire Integrated Care Board has continued to make progress and was formally moved to establish a Joint Committee under a Section 75 agreement starting from April 2025, as reported to Executive in November 2024. 	<ul style="list-style-type: none"> ➤ The abolition of NHS England is expected to have significant implications for ICBs. The current arrangements will therefore need to be kept under review to ensure they keep pace with any changes being made at a national and local level.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ To shape the Climate Change plan, we engage with institutional stakeholders through the independent York Climate Commission. ➤ We regularly engage with professional leads at the Head of Communications Group, the Higher Education Group, the Bus Group and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors as we recover from the Coronavirus Pandemic and respond to the challenges of climate change and the cost of living. 	
	3. Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> ➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ Extensive budget consultation was undertaken which ran from May to December. The process was broken into phases to build understanding and gather feedback iteratively. ➤ Our Big Conversation: invites residents to participate in different on and offline engagement activities designed to inform major council strategies such as the 10-year plan, the economic development, local transport plan and climate change strategies and related action plans. This has included targeted focus groups to encourage feedback from people who don't typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc. 	<ul style="list-style-type: none"> ➤ Customer Services will continue the review and implement complaints procedures to maximise the opportunity to make service improvements and learn from feedback and ensure compliance with the Local Government and Social Care Ombudsman Complaint Handling Code which comes into effect in April 2026.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ The Council Plan was consulted on prior to publication. ➤ Major capital programmes activities are heavily consulted on allowing residents to inform the build, structure, and shape of key developments across the city, influencing and adapting masterplans to meet their needs. ➤ Citizen's panel: Following a successful engagement activity that used focus groups to help set and inform waste recycling policy, we trialled a more regular approach to focus groups by inviting Talk About participants to join a citizens panel which was designed to explore key strategic issues presented through the budget consultation. We are reviewing whether to progress this for future budget consultations and have used the same approach to inform the 10-year plan. ➤ Statutory consultation also takes place in advance of all major traffic/highways schemes, changes to services and to support the Local Plan examination. ➤ Public consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on residents, facilitated by our Communications and Consultation Teams. ➤ The Communications Team ensure that specific matters are promoted via the media and engage with the media over enquiries on specific matters. ➤ The complaints, comments, concerns, and compliments (the 4Cs) support customer customers, residents and service users to have a more flexible manner to share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		service providers across the council. Individual members of the public can participate in the majority of meetings, through the Council's Public Participation Protocol.	
In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:			
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits	1. Defining outcomes	<ul style="list-style-type: none"> ➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond to resident feedback. This was approved by Council on 21st September 2023. The Council Plan is informed by the 10-year plan and strategies and regularly reported on, including 6-month snapshots on the Council website. An annual review is reported to Executive. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan). ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed. 	
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ Service plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives. ➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities. 	
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	1. Determining interventions	<ul style="list-style-type: none"> ➤ Corporate Management Team (CMT) and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of the provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders. ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g., Children's Services. ➤ Regular challenge from inspectorates such as Ofsted and Care Quality Commission (CQC). Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. 	<ul style="list-style-type: none"> ➤ We will be implementing a new structure for overview and scrutiny which improves focus and depth of the input scrutiny can have in policy development. ➤ A new AI Project Board will be initiated to identify further potential to harness use of generative AI across council services to increase efficiency, quality and productivity whilst managing risk.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Children's Services were inspected in March 2025 and achieved outstanding across all areas</p> <ul style="list-style-type: none"> ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned work programme that they scrutinise throughout the year. A review of Scrutiny has been carried out by the Centre for Governance and Scrutiny in December 2024. This made recommendations for improving effectiveness. Consequent amendments have been made to the structure and supporting staff resource 	
	2. Planning interventions	<ul style="list-style-type: none"> ➤ Performance, audit, risk, and finance information is used to identify areas of concern and plan required interventions. ➤ There is an annual cycle of meetings that are planned through the municipal year, but internal procedures are flexible enough for Councillors to intervene, such as via call-in or the calling of extraordinary meetings, at any point in the year. 	
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project 	<ul style="list-style-type: none"> ➤ Project oversight will be further enhanced by the development of a corporate Programme Management Office to support the delivery of the Council's Capital Programme.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>teams and advisors.</p> <ul style="list-style-type: none"> ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The project management toolkit “all about projects” provides a framework for delivering projects which includes identifying clear and achievable outcomes. 	
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	<ul style="list-style-type: none"> ➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together and The Corporate Leadership Group Network. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded. 	
	2. Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e-Learning system. ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. 	<ul style="list-style-type: none"> ➤ Level 7 apprentices will be supported from our senior manager cohort to access work-based learning leading to chartered management institute membership.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ We support staff development using cost effective opportunities including funded apprenticeships. These have been successfully matched with career graded staff structures to support organic growth and retention. ➤ We make use of peer support networks to share good practice and offer informal mentoring. 	
Principle F Managing risks and performance through robust internal control and strong public financial management	1. Managing risk	<ul style="list-style-type: none"> ➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team. ➤ This ensures that the council's assets are adequately protected, losses resulting from hazards and claims against the council are mitigated through the effective use of control measures, and that our managers are adequately supported in their responsibilities in respect of risk management. ➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice. ➤ Key staff receive training on risk management principles. ➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team, and by the Audit & Governance Committee. ➤ We conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation. 	<ul style="list-style-type: none"> ➤ Work is underway to ensure ongoing compliance with new data protection legislation requirements alongside ensuring opportunities from AI are compliant.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	2. Managing performance	<ul style="list-style-type: none"> ➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate Services, Climate Change, and Scrutiny Management and Economy, Place, Access, and Transport Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, and to Audit and Governance Committee. 	
	3. Robust internal control	<ul style="list-style-type: none"> ➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations. ➤ Assurance is gained through regular internal audits and reporting. ➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025). ➤ The Head of Internal Audit also presents the results of the Quality Assurance and Improvement Programme as part of the annual report to the Audit and Governance Committee. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	4. Managing data	<ul style="list-style-type: none"> ➤ We have in place a suite of Policies and Procedures covering information governance and information security that are managed and monitored by the Corporate Governance Team and ICT. ➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner, Caldicott Guardians, and Information Asset Owners and Administrators. ➤ All officers and Councillors are required to undertake mandatory e-Learning training on data protection and information security. ➤ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the need, and process, for reporting of all potential breaches of Data Protection legislation is clearly understood and also that lessons are learned and implemented from them. 	
	5. Strong public financial management	<ul style="list-style-type: none"> ➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. ➤ Budget setting includes resident and business engagement. ➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. ➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders. ➤ Financial Procedure Rules and Contract Procedure Rules are in place and are regularly updated. A major review of these has taken place to reflect changes brought into effect in February 2025 by the Procurement Act 2023. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Agendas for all Council meetings are publicly available on the website. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised. 	
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committees, the Executive, or individual decisions made by Chief Officers or Executive Members. ➤ All reports are taken through Democratic Services and require clearance by legal and finance as a minimum. ➤ Reports for Council, Committees and Executive business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Assurance and effective accountability	<ul style="list-style-type: none"> ➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Council, the Executive and each of the Cabinet Members and the roles and responsibilities of other Council Members. ➤ The Constitution sets out the functions of Council, Executive and the various committees. ➤ The principal roles and responsibilities of the Chief Operating Officer and senior officers, including the Section 151 Officer and the Monitoring Officer, are also set out in the Constitution. 	

What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015, the CIPFA Statement on the Role of the Head of Internal Audit 2019 and the Public Sector Internal Auditing Standards (PSIAS), the Head of Internal Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw a reasonable conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2024/25, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2025:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2024-25 which was presented to the Audit & Governance Committee on 14 May 2025.

Under the Public Sector Internal Audit Standards (the Standards) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025), we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results to the Audit and Governance Committee. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The most recent independent assessment was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the Standards. This is the highest rating that can be awarded. The Standards also require us to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Internal Audit Annual Report for 2024-25, demonstrates that the service continues to generally conform to the Standards, including the Code of Ethics. The Council can therefore continue to place reliance on the work of internal audit and the opinions given.

4. External Audit

External Audit of the Council is undertaken by Mazars LLP. They presented their Audit Completion Report for the year ending 31st March 2023 to Audit & Governance Committee on 31st January 2024. At the time of writing, their work on the 2022/23 accounts is substantially complete, awaiting assurance on one area. The 2023/24 audit will commence in July 2024.

Mazars also took the Auditor's Annual Report to Audit & Governance Committee on 22nd May 2024 which provided conclusions on the value for money (VFM) arrangements for the Council in 2022/23. Following the recommendations arising from the Public Interest Report, a significant weakness was identified in the 21/22 VFM arrangements. In the latest report it was noted that the recommended actions had been addressed and the significant weakness no longer applied.

5. SIRO and Data Protection

The Director of Governance is the Council's Senior Information Risk Officer (SIRO) and Senior Responsible Officer (SRO) for surveillance systems and use of investigatory powers. The Corporate Governance Team support these roles and is responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There have been small decreases in the number of reported potential and actual personal data breaches in 2023-24 financial year from the previous year. The reporting of potential as well as actual breaches indicates the ongoing awareness that timely reporting ensures the Council can take the necessary actions in a timely way, to safeguard information, inform individuals and regulators where it has been determined appropriate to do so, conduct robust investigations and make recommendations to reduce the risk of further breaches.

The number of significant breaches reported to Information Commissioners Office has remained the same i.e., 1 in 2022-2023 and one in 2023-2024.

The Council maintains the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Council received positive assurances in respect of its use of investigatory powers and covert surveillance e.g., RIPA in its last inspection by the Investigatory Powers Commissioner Office (IPCO) inspection that took place on 27th August 2021. These are undertaken by the IPCO every three years. Updates on the required work and ongoing actions from this inspection were reported to Audit and Governance Committee and training was provided for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS).

The Council continues to provide mandatory data protection and information security e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted guidance and support provided for the roles of SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Ongoing work continues in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

In this context, however, it is important to note that in mid-September 2023, the Council received an enforcement notice from the Information Commissioner in respect of a backlog of Freedom of Information (FOI) requests which had either not received a reply or had received a reply without the knowledge of the Information Governance team. Notwithstanding the Council's assurance that the situation would receive appropriate priority, the notice was issued on 13 September 2023, requiring that the Council respond to all those outstanding FOI requests within a period of six months, and publish an action plan for formalising the measures we would take to ensure we complied with our legal duties. The action plan was published within the requisite 35 days, and responses were sent in respect of all the outstanding FOI requests by the end of November 2023, some three and a half months in advance of the deadline. This failure on the Council's part was deeply regrettable, and an apology was made publicly and to the Audit and Governance Committee.

6. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2023-24. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

7. LGA Peer Challenge

In February 2024, a Local Government Association (LGA) Peer Challenge took place at the Council and set out to understand how the council operates, exploring the council's leadership at place and organisational level, governance, culture, financial management and capacity to improve, with a focus on improving customer service and working closely with regional partners to best represent York's interests.

The Peer Challenge recommendations and action plan were reported to Executive in May 2024, with a follow up report to the Leader's Decision Session in November 2024. Extensive work has been undertaken to complete the recommendations identified by the peer team and the actions will continue to be monitored by the Chief Operating Officer as part of the Corporate Improvement Board agenda.

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, no new issues have been identified for inclusion in the tables below, but the existing issues have been reviewed and additional actions identified to ensure progress continues to be made. There is one issue (relating to the Local Plan) that had previously been identified but that has been progressed sufficiently and no longer requires disclosure in this statement, although some details have been included for completeness this year.

ANNUAL GOVERNANCE STATEMENT

How the governance issues identified in the previous year's statement have been addressed and whether further work is required.

COMPLETED Governance issues arising from the previous Annual Governance Statement (2023-24)

Year Identified	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
2023/24	Impact of not having the Local Plan in place	Work continued in responding to requests of the planning inspectors with the result that the Local Plan was formally adopted by the Council in February 2025.	The Council adopted the Local Plan at an extraordinary Full Council meeting on 27 th February 2025.

ANNUAL GOVERNANCE STATEMENT

CURRENT Governance issues arising from the 2024-25 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
1 – Existing Issue, updated	<p>Financial Risks</p> <p>(i) Pressures - Impact of funding reductions -</p> <p>The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements and financial resilience.</p> <p>There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax.</p> <p>The financial position of the health economy in York, and the impact that may bring for the Better Care Fund, and implications on the Adult Services budget</p> <p>(ii) Major capital projects</p> <p>The council has a number of major capital projects at different stages, including York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the economic conditions following the pandemic will have a significant, ongoing financial impact on the capital programme.</p>	<p>The outturn position for 2023/24 was an overspend position, albeit much improved due to cost control measures, and therefore this remains a significant risk. The Council again set a balanced budget for 2024/25 and made proper provision for growth along with a contingency.</p> <p>The Medium-Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This continues to be updated and refreshed. This informs the budget process for future years. There remain significant challenges to deliver savings and outturn within the approved budget.</p> <p>The uncertainty around central government funding remains an issue as the 2024/25 and 2025/26 settlements were again just for one year.</p> <p>Ongoing discussions with Health Organisations in York in light of recent Government announcements regarding the abolition of NHS England and the resulting potential impact on Integrated Care Boards</p> <p>There are significant risks associated with the range of major schemes which have been identified in various reports, including the potential implications for both capital and revenue budgets. Ongoing regular reporting to various member meetings, alongside effective project management continues to be essential to ensure risks can be mitigated/ managed.</p>	<p>The outturn position for 2023/24 was also an overspend position and there is again an overspend in 2024/25, therefore this remains a significant risk. A balanced budget was set for 2024/25 and 2025/26. Significant provision for growth were made as well as allocations to support the increased cost from continued inflationary pressures.</p> <p>The Medium-Term Financial Strategy continues to be updated and presented to CMT and Executive. The uncertainty around central government funding remains an issue although the Spending Review announcements expected during the latter half of 2025 should begin to give some certainty to financial projections. Further development of the medium-term financial plan will be needed during the year to ensure continued financial resilience.</p> <p>New governance arrangements have been put in place to improve project assurance. Officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p>

ANNUAL GOVERNANCE STATEMENT

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
		<p>The council has put in place dedicated project management expertise for its major projects and invested in a project management system to manage programme / cost risks attached to these major projects.</p> <p>Major projects have been reviewed to assess any new risks and to ensure that the financial assumptions are still sound.</p> <p>Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions has been factored into the project management and protocols are in place in respect of decision making to provide necessary ethical walls within the organisation and in line with the council's constitution.</p>	
2 – Existing issue, updated	<p>Embedding Good Governance across the Council – To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to continue to embed member development following the city Election in 2023.</p>	<p>Progress on embedding good governance continued throughout 2023-2024, with no significant governance issues identified. Work began on reviewing key governance documents, and following the City Council elections in May 2023, a programme of training was delivered for all elected Members, albeit with varying degrees of attendance.</p> <p>Through 2023-2024 the Audit and Governance Committee received reports on corporate governance, including reports relating to action taken by the Information Commissioner's Office, and in relation to contract management processes.</p>	<p>Through 2024-2025, further work has been done in relation to the Council's constitution, culminating in significant amendments to the Council Procedure Rules, with further work ongoing. Work also continues to review contract management processes, and to homologise report-writing procedures across the Council. The Council has also undergone a review of its scrutiny committee procedures, facilitated by the Centre for Governance and Scrutiny, which has resulted in a significant change to the operating methodology.</p> <p>In addition, changes in Council senior management have allowed for reviews of procedures across Council services. In turn, this has highlighted a number of governance issues which required rectification. In line with the Council's 'no blame' culture, these governance issues, arising from human error, are treated as learning experiences, with work underway to ensure that they are not repeated. These</p>

ANNUAL GOVERNANCE STATEMENT

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
			<p>issues highlight the need for continuous training for all staff on governance procedures, and for greater simplification of processes to ensure that adherence is easier than circumvention. They also demonstrate that governance is a whole-Council issue.</p> <p>Some staff turnover will impact on the corporate governance landscape, given the departure of the Head of Legal Services and Head of Democratic Governance to elevated positions in other organisations, and the acting Democratic Services Manager to alternative public service. This is ameliorated somewhat by the arrival of a new Democratic Services Manager, and by the impending arrival of a new Head of Legal Services, but there will inevitably be some disruption to routines.</p>
3- Existing issue, updated	Contract Management arrangements – To reestablish the correct contract management procedures for both officers and members ensuring there is clarity around any issues arising.	<i>New issue</i>	Contract Management is one of the work streams in the Council's transformation programme. A new (temporary) contract manager post has been created within the procurement team to support contract management on the key, high value council contracts.
4- Existing issue, updated	Resourcing and capacity – the Council has an ambitious set of major projects, as well as key developments in regional devolution alongside the provision of key services to residents. All are competing demands on the limited resources available which creates risk in achieving objectives. This is a cross cutting issue that impacts on the progress of all the governance issues identified.	<i>New issue</i>	<p>As above under issue 1 (iii), officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p> <p>Working on a One Council basis and the continued use of good governance structures that have been implemented ensures that capacity is drawn from all council services where needed and on a dynamic basis to maximise skills and capacity. Tools for this are embedded into the workforce strategy and action plan with greater emphasis and providing training both bespoke and management focused to ensure that managers and employees have the right skills. In terms of capacity, whilst cost control is embedded, balance of investment and cost saving approach is given, without the right skill sets projects will be impacted. Reviews of market supplements and other terms and conditions are also being</p>

ANNUAL GOVERNANCE STATEMENT

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
			undertaken to ensure that as an employer we are attractive in the market to be able to be competitive. Embedding good performance management, the values and behaviours as well as visible leadership across all levels drives a positive culture to be reactionary and proactive to the competing demands.

Our Key Governance Development Priorities be for 2025-26

2025-26 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i> Further development and improvement of programme management arrangements across the Council to ensure delivery of the Capital Programme	Director of Finance (Section 151 Officer)
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose. Implementation of new Corporate Improvement Framework will be key.	Head of Paid Service Monitoring Officer Section 151 Officer Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>Existing priority</i> Improve contract management across the Council through training, effective risk management and clear change control processes.	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>Existing priority</i>	Head of Paid Service Chief Officer HR & Support Services

Assurance Opinion of the Leader of the Council and the Chief Operating Officer

We have been advised on the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

It is our opinion that the Council's governance arrangements in 2024/25 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2025/26.

Having considered all the principles contained in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are also satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....
Councillor C Douglas
Leader of the City of York Council

.....
Ian Floyd
Chief Operating Officer

Annex A – About the Council of the City of York

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2023-2027) to represent 21 local wards. All out elections were held in May 2023 and a change of political leadership led to the Labour Group forming an Executive. Since that time the make-up of the Council has been as follows:

- 24 Labour
- 19 Liberal Democrat
- 3 Conservatives
- 1 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.

GLOSSARY

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

Accounting Period

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

Accounting Policies

Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either event have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Agency

The provision of services by one body (the Agent) on behalf of, and generally reimbursed by, the responsible body.

Amortisation

The gradual elimination of a debt by periodic payments over a specified number of years.

Appropriation of Land or Buildings

The transfer of a holding of land or buildings from one service area to another, at current market value.

Asset

Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.

Assets Under Construction

This is the value of work on uncompleted tangible fixed assets at the balance sheet date.

Authorised Limit

The level of external debt that the Council may have. This limit cannot be breached in any circumstances and is set annually by the Council.

Balance Sheet

A statement of the recorded assets, liabilities and other balances of the Council at the end of the accounting period.

CDS

Credit Default Swap

Capital Charge

A charge to service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Council in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.

Capital Expenditure charged to Revenue Account (CERA)

A method of financing capital expenditure in the accounting period rather than over a number of years.

Capital Financing

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Adjustment Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts

Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

Cash Flow Statement

A statement summarising the inflows and outflows of cash, arising from transactions between the Council and third parties, for revenue and capital purposes.

Charging Council

The Council responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).

CIPFA Accounting Code of Practice

Guidance issued by CIPFA to ensure Local Authorities comply with IFRS.

Collection Fund

A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Council, and the NNDR collected is paid to the Government.

Commutation Option

This is an option available from 6 April 2006 to members of the North Yorkshire Pension Fund to take a larger lump sum on retirement in exchange for a smaller future pension payment.

Community Assets

Assets that the Council intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks, historic buildings and the bar walls.

Community Charge

A flat rate charge which was payable by all registered charge payers within the Council's area. The income from the charge was used to finance a proportion of the Council's expenditure.

Consistency

The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.

Contingent Asset

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities that the Council engages in specifically because it is an elected, multi-purpose Council. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.

Council Tax

A charge on residential property within the Council's area to finance a proportion of the Council's expenditure.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors

Amounts owed by the Council for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.

Current Liabilities

Amounts that will become due or could be called upon during the next accounting period.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors

Amounts due to the Council for goods or services provided within the accounting period but not received at the balance sheet date.

Deferred Consideration

Expenditure which is determined precisely at the time of the acquisition of an asset, but where the payment is delayed for a defined period.

Deferred Credits

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale but will be received in instalments over agreed periods of time.

Deferred Debtors

Amounts due to the Council that are not expected to be repaid in full within the next accounting period.

Deferred Liabilities

These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Pension Scheme

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

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Economic Infrastructure Fund (EIF)

A fund set up to deliver economic benefits for the city.

Emoluments

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

Exceptional Items

Material items which derive from events or transactions which fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Expected Rate of Return on Pension Assets

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not

include exceptional items nor do they include any prior period items merely because they relate to a prior period.

Fixed Asset Register (FAR)

A system that allows the council to measure and record assets in line with International Financial Reporting Standards and the IFRS-based code of practice on local authority accounting in the United Kingdom (the code).

Fees and Charges

Income arising from the provision of services.

Financial Instruments and the Financial Instruments Adjustment Account (FIAA)

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. They refer to both financial assets and financial liabilities and includes both the straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. The FIAA is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Year

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

Fixed Assets

Tangible and intangible assets that can be expected to be of use or benefit to the Council in providing its services for more than one accounting period.

General Fund

The main account of the Council that records the costs of service provision except those shown in the Housing Revenue Account and the Collection Fund.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Payments by central government towards the cost of Local Council services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Gross Carrying Amount (GCA)

Amount at which fixed assets are included in the notes, prior to the provision for accumulated depreciation.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)

A separate account to the General Fund recording all the transactions relating to the provision of council houses.

Impairment

A reduction in the value of a fixed asset below its current value on the Council's balance sheet.

Income and Expenditure Account

The Income and Expenditure Account combines the income and expenditure relating to all the Council's functions including the General Fund and the Housing Revenue Account.

Infrastructure Assets

These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

Intangible Fixed Asset

These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

Interest Cost

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the

investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

Investment Properties

An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Lenders Option Borrowers Option (LOBO)

A LOBO loan is a loan that permits the lender to nominate a revised interest rate payable on the debt at periodic dates and also gives the borrower the option as to whether to pay the revised rate or repay the debt in its entirety.

Liability

An account due to an individual or organisation that will be paid at some future date.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

Monitoring Officer

Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Council decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Operating Officer). In York the Monitoring Officer is Janie Berry, Director of Governance.

National Non-Domestic Rates (NNDR)

An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities.

Net Book Value (NBV)

Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-Operational Assets

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Council services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

Operational Assets

These are fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Operational Boundary

This is a measure of the most money the Council would normally borrow at any time during a financial year. It may be exceeded temporarily, but a regular pattern of borrowing above this level should be avoided.

PA92

These are tables of figures used by actuaries for standard mortality reflecting mortality experience in the period 1991-94, with assumptions for future rates of change. The 'mc' to 'medium cohort' which was introduced to reflect the increased life expectancy of a specific age group of retirees.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

Precept

The amount that a Precepting Council requires from a Charging Council to meet its expenditure requirements.

Precepting Council

Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities (District Councils).

Prior Year Adjustments (or Prior Period Adjustments)

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Provisions

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which Councils must set as part of their budget process. They are designed to show the affordability of the capital programme and that the Council's borrowing is prudent and sustainable.

Public Works Loan Board (PWLB)

A government agency that lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury. Councils are free to borrow as much as they like from the PWLB provided that it is prudent, affordable, sustainable and within the prudential indicators set at full council.

Realisable Value

The value of the asset at existing use, if sold between a willing buyer and a willing seller.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable because of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve

This account contains surpluses and losses arising from the periodic valuation of fixed assets.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible fixed assets.

Revenue Support Grant (RSG)

A general central government grant paid to the Income and Expenditure Account in support of the Charging Council's revenue expenditure.

Scheme Liabilities

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

Section 151 Officer (S151)

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves. In York the Section 151 Officer is Debbie Mitchell, Chief Finance Officer.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements can include: a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Subsidiary

This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Support Services

The costs of departments that provide professional and administrative assistance to services.

Tangible Fixed Assets

These are assets with a physical substance that yield benefits to the Council and the services it provides for a period of more than one year.

Temporary Borrowing/Investment

Money borrowed or invested for an initial period of less than one year.

Trading Services

These are activities of the Council where the workers are directly employed to carry out specified tasks. Such organisations were formerly known as Direct Service Organisations (DSO). In York the work is undertaken under the name of Neighbourhood Services.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Trust Funds

Money owned by an individual or organisation that is administered by the Council.

Unapportionable Central Overheads

These are overheads from which no user benefits, therefore they cannot be allocated to a service area.

Useful Life

The period over which the Council will derive benefits from the use of an asset.

Vested Rights

In relation to a defined benefit pension scheme these are for active members, benefits to which they would unconditionally be entitled on leaving the scheme, for deferred pensioners, their preserved rights and for pensioners, pensions to which they are entitled.

Work in Progress

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

Write Out (WO)

Removal of an Asset by charging to the CIES, or reversal of accumulated depreciation against a fixed asset on revaluation of that asset.



Meeting:	Audit & Governance Committee
Meeting date:	30/07/2025
Report of:	Director of Finance (S151 Officer)
Portfolio of:	Councillors Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: Annual Governance Statement 2024/25

Subject of Report

1. The purpose of this report is to present for information the draft 2024/25 Annual Governance Statement.

Policy Basis

2. The Annual Governance Statement sits within the Council's Statement of Accounts. The production of the Council's statement of accounts results from all of the council's business processes and helps support the administration's key commitments and priorities as outlined in the Council Plan 2023-2027.

Recommendation and Reasons

3. That Audit & Governance Committee comment on and note the draft Annual Governance Statement for the financial year ended 31 March 2025.

Reason: To ensure that Members have had the opportunity to review the draft Annual Governance Statement.

Background

4. The Accounts and Audit Regulations (2015) requires Local Authorities to publish draft Accounts by 31st May. This deadline has been extended nationally for 2024/25 to 30th June. York Council met

this deadline, and our draft Accounts were published on 30th June and were available for inspection.

5. The accounts include the Council's Annual Governance Statement (AGS), following the annual review of the governance framework and processes. Any significant control issues are identified within the AGS.
6. Members are reminded that the AGS is currently in draft, and should any other issues need to be included, the document can be updated. The Leader of the Council and the Chief Operating Officer will be asked to sign the AGS as part of the final audited statement of accounts, which will be brought for approval later this year / early 2026 once the audit work has been completed. Members will therefore be given a further opportunity to review this final version.

Contact details

For further information please contact the authors of this Report.

Author

Name:	Debbie Mitchell
Job Title:	Director of Finance
Service Area:	Corporate Finance
Report approved:	Yes
Date:	17/07/2025

Annexes

A – Draft Annual Governance Statement

ANNUAL GOVERNANCE STATEMENT

Financial Year 2024-2025

DRAFT

DRAFT

2024-2025 ANNUAL GOVERNANCE STATEMENT

Executive summary

What are our Governance arrangements and are they fit for purpose?

Our governance arrangements are the systems and processes which enable us to make sound decisions with high-quality information, and a good understanding of risk. Those systems rely on strong leadership, engagement with communities and stakeholders and a laser focus on the public interest.

Alongside many Councils, City of York Council (“the Council”) continues to experience pressure on financial resources. The Council is determined, despite its financial challenges, to continuously improve¹. This requires innovative approaches to service delivery and taking difficult decisions. Our governance arrangements are crucial in getting those difficult decisions right.

The Council has adopted a Local Code of Corporate Governance which is consistent with the seven principles set out in “proper practice” for the public sector, namely Delivering Good Governance in Local Government: Framework published by CIPFA/SOLACE 2016 (the Framework”).²

The overall aim of the Local Code of Corporate Governance is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making;
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

A copy of our Local Code is available on our website at www.york.gov.uk/CorporateGovernance

This Annual Governance Statement (“AGS”) for 2024-2025 demonstrates how we have complied with our local code and reviews its effectiveness. The conclusion of this AGS is that our governance arrangements have, during the past year, met their purpose in ensuring we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Governance Outlook and areas for action

¹ The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

² An addendum to the Framework was published in January 2025. Authorities should ensure that the AGS for 2025/26 onwards comply with this amended guidance, and they are encouraged to consider it for 2024/25.

The Council is satisfied the current arrangements have adequately supported the purpose of guiding decision making which focuses on achievement of the authority's aims and manages risk. We strive however to maintain a self awareness which facilitates continuous improvement.

The Council continues to respond positively when areas for improvement come to light. During the year, where issues have been identified these have been dealt with in an open and transparent way, often including public reports to Executive. This enables the Council to learn from any mistakes and embed lessons into future planning.

During March 2025, Children's Services was inspected by Ofsted and rated as outstanding in all areas. Ofsted particularly praised the council's "relentless drive", strong leadership and commitment to putting children first.

Our annual review process identified areas for development around:

- Monitoring and reporting of project costs to allow for timely escalation and intervention
- Understanding the impact of staff resources on the ability to deliver projects and services
- Making better use of scrutiny.

These will be the target for action in the coming financial year and we will reflect on our success in strengthening these aspects of governance in the 25/26 AGS.

Assessment of Effectiveness

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The Council works within this framework to deliver the Council Plan.³ This Plan sets out the Council's priorities and makes the following commitments to good governance:

"Financial Management: Ensure financial stability through a long-term financial strategy, that recognises the major unprecedented financial challenges, takes the difficult decisions needed, and ensures investment is focused upon priority areas.

Core Commitments: Embed the four Core Commitments into our decision-making, policies and programmes of work."

Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is designed to help us identify, prioritise and manage risks.,

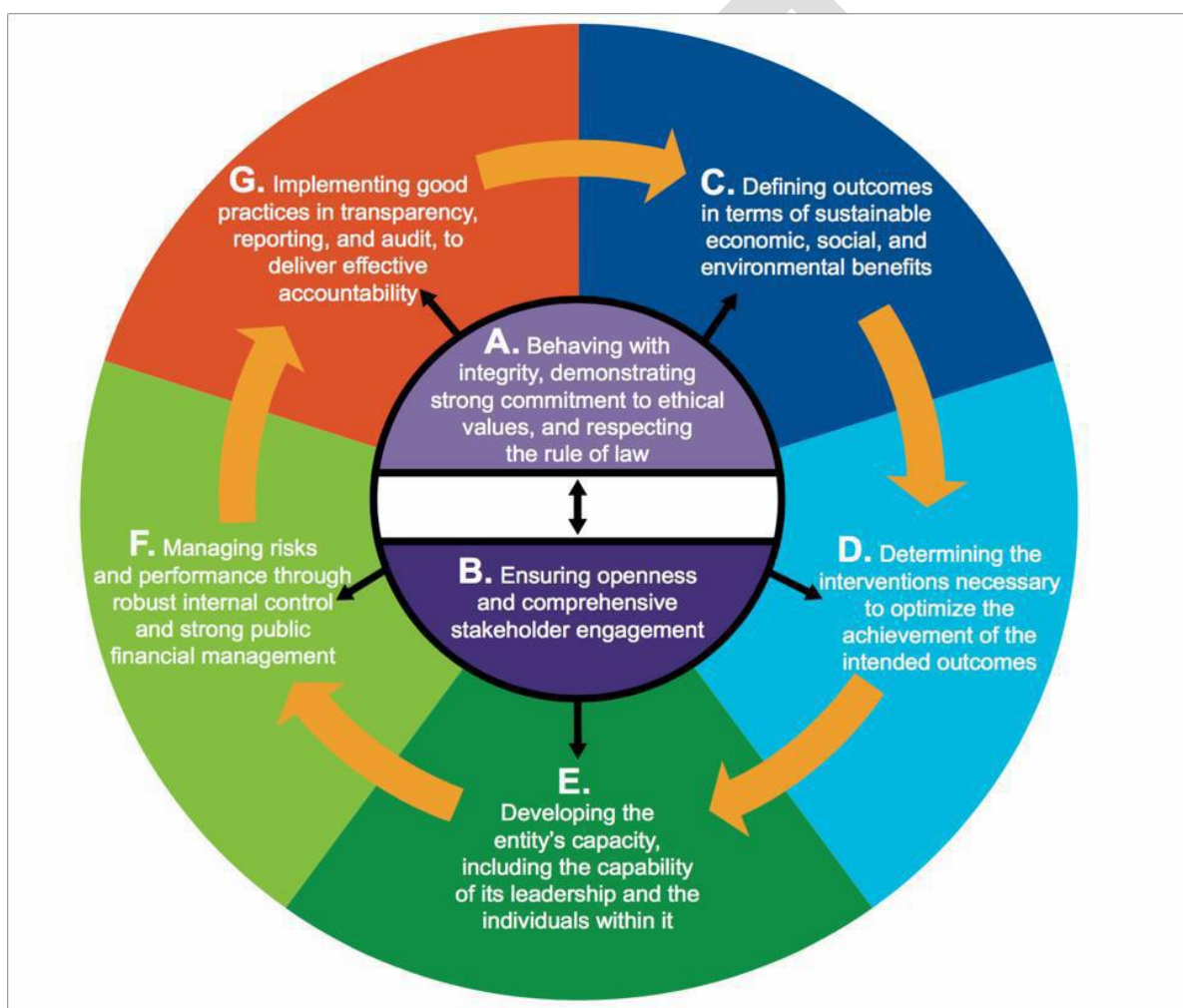
Our governance arrangements can only be effective if we engage with them as an organisation honestly and consistently. Where our processes indicate a concern, we must act swiftly.

The "Delivering Good Governance" framework below envisages a continuous application of seven principles with a core of A and B being about the behaviours of integrity,

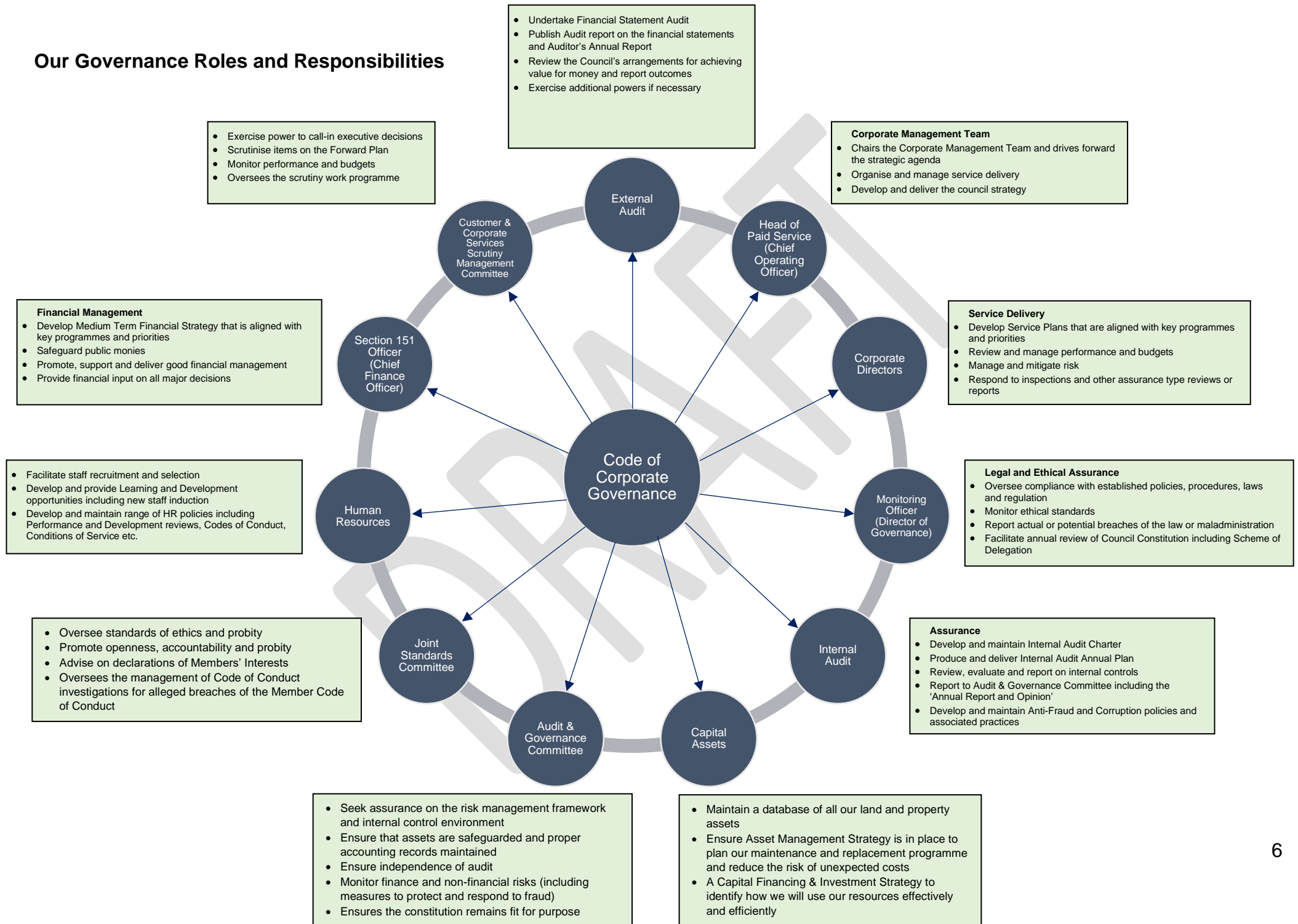
³ <https://www.york.gov.uk/CouncilPlan>

demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement. These behaviours are demonstrated across the Council.

Our governance arrangements are well aligned to the delivery of the priorities in the Council Plan and are being used to track progress and costs. In some cases, delivery of a planned outcome has been highlighted as being in jeopardy. Our governance framework has successfully supported reprioritisation. It is likely however that ongoing financial pressures will mean that we need to further improve some of our governance arrangements. These are described in the section on “Where our governance needs to improve.”



Our Governance Roles and Responsibilities



What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources, including:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2024-2025 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and
- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;

- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;
- Consideration of the council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption;
- Regular updates to Audit and Governance Committee on the council's risk register and any other issues highlighted through the council's risk management arrangements;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators which are reported quarterly to Executive;
- Challenge through Overview and Scrutiny (for example review of the work programmes, recommendations to the Executive, call-in's, etc. as can be seen in the reports to Corporate Services, Climate Change and Scrutiny Management Committee);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services, NHS data security and protection toolkit);
- Any comments made by our External Auditors in their Annual Report or as a result of their review of the Council's arrangements for securing economy, efficiency, and effectiveness (value for money);
- Recommendations and comments made by any other review agencies and inspectorates; and
- Regular updates to Audit and Governance Committee on complaints, concerns, comments and compliments and FOI/EIR, data protection and information governance

How do we know that our arrangements are working?

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework. It provides an analysis of the effectiveness of how we conform with each element of the framework, and identifies areas where improvements are required. .

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Acting in the public interest requires a commitment to effective arrangements for:			
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	1. Behaving with integrity	<ul style="list-style-type: none"> ➤ The political and managerial leadership sets the tone. ➤ Through this leadership we ensure that the required policies are put into place and monitored. ➤ Codes of Conduct for members and officers form part of the Council's Constitution. These sets out expected behaviours which are consistent with the Nolan Principles. ➤ The Protocol on Officer Member Relations which forms part of the Constitution sets out the way Councillors and Officers should interact and serve the public interest effectively. ➤ Mandatory Training on the Employee Code of Conduct has been launched on the Council's intranet for all officers. ➤ Joint Standards Committee produces an Annual Report to Council which includes a synopsis of Code of Conduct related complaints received during the Municipal Year in respect of 	<ul style="list-style-type: none"> ➤ A member induction programme was implemented following all out elections in May 2023. Much of the programme content was captured electronically and has been used by members for refresher training. Evaluation of member training has indicated a need to promote wider uptake and a comprehensive flexible offer which can be accessed on demand alongside ad hoc training and briefings on current issues. ➤ Joint Standards Committee responded on behalf of the Council to the Government's consultation on Strengthening Standards. Any forthcoming legislation will require an update to the Council's standards procedures.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		Councillors (both City of York and Parish Councillors).	
	2. Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme. 	
		<ul style="list-style-type: none"> ➤ We enhanced our commitment to Equity and Diversity by adopting: <ul style="list-style-type: none"> ➤ a social model of disability ➤ a Charter for Organisational Standards created by York Poverty Truth Commission ➤ an Anti Racism Strategy; and ➤ agreeing to treat care experience as if it were a protected characteristic. ➤ We reviewed and updated our decision report template to ensure that the Core Commitments in the Council plan were always addressed. 	<ul style="list-style-type: none"> ➤ We will continue to seek ways to espouse ethical values and engage proactively and respectfully with our whole city community.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Respecting the rule of law	<ul style="list-style-type: none"> ➤ The Council's Constitution is regularly reviewed and updated to ensure our framework for lawful decision making is clear, accurate and up to date. ➤ Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the Members' Code of Conduct complaints process or, in relation to Officers, action taken under our capability and/or disciplinary procedures. ➤ The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. ➤ The Whistleblowing Policy is complemented by the Counter Fraud and Corruption Policy, Fraud and Corruption Prosecution Policy, Counter Fraud Strategy, Anti-Money Laundering Policy, and Anti-Bribery Policy. 	
Principle B Ensuring openness and comprehensive stakeholder	1. Openness	<ul style="list-style-type: none"> ➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
engagement		<p>the Freedom of Information Publication Scheme.</p> <ul style="list-style-type: none"> ➤ We provide regular performance updates relating to information requests and complaints to management teams and the Audit & Governance Committee. ➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings, and for public participation in the majority of meetings. ➤ Only those reports which are considered exempt are dealt with in closed session (known as Part II), and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication. 	
	2. Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, Humber and North Yorkshire Health and Care Partnership (which was established in July 2022), North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regional economic development such 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>as York and North Yorkshire Mayoral Combined Authority, West Yorkshire Combined Authority and have strategic links with North Yorkshire Council. Locally, we regularly engage with key institutions such as the universities, colleges, business representative and environmental groups, education system partners such as the academies, together with health and care partners in the NHS, private sector, and community sector. We have a comprehensive approach to working with key city leaders through the monthly partnership group. We also engage and consult extensively with our Local Trade Unions in respect of employment related issues.</p> <ul style="list-style-type: none"> ➤ The City of York Council and the Humber & North Yorkshire Integrated Care Board has continued to make progress and was formally moved to establish a Joint Committee under a Section 75 agreement starting from April 2025, as reported to Executive in November 2024. ➤ To shape the Climate Change plan, we engage with institutional stakeholders through the independent York Climate Commission. ➤ We regularly engage with professional leads at the Head of Communications 	<ul style="list-style-type: none"> ➤ The abolition of NHS England is expected to have significant implications for ICBs. The current arrangements will therefore need to be kept under review to ensure they keep pace with any changes being made at a national and local level.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Group, the Higher Education Group, the Bus Group and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors as we recover from the Coronavirus Pandemic and respond to the challenges of climate change and the cost of living.</p>	
	<p>3. Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> ➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ Extensive budget consultation was undertaken which ran from May to December. The process was broken into phases to build understanding and gather feedback iteratively. ➤ Our Big Conversation: invites residents to participate in different on and offline engagement activities designed to inform major council strategies such as the 10-year plan, the economic development, local 	<ul style="list-style-type: none"> ➤ Customer Services will continue the review and implement complaints procedures to maximise the opportunity to make service improvements and learn from feedback and ensure compliance with the Local Government and Social Care Ombudsman Complaint Handling Code which comes into effect in April 2026.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>transport plan and climate change strategies and related action plans. This has included targeted focus groups to encourage feedback from people who don't typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc.</p> <ul style="list-style-type: none"> ➤ The Council Plan was consulted on prior to publication. ➤ Major capital programmes activities are heavily consulted on allowing residents to inform the build, structure, and shape of key developments across the city, influencing and adapting masterplans to meet their needs. ➤ Citizen's panel: Following a successful engagement activity that used focus groups to help set and inform waste recycling policy, we trialled a more regular approach to focus groups by inviting Talk About participants to join a citizens panel which was designed to explore key strategic issues presented through the budget consultation. We are reviewing whether to progress this for future budget consultations and have used the same approach to inform the 10-year plan. ➤ Statutory consultation also takes 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>place in advance of all major traffic/highways schemes, changes to services and to support the Local Plan examination.</p> <ul style="list-style-type: none"> ➤ Public consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on residents, facilitated by our Communications and Consultation Teams. ➤ The Communications Team ensure that specific matters are promoted via the media and engage with the media over enquiries on specific matters. ➤ The complaints, comments, concerns, and compliments (the 4Cs) support customer customers, residents and service users to have a more flexible manner to share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for service providers across the council. Individual members of the public are able to participate in the majority of meetings, through the Council's Public Participation Protocol. 	
<p>In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:</p>			

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits	1. Defining outcomes	<ul style="list-style-type: none"> ➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond to resident feedback. This was approved by Council on 21st September 2023. The Council Plan is informed by the 10 year plan and strategies and regularly reported on, including 6 month snapshots on the Council website. An annual review is reported to Executive. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan). ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed.	
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ Service plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives. ➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities. 	
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	1. Determining interventions	<ul style="list-style-type: none"> ➤ Corporate Management Team (CMT) and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of the provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders. ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g., 	<ul style="list-style-type: none"> ➤ We will be implementing a new structure for overview and scrutiny which improves focus and depth of the input scrutiny can have in policy development. ➤ A new AI Project Board will be initiated to identify further potential to harness use of generative AI across council services to increase efficiency, quality and productivity whilst managing risk.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Children's Services.</p> <ul style="list-style-type: none"> ➤ Regular challenge from inspectorates such as Ofsted and Care Quality Commission (CQC). Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. Children's Services were inspected in March 2025 and achieved outstanding across all areas ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned work programme that they scrutinise throughout the year. A review of Scrutiny has been carried out by the Centre for Governance and Scrutiny in December 2024. This made recommendations for improving effectiveness. Consequent amendments have been made to the structure and supporting staff resource 	
	2. Planning interventions	<ul style="list-style-type: none"> ➤ Performance, audit, risk, and finance information is used to identify areas of concern and plan required interventions. ➤ There is an annual cycle of meetings 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		that are planned through the municipal year, but internal procedures are flexible enough for Councillors to intervene, such as via call-in or the calling of extraordinary meetings, at any point in the year.	
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The project management toolkit “all about projects” provides a framework for delivering projects which includes identifying clear and achievable outcomes. 	<ul style="list-style-type: none"> ➤ Project oversight will be further enhanced by the development of a corporate Programme Management Office to support the delivery of the Council’s Capital Programme.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	<ul style="list-style-type: none"> ➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together and The Corporate Leadership Group Network. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded. 	
	2. Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e- 	<ul style="list-style-type: none"> ➤ Level 7 apprentices will be supported from our senior manager cohort to access work based learning leading to chartered management institute membership.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Learning system.</p> <ul style="list-style-type: none"> ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. ➤ We support staff development using cost effective opportunities including funded apprenticeships. These have been successfully matched with career graded staff structures to support organic growth and retention. ➤ We make use of peer support networks to share good practice and offer informal mentoring. 	
Principle F Managing risks and performance through robust internal control and strong public financial management	1. Managing risk	<ul style="list-style-type: none"> ➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team. ➤ This ensures that the council's assets are adequately protected, losses resulting from hazards and claims against the council are mitigated through the effective use of control measures, and that our managers are adequately supported in their responsibilities in respect of risk management. ➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice. 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ Key staff receive training on risk management principles. ➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team, and by the Audit & Governance Committee. ➤ We conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation. 	<ul style="list-style-type: none"> ➤ Work is underway to ensure ongoing compliance with new data protection legislation requirements alongside ensuring opportunities from AI are compliant.
	2. Managing performance	<ul style="list-style-type: none"> ➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate Services, Climate Change, and Scrutiny Management and Economy, Place, Access, and Transport Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		and to Audit and Governance Committee.	
	3. Robust internal control	<ul style="list-style-type: none"> ➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations. ➤ Assurance is gained through regular internal audits and reporting. ➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025). The Head of Internal Audit also presents the results of the Quality Assurance and Improvement Programme as part of the annual report to the Audit and Governance Committee. 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	4. Managing data	<ul style="list-style-type: none"> ➤ We have in place a suite of Policies and Procedures covering information governance and information security that are managed and monitored by the Corporate Governance Team and ICT. ➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner, Caldicott Guardians, and Information Asset Owners and Administrators. ➤ All officers and Councillors are required to undertake mandatory e-Learning training on data protection and information security. ➤ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the need, and process, for reporting of all potential breaches of Data Protection legislation is clearly understood and also that lessons are learned and implemented from them. 	
	5. Strong public financial management	<ul style="list-style-type: none"> ➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. ➤ Budget setting includes resident and business engagement. ➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders. ➤ Financial Procedure Rules and Contract Procedure Rules are in place and are regularly updated. A major review of these has taken place to reflect changes brought into effect in February 2025 by the Procurement Act 2023. 	
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Agendas for all Council meetings are publicly available on the website. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised. 	
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committees, the Executive, or individual decisions made by Chief Officers or Executive Members. ➤ All reports are taken through Democratic Services and require 	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>clearance by legal and finance as a minimum.</p> <ul style="list-style-type: none"> ➤ Reports for Council, Committees and Executive business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication. 	
	3. Assurance and effective accountability	<ul style="list-style-type: none"> ➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Council, the Executive and each of the Cabinet Members and the roles and responsibilities of other Council Members. ➤ The Constitution sets out the functions of Council, Executive and the various committees. ➤ The principal roles and responsibilities of the Chief Operating Officer and senior officers, including the Section 151 Officer and the Monitoring Officer, are also set out in the Constitution. 	

What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015, the CIPFA Statement on the Role of the Head of Internal Audit 2019 and the Public Sector Internal Auditing Standards (PSIAS), the Head of Internal Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw a reasonable conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2024/25, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2025:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2024-25 which was presented to the Audit & Governance Committee on 14 May 2025.

Under the Public Sector Internal Audit Standards (the Standards) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025), we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results to the Audit and Governance Committee. An independent assessment against the Public Sector Internal Audit Standards must be carried out every five years. The most recent independent assessment was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the Standards. This is the highest rating that can be awarded. The Standards also require us to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Internal Audit Annual Report for 2024-25, demonstrates that the service continues to generally conform to the Standards, including the Code of Ethics. The Council can therefore continue to place reliance on the work of internal audit and the opinions given.

4. External Audit

External Audit of the Council is undertaken by Mazars LLP. They presented their Audit Completion Report for the year ending 31st March 2023 to Audit & Governance Committee on 31st January 2024. At the time of writing, their work on the 2022/23 accounts is substantially complete, awaiting assurance on one area. The 2023/24 audit will commence in July 2024.

Mazars also took the Auditor's Annual Report to Audit & Governance Committee on 22nd May 2024 which provided conclusions on the value for money (VFM) arrangements for the Council in 2022/23. Following the recommendations arising from the Public Interest Report, a significant weakness was identified in the 21/22 VFM arrangements. In the latest report it was noted that the recommended actions had been addressed and the significant weakness no longer applied.

5. SIRO and Data Protection

The Director of Governance is the Council's Senior Information Risk Officer (SIRO) and Senior Responsible Officer (SRO) for surveillance systems and use of investigatory powers. The Corporate Governance Team support these roles and is responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There have been small decreases in the number of reported potential and actual personal data breaches in 2023-24 financial year from the previous year. The reporting of potential as well as actual breaches indicates the ongoing awareness that timely reporting ensures the Council can take the necessary actions in a timely way, to safeguard information, inform individuals and regulators where it has been determined appropriate to do so, conduct robust investigations and make recommendations to reduce the risk of further breaches.

The number of significant breaches reported to Information Commissioners Office has remained the same i.e., 1 in 2022-2023 and one in 2023-2024.

The Council maintains the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Council received positive assurances in respect of its use of investigatory powers and covert surveillance e.g., RIPA in its last inspection by the Investigatory Powers Commissioner Office (IPCO) inspection that took place on 27th August 2021. These are undertaken by the IPCO every three years. Updates on the required work and ongoing actions from this inspection were reported to Audit and Governance Committee and training was provided for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS).

The Council continues to provide mandatory data protection and information security e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted guidance and support provided for the roles of SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Ongoing work continues in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

In this context, however, it is important to note that in mid-September 2023, the Council received an enforcement notice from the Information Commissioner in respect of a backlog of Freedom of Information (FOI) requests which had either not received a reply or had received a reply without the knowledge of the Information Governance team. Notwithstanding the Council's assurance that the situation would receive appropriate priority, the notice was issued on 13 September 2023, requiring that the Council respond to all those outstanding FOI requests within a period of six months, and publish an action plan for formalising the measures we would take to ensure we complied with our legal duties. The action plan was published within the requisite 35 days, and responses were sent in respect of all the outstanding FOI requests by the end of November 2023, some three and a half months in advance of the deadline. This failure on the Council's part was deeply regrettable, and an apology was made publicly and to the Audit and Governance Committee.

6. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2023-24. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

7. LGA Peer Challenge

In February 2024, a Local Government Association (LGA) Peer Challenge took place at the Council and set out to understand how the council operates, exploring the council's leadership at place and organisational level, governance, culture, financial management and capacity to improve, with a focus on improving customer service and working closely with regional partners to best represent York's interests.

The Peer Challenge recommendations and action plan were reported to Executive in May 2024, with a follow up report to the Leader’s Decision Session in November 2024. Extensive work has been undertaken to complete the recommendations identified by the peer team and the actions will continue to be monitored by the Chief Operating Officer as part of the Corporate Improvement Board agenda.

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council’s Governance Framework and Internal Control arrangements, no new issues have been identified for inclusion in the tables below, but the existing issues have been reviewed and additional actions identified to ensure progress continues to be made. There is one issue (relating to the Local Plan) that had previously been identified but that has been progressed sufficiently and no longer requires disclosure in this statement, although some details have been included for completeness this year.

DRAFT

How the governance issues identified in the previous year's statement have been addressed and whether further work is required.

The AGS action plan should be meaningful but brief

COMPLETED Governance issues arising from the previous Annual Governance Statement (2023-24)

YEAR IDENTIFIED	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
2023/24	Impact of not having the Local Plan in place	Work continued in responding to requests of the planning inspectors with the result that the Local Plan was formally adopted by the Council in February 2025.	The Council adopted the Local Plan at an extraordinary Full Council meeting on 27 th February 2025.

CURRENT Governance issues arising from the 2024-25 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
1 – Existing Issue, updated	<p>Financial Risks</p> <p>(i) Pressures - Impact of funding reductions -</p> <p>The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements and financial resilience.</p> <p>There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax.</p> <p>The financial position of the health economy in York, and the impact that may bring for the Better Care Fund, and implications on the Adult Services budget</p>	<p>The outturn position for 2023/24 was an overspend position, albeit much improved due to cost control measures, and therefore this remains a significant risk. The Council again set a balanced budget for 2024/25 and made proper provision for growth along with a contingency.</p> <p>The Medium-Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This continues to be updated and refreshed. This informs the budget process for future years. There remain significant challenges to deliver savings and outturn within the approved budget.</p> <p>The uncertainty around central government funding remains an issue as the 2024/25 and 2025/26 settlements were again just for one year.</p> <p>Ongoing discussions with Health Organisations in York in light of recent Government announcements regarding the abolition of NHS England and the</p>	<p>The outturn position for 2023/24 was also an overspend position and there is again an overspend in 2024/25, therefore this remains a significant risk. A balanced budget was set for 2024/25 and 2025/26. Significant provision for growth were made as well as allocations to support the increased cost from continued inflationary pressures.</p> <p>The Medium-Term Financial Strategy continues to be updated and presented to CMT and Executive. The uncertainty around central government funding remains an issue although the Spending Review announcements expected during the latter half of 2025 should begin to give some certainty to financial projections. Further development of the medium-term financial plan will be needed during the year to ensure continued financial resilience.</p>
Existing Issue			

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
	<p>(ii) Major capital projects The council has a number of major capital projects at different stages, including York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the economic conditions following the pandemic will have a significant, ongoing financial impact on the capital programme.</p>	<p>resulting potential impact on Integrated Care Boards</p> <p>There are significant risks associated with the range of major schemes which have been identified in various reports, including the potential implications for both capital and revenue budgets. Ongoing regular reporting to various member meetings, alongside effective project management continues to be essential to ensure risks can be mitigated/ managed.</p> <p>The council has put in place dedicated project management expertise for its major projects and invested in a project management system to manage programme / cost risks attached to these major projects.</p> <p>Major projects have been reviewed to assess any new risks and to ensure that the financial assumptions are still sound. Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions has been factored into the project management and protocols are in place in respect of decision making to provide necessary ethical walls within the organisation and in line with the council's constitution.</p>	<p>New governance arrangements have been put in place to improve project assurance. Officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
2 – Existing issue, updated	Embedding Good Governance across the Council – To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to continue to embed member development following the city Election in 2023.	<p>Progress on embedding good governance continued throughout 2023-2024, with no significant governance issues identified. Work began on reviewing key governance documents, and following the City Council elections in May 2023, a programme of training was delivered for all elected Members, albeit with varying degrees of attendance.</p> <p>Through 2023-2024 the Audit and Governance Committee received reports on corporate governance, including reports relating to action taken by the Information Commissioner's Office, and in relation to contract management processes.</p>	<p>Through 2024-2025, further work has been done in relation to the Council's constitution, culminating in significant amendments to the Council Procedure Rules, with further work ongoing. Work also continues to review contract management processes, and to homologise report-writing procedures across the Council. The Council has also undergone a review of its scrutiny committee procedures, facilitated by the Centre for Governance and Scrutiny, which has resulted in a significant change to the operating methodology.</p> <p>In addition, changes in Council senior management have allowed for reviews of procedures across Council services. In turn, this has highlighted a number of governance issues which required rectification. In line with the Council's 'no blame' culture, these governance issues, arising from human error, are treated as learning experiences, with work underway to ensure that they are not repeated. These issues highlight the need for continuous training for all staff on governance procedures, and for greater simplification of processes to ensure that adherence is easier than circumvention. They also</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
			<p>demonstrate that governance is a whole-Council issue.</p> <p>Some staff turnover will impact on the corporate governance landscape, given the departure of the Head of Legal Services and Head of Democratic Governance to elevated positions in other organisations, and the acting Democratic Services Manager to alternative public service. This is ameliorated somewhat by the arrival of a new Democratic Services Manager, and by the impending arrival of a new Head of Legal Services, but there will inevitably be some disruption to routines.</p>
3- Existing issue, updated	Contract Management arrangements – To reestablish the correct contract management procedures for both officers and members ensuring there is clarity around any issues arising.	<i>New issue</i>	Contract Management is one of the work streams in the Council's transformation programme. A new (temporary) contract manager post has been created within the procurement team to support contract management on the key, high value council contracts.
4- Existing issue, updated	Resourcing and capacity – the Council has an ambitious set of major projects, as well as key developments in regional devolution alongside the provision of key services to residents. All are competing demands on the	<i>New issue</i>	<p>As above under issue 1 (iii), officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p> <p>Working on a One Council basis and the continued use of good governance structures that have been implemented ensures that capacity is drawn from all council services where needed and on a</p>

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2024-25
	limited resources available which creates risk in achieving objectives. This is a cross cutting issue that impacts on the progress of all the governance issues identified.		dynamic basis to maximise skills and capacity. Tools for this are embedded into the workforce strategy and action plan with greater emphasis and providing training both bespoke and management focused to ensure that managers and employees have the right skills. In terms of capacity, whilst cost control is embedded, balance of investment and cost saving approach is given, without the right skill sets projects will be impacted. Reviews of market supplements and other terms and conditions are also being undertaken to ensure that as an employer we are attractive in the market to be able to be competitive. Embedding good performance management, the values and behaviours as well as visible leadership across all levels drives a positive culture to be reactionary and proactive to the competing demands.

What will our Key Governance Development Priorities be for 2025-26 ?

2025-26 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i> Further development and improvement of programme management arrangements across the Council to ensure delivery of the Capital Programme	Director of Finance (Section 151 Officer)
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose. Implementation of new Corporate Improvement Framework will be key.	Head of Paid Service Monitoring Officer Section 151 Officer Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>Existing priority</i> Improve contract management across the Council through training, effective risk management and clear change control processes.	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>Existing priority</i>	Head of Paid Service Chief Officer HR & Support Services

Assurance Opinion of the Leader of the Council and the Chief Operating Officer

We have been advised on the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

It is our opinion that the Council's governance arrangements in 2024/25 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2025/26.

Having considered all the principles contained in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are also satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....
Councillor C Douglas
Leader of the City of York Council

.....
Ian Floyd
Chief Operating Officer

Annex A – About the Council of the City of York

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2023-2027) to represent 21 local wards. All out elections were held in May 2023 and a change of political leadership led to the Labour Group forming an Executive. Since that time the make-up of the Council has been as follows:

- 24 Labour
- 19 Liberal Democrat
- 3 Conservatives
- 1 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.



Meeting:	Audit & Governance Committee
Meeting date:	30/07/2025
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Cllr Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality, and Inclusion

Audit and Governance Committee Report: Treasury Management Annual report & Review of Prudential Indicators 2024/25

Subject of Report

1. Audit & Governance Committee are responsible for ensuring effective scrutiny of the treasury management strategy and policies, as stated in the Treasury Management Strategy 2024/25 approved by Full Council in February 2024.
2. Attached at Annex 1 is the Treasury Management Annual Report and Review of Prudential Indicators 2024/25, which provides an update on treasury activity during the year and was considered by Executive on 15 July 2025.

Policy Basis

3. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 requires that Council be updated with, review and approve, as a minimum three reports annually. These reports are the Treasury Management Strategy Statement setting out policy for the forthcoming year, a mid-year review report, and an annual report detailing the treasury activities and performance for the previous year. Quarterly reports are also required to provide an update on treasury management activities and can be assigned to a designated committee or member as deemed appropriate.

4. This report is the Treasury Management annual report detailing the activities undertaken and performance in the financial year 2024/25, highlighting compliance with the Council's policies previously approved by members, and the monitoring of the Prudential Indicators. The Council is required through legislation to have this report and Prudential Indicators approved by members; therefore, this report ensures this Council is implementing best practice in accordance with the Code.

Recommendation and Reasons

5. Audit & Governance Committee are asked to note and scrutinise the Treasury Management Annual Report and Review of Prudential Indicators 2024/25 at Annex 1

Reason: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

Contact details

For further information please contact the authors of this Report.

Author

Name:	Debbie Mitchell
Job Title:	Director of Finance
Report approved:	Yes
Date:	18/07/2025

Annexes

Annex One - Treasury Management Annual Report and Review of Prudential Indicators 2024/25

Annex to above report – Prudential Indicators 2024/25

Prudential Indicators 2024/25 Outturn (31.03.25)

	Prudential Indicator		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
1	Capital Expenditure To allow the authority to plan for capital financing as a result of the capital programme and enable the monitoring of capital budgets.	GF HRA Other LT Total	£44.7m £29.3m £3.2m £77.2m	£134.2m £42.0m £0.5m £176.7m	£71.5m £15.0m £0.5m £87.0m	£51.1m £15.9m £0.5m £67.5m	£35.8m £13.1m £0.5m £49.4m	£28.1m £13.0m £0.5m £41.6m
2	CFR Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.	GF HRA Other LT Total	£323.8m £139.9m £46.7m £510.4m	£391.3m £137.2m £45.4m £573.9m	£410.4m £138.7m £44.1m £593.2m	£422.1m £141.7m £42.8m £606.6m	£434.5m £141.7m £41.6m £617.8m	£440.8m £141.7m £40.2m £622.7m
3	Liability Benchmark The Liability Benchmark is based on current capital plans and cash flow assumptions, therefore giving the Council an indication of how much it needs to borrow, when it is likely to need to borrow, and where to match maturities to its planned borrowing needs. The liability benchmark makes no assumption about the level of future prudential borrowing in unknown capital budgets.	<p>Liability Benchmark</p> <p>The chart displays the Total Amount (£'000) on the Y-axis (ranging from £0 to £700,000) against the year on the X-axis (ranging from 2024 to 2094). The chart shows the following components:</p> <ul style="list-style-type: none"> PWLB Loans (Blue bars): Shows a peak around 2028/29 and then declines. LOBO Loans (Dark blue line): Shows a peak around 2028/29 and then declines. Variable rate loans (Light blue line): Shows a peak around 2028/29 and then declines. Market Loans (excl LOBO loans) (Orange line): Shows a peak around 2028/29 and then declines. Short Term inc LA Temporary Borrowing (<1 year) (Light orange line): Shows a peak around 2028/29 and then declines. Existing Loan Debt Outstanding (Black line): Shows a steady decline over time. Loans CFR (Dark blue line): Shows a steady decline over time. Net Loans Requirement (forecast net loan debt) (Red line): Shows a peak around 2028/29 and then declines. Liability Benchmark (Gross Loans Requirement) (Red dashed line): Shows a peak around 2028/29 and then declines. 						
4	Ratio of Financing Costs to Net Revenue Stream An estimate of the cost of borrowing in relation to the net cost of Council services to be met from government grant and council taxpayers. In the case of the HRA the net	GF HRA Total	12.94% 13.52% 13.06%	14.68% 13.21% 14.40%	18.06% 12.88% 17.06%	18.88% 12.63% 17.70%	19.45% 12.39% 18.14%	19.80% 12.14% 18.41%

	Prudential Indicator		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	revenue stream is the income from rents. <i>Note that financing costs include debt and other long-term liabilities such as PFI and Leases.</i>							
5	External Debt To ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose and so not exceed the CFR.	Gross Debt Invest Net Debt	£374.7m £10.1m £364.6m	£471.2 £5.0m £466.2m	£499.0m £5.0m £494.0m	£524.8m £5.0m £519.8m	£549.5m £5.0m £544.5m	£585.8m £5.0m £580.8m
6 a	Authorised Limit for External Debt The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long-term liabilities.	Borrowing CFR / Other long-term liabilities	£602.3m £30.0m £632.3m (£632.3m set at 2024/25 Strategy)	£583.9m £30.0m £613.9m (Based on current CFR projection)	£603.2m £30.0m £633.2m (Based on current CFR projection)	£616.6m £30.0m £646.6m (Based on current CFR projection)	£627.8m £30.0m £657.8m (Based on current CFR projection)	£632.7m £30.0m £662.7m (Based on current CFR projection)

	Prudential Indicator		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
6 b	Operational Boundary for External Debt The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.	Borrowing CFR / Short Term Liquidity Requirement	£510.4m £91.9m £602.3m (£602.3m set at 2024/25 Strategy)	£573.9m £10.0m £583.9m (Based on current CFR projection)	£593.2m £10.0m £603.2m (Based on current CFR projection)	£606.6m £10.0m £616.6m (Based on current CFR projection)	£617.8m £10.0m £627.8m (Based on current CFR projection)	£622.7m £10.0m £632.7m (Based on current CFR projection)

	Prudential Indicator		2021/22	2022/23	2023/24	2024/25	2025/26	
7	Maturity Structure of Borrowing To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long-term loans mature in different periods thus spreading the risk.	Maturity profile of debt against approved limits	Maturity Profile	Debt (£)	Debt (%)	Approved Minimum Limit	Approved Maximum Limit	
			Less than 1 yr	£68.3m	21%	0%	30%	In line with the TMSS Lobo loans are shown as due at their next call date as this is the date the lender could require payment.
			1 to 2 yrs	£16.0m	5%	0%	30%	
			2 to 5 yrs	£50.4m	15%	0%	40%	
			5 to 10 yrs	£61.0m	18%	0%	40%	
			10 yrs and above	£135.8m	41%	30%	90%	
			Total	£331.5m	100%	-	-	
7	Upper Limit for Total Principal Sums Invested for Over 364 Days The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year.	Limit / (Current investments greater than 364 days maturing in year)	£15.0m	£15.0m	£15.0m	£15.0m	£15.0m	£15.0m
			(£0.0m)	(£0.0m)	(£0.0m)	(£0.0m)	(£0.0m)	(£0.0m)



Meeting:	Executive
Meeting date:	15 July 2025
Report of:	Debbie Mitchell Director of Finance
Portfolio of:	Councillor Katie Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion.

Decision Report: Treasury Management annual report and review of Prudential Indicators for 2024/25

Subject of Report

1. The purpose of this report is to provide an update on Treasury Management activity and the outturn position for the 2024/25 financial year. It includes the outturn Prudential Indicators and forward projections at Annex A to this report.

Benefits and Challenges

2. Treasury Management is the effective management of the Council's cash flow. Doing this effectively protects the Council from risks and ensures the ability to meet spending commitments as they fall due.

Policy Basis for Decision

3. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 requires that full Council be updated with, review and approve, as a minimum three reports annually. These reports are the Treasury Management Strategy Statement setting out policy for the forthcoming year, a mid-year review report, and an annual report detailing the treasury activities and performance for the previous year. Quarterly reports are also required to provide an update on treasury

management activities and can be assigned to a designated committee or member as deemed appropriate.

4. This report is the Treasury Management annual report detailing the activities undertaken and performance in the financial year 2024/25, highlighting compliance with the Council's policies previously approved by members, and the monitoring and update of the Prudential Indicators. The Council is required through legislation to have this report and Prudential Indicators approved by members; therefore, this report ensures this Council is implementing best practice in accordance with the Code.

Financial Strategy Implications

5. The Treasury Management function is responsible for the effective management of the Council's investments, cash flows, banking, and money market transactions. It also considers the effective control of the risks associated with those activities and ensures optimum performance within those risk parameters.

Recommendation and Reasons

6. Executive is asked to note:
 - The 2024/25 performance of Treasury Management activity.
 - The Prudential Indicators outlined in Annex A and note the compliance with all indicators.

Reason: To ensure the continued effective operation and performance of the Council's Treasury Management function and ensure that all Council treasury activity is prudent, affordable and sustainable and complies with policies set.

7. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the 2024/25 financial year, the Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2024/25.
8. There are no policy changes to the Treasury Management Strategy Statement 2024/25 for members to agree and approve; the details in this report update the Treasury Management position and Prudential Indicators in the light of the updated economic position and budgetary changes already approved.

Background

9. This annual treasury management report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, and covers the following:
- A brief economic update for the 2024/25 financial year and interest rate forecast.
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
 - A review of the treasury position as at 31st March 2025.
 - A review of the Council's investment portfolio.
 - A review of the Council's borrowing strategy.
 - An update to the Prudential Indicators (set out at Annex A).
 - A review of compliance with the Treasury and Prudential Limits.

Economic Update

10. Financial year 2024/25 saw:
- Interest rates fall by a 75bps, taking Bank Rate from 5.25% to 4.50%.
 - UK Gilt yields being volatile through the year and gilt yields rising after the Chancellor's Autumn Statement, remaining elevated for the remainder of 2024/25 financial year.
 - CPI inflation fell to 1.7% y/y in September having been 2.3% y/y in April before rising back to 2.8% y/y in February.
11. In its latest monetary policy meeting ending on 19th March 2025, the Bank of England left interest rates unchanged at 4.5%. The Bank of England's evolving view of the medium-term outlook for inflation means there will be a gradual and careful approach to monetary policy and that it *'would need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term had dissipated further'*.

Interest Rate Forecast

12. Current interest rates and the future direction of both long term and short term interest rates have a major influence on the overall treasury management strategy and affects both investment and borrowing decisions.
13. Table 1 is MUFG Corporate Markets (formerly Link Group) interest rate forecast for both the bank base rate and long-term Public Works Loans Board (PWLB) Certainty borrowing rates (gilt yields plus 80 bps):

	Bank rate	PWLB borrowing rates %
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	%	(including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Mar 2025	4.50	5.00	5.30	5.80	5.50
Jun 2025	4.25	4.90	5.20	5.70	5.40
Sep 2025	4.25	4.80	5.10	5.60	5.30
Dec 2025	4.00	4.70	5.00	5.50	5.20
Mar 2026	3.75	4.60	4.90	5.40	5.10
Jun 2026	3.75	4.50	4.80	5.30	5.00
Sep 2026	3.75	4.40	4.70	5.20	4.90
Dec 2026	3.50	4.40	4.70	5.10	4.80
Mar 2027	3.50	4.30	4.60	5.00	4.70
Jun 2027	3.50	4.20	4.50	5.00	4.70
Sep 2027	3.50	4.20	4.50	4.90	4.60
Dec 2027	3.50	4.10	4.40	4.90	4.60
Mar 2028	3.50	4.00	4.40	4.80	4.50

Table 1 – Link’s interest rate forecast at 10th February 2025

Treasury Management Strategy Statement 2024/25

14. Full Council approved the Treasury Management Strategy Statement for 2024/25 on 22nd February 2024. Details can be viewed here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MID=13928#A167008> and here <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.
15. There are no investment policy changes and the details in this report do not amend the Statement.

Overall Treasury Position 31st March 2025

16. Table 2 shows the Councils net treasury debt and investment position for the financial year end 2024/25, shown with the 2023/24 financial year end position for comparison.

	Principal	Average Rate	Principal	Average Rate
	31/03/25	31/03/25	31/03/2024	31/03/2024
External Debt				
General Fund Borrowing	£190.59m	3.49%	£175.79m	3.42%

Housing Revenue Account (HRA) Borrowing	£140.86m	3.33%	£149.26m	3.31%
Total Borrowing	£331.45m	3.42%	£325.05m	3.37%
Other Long-term Liabilities inc. PFI	£46.74m		£41.74m	
Total External Debt	£378.19m		£366.79m	
Investments				
Investment balance	£10.09m	4.89%	£5.04m	4.86%
Net Treasury Position				
Debt less Investments	£368.10m		£361.75m	

Table 2 summary of year end treasury position as at 31st March 2025

Investment Portfolio Outturn 2024/25

17. The Treasury Management Strategy Statement includes the Council's Annual Investment Strategy outlining the Council's investment priorities as follows:
 - Security of capital
 - Liquidity
 - Yield
18. The Council's investment policy is governed by MHCLG guidance and sets out the approach for choosing investment counterparties based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The Council will also consider environmental, social and governance factors when placing investments after the core investment priorities of security, liquidity and yield have been assessed.
19. The Council continues to aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity and the Council's risk appetite.
20. The investment activity during the financial year 2024/25 conformed to the approved strategy, and the Council had no liquidity difficulties.
21. Investment returns the Council earns on its surplus cash is dependent on the level of cash held for investment purposes, cash backed reserves and cash flow requirements and is due to the timing of precept payments, receipt of grants, receipt of developer contributions, borrowing for capital purposes, payments to its suppliers of goods and services and spend progress on the Capital Programme. Cash balances are therefore only available on a temporary basis depending on cash flow movement.

22. Table 3 shows the current fixed term investments at 31st March 2025.

Institution Type	Principal Balance 31/03/25	Average Balance 01/04/24-31/03/25	Average Rate 01/04/24-31/03/25	Principal Balance 31/03/24	Average Principal 01/04/23-31/03/24	Average Rate 01/04/23-31/03/24
Fixed Term Deposits	£0.00m	£0.00m	0.00%	£0.00m	£0.00m	0.00%
Call / Notice	£0.00m	£0.00m	0.00%	£0.00m	£0.00m	0.00%
Money Market Funds	£9.00m	£28.62m	4.95%	£4.60m	£22.87m	5.02%
Cash in bank	£1.88m	£0.50m	0.00%	£0.44m	£0.37m	0.00%
Total Investments	£10.88m	£29.12m	4.89%	£5.04 m	£23.34m	4.86%

Table 3: Investment Portfolio by type at 31st March 2025

23. Figure 1 shows the investments portfolio held corporately by the Councils Treasury Management team split by cash in bank, deposits in short term call accounts, fixed term investments and Money Market Funds. Money Market Funds used have an AA+ credit rating and the cash in bank account has an AA- credit rating.

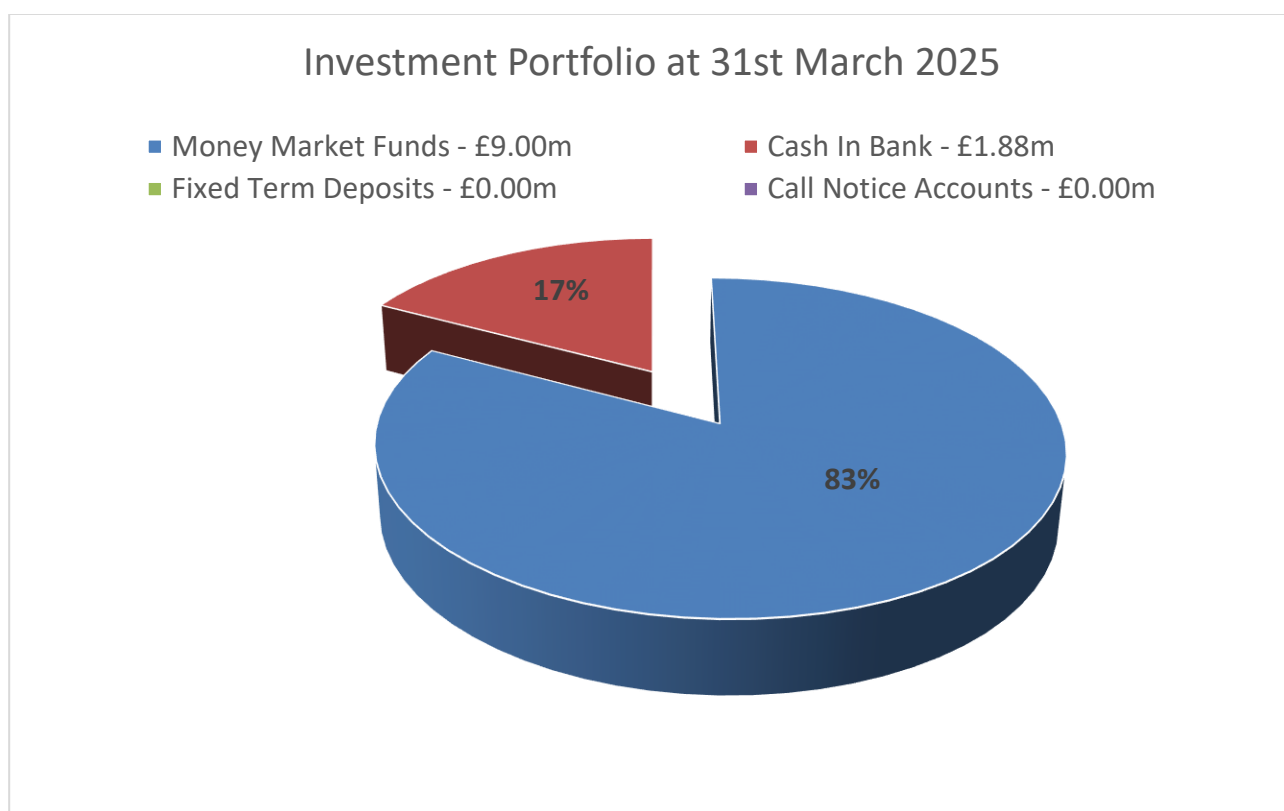


Figure 1 Investment Portfolio by type at 31st March 2025

24. The Council maintained an average investment balance of £29.108m in 2024/25 compared to £23.238m in 2023/24. The surplus funds earned an average rate of return of 4.89% in 2024/25 compared to 4.86% in 2023/24.

During 2024/25 all cash has been kept in liquid investments which has meant investments returns are not as high as market averages.

25. The level of average cash balances has increased slightly when compared to 2023/24 as borrowing to support the Council's capital programme spending has been taken in addition to the refinancing of the 2023/24 debt. Due to the timing of when debt has been drawn down and cash flow requirements, this has contributed to a slightly higher level of cash available for investment in 2024/25 although as interest rates available for investment balances have fallen the average rate of return in 2024/25 has stayed broadly similar to that seen in 2023/24 when the cash balances available for investment were lower but interest rates available were higher.
26. The Council uses a benchmark indicator to assess the Council's investment performance, and this is the average Sterling Overnight Index Average (SONIA). SONIA is based on actual transactions reflecting the average of the interest rates that banks pay to borrow sterling overnight.
27. The Council's average rate of return during 2024/25 is shown in table 4:

	2024/25 (Full year)	2023/24 (Full year)
Average CYC Rate of Return	4.89%	4.86%
Benchmark		
Average Overnight SONIA	4.90%	4.96%

Table 4: CYCs investment rate of return performance vs. SONIA benchmark

28. The average rate of return achieved for invested cash in 2024/25 has slightly increased compared to the average seen in 2023/24, due to the slightly higher cash balances available for investment despite interest rates available for investment now decreasing in line with base rate. The Council has kept cash in highly liquid Money Market Funds which provide instant access to cash. There is a slight time lag between the interest earned from investing in these Money Market Funds compared to the movements in base rate and overnight SONIA as Money Market Funds adjust their portfolios in a rising and falling interest rate environment.
29. Figure 2 shows the average SONIA rates for a number of investment durations compared with the Bank of England base rate and the Council's rate of return for the financial year 2024/25. It shows that the Council's average rate of return over the course of the financial year is tracking lower than, but broadly in line with, both Bank base rate and overnight SONIA rate. This is expected as cash has been held in liquid funds.

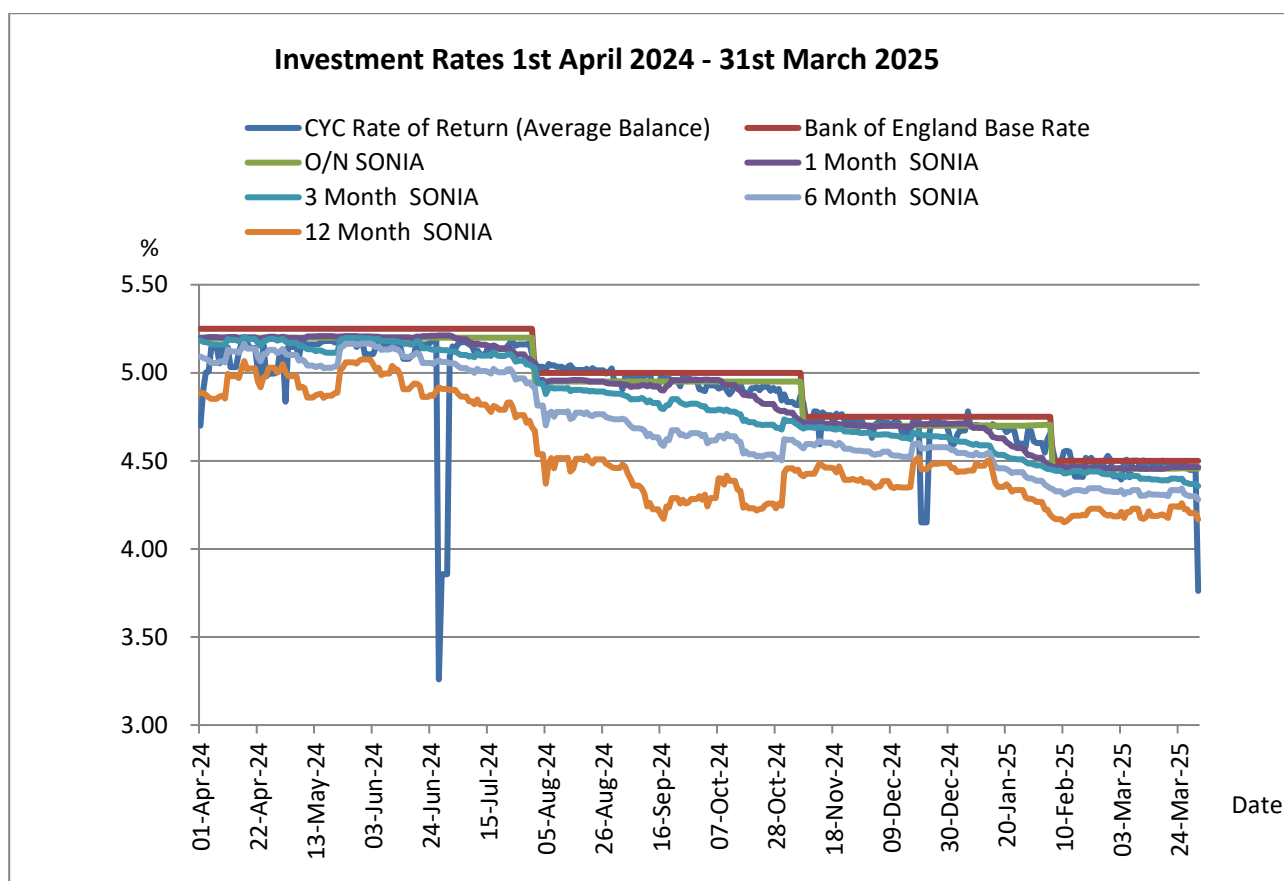


Figure 2 CYC Investments vs Bank of England base rate and SONIA up to 31st March 2025

Borrowing Requirement and Debt 31st March 2025

30. The Council undertakes long-term borrowing in accordance with the investment requirements of the capital programme and all borrowing is therefore secured for the purpose of its asset base.
31. Under regulation, the Council can borrow in advance of need and Markets are therefore constantly monitored and analysed to ensure that advantage is taken of favourable rates and the increased borrowing requirement is not as dependant on interest rates in any one year.
32. The level of borrowing taken by the Council is determined by the Capital Financing Requirement (CFR) which is the Councils underlying need to borrow for capital expenditure purposes. Borrowing needs to be affordable, sustainable and prudent.
33. On the reverse side, the Council's level of borrowing can also be below the Capital Financing Requirement. This would mean that instead of increasing the Council's level of borrowing, surplus funds held for investment purposes would be utilised.

34. Table 5 shows the Council's underlying need to borrow to finance capital expenditure (the CFR).

	31 March 2025 Actual (31 March 2025)	31 March 2025 Budget (As at TMSS)	31 March 2024 Actual (As at Outturn)*
CFR General Fund	£323.78m	£399.76m	£313.16m
CFR HRA	£139.91m	£149.33m	£147.34m
CFR Other Long-term Liabilities	£46.74m	£43.21m	£41.74m
Total CFR	£510.43m	£592.30m	£502.24m*

Table 5 Capital Financing Requirement 31st March 2025

*A £0.8k adjustment was made to the 2023/24 CFR of £503.04m reported in the 2023/24 Treasury Outturn report to give the final 2023/24 CFR of £502.24m reported in the above table.

35. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the interest rate forecast.
36. During 2024/25, the Council maintained an under-borrowed position. This meant that the capital borrowing need (the CFR) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. The under-borrowed position can be seen on the Councils Liability Benchmark graph as shown by the gap between the loans outstanding and CFR. This strategy was still prudent in 2024/25 as long-term borrowing rates have remained elevated across the curve.
37. Current PWLB borrowing rates remain elevated and while slight decreases have been seen during 2024/25 borrowing rates have not fallen as fast as predicted by the markets and forecasts have been revised to show borrowing rates remaining higher for longer, and while still forecasted to decrease over the medium and longer term, they are forecast to do so at a slower pace, with the expectation of gradual falls through 2025 and 2026. The reason for this is the current economic environment and the gilt market which PWLB rates are based on. As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.
38. Where debt is required to finance the capital programme the Treasury team look at temporary and short-term borrowing options if internal borrowing cannot be maintained and also look out for, and at, opportunities to draw down long term debt at more favourable rates should the opportunities arise through either PWLB or market borrowing in order to try to minimise the longer-term impact of debt costs.

39. The timing of when that debt is drawn down depends on the progress of the capital programme and the level of internal borrowing available financed by cash. Cash balances and internal borrowing were used in 2024/25, where cash flow allowed, to finance the capital programme and fund the under-borrowed position.
40. New borrowing was required in the first quarter and last quarter of 2024/25. The Council has taken six new loans from the PWLB which will require refinancing in 2025/26 (see Table 7). This has increased the Council's refinancing interest rate risk as a greater proportion of its overall debt will mature in 2025/26 (see figure 4), however this is still within the approved maturity limits set as part of Prudential Indicator 8.
41. The decision to take short term 1 year debt from PWLB was felt prudent as borrowing rates have remained elevated throughout 2024/25 (as noted in paragraph 37) and refinancing maturing loans on short maturity durations was a better option for the longer-term Treasury Management budget, meaning that higher interest rate loans mature sooner.
42. There is a continued element of interest rate risk to the Councils strategy of refinancing maturing 1 year loans short term, using internal borrowing and cash balances and delaying taking on long term debt. This is because the Council will have a cash requirement and refinancing requirement for a larger proportion of debt sooner (as can be seen in Figure 4) and will be more dependent on both borrowing rates available and movement in borrowing rates in the short term.
43. At the point of debt drawdown in 2024/25 interest rate forecasts showed a gradual decrease throughout 2025/26. If this occurs, then borrowing rates should be cheaper when refinancing the maturing 2024/25 1 year PWLB loans.
44. Treasury officers keep the overall borrowing portfolio position monitored to ensure any opportunities for longer term debt at favourable rates are considered and that loan maturities are within the approved maturity limits set as part of Prudential Indicator 8.

Borrowing Portfolio Outturn 2024/25

45. The Councils long-term borrowing started the year at a level of £325.05m. The current borrowing portfolio position as at 31st March 2025 is £331.45m.

	31 st March 2025			31 st March 2024		
Institution Type	No. of Loans	Principal	Average Rate	No. of Loans	Principal	Average Rate

<u>Public Works Loan Board</u> PWLB – Money borrowed from the Debt Management Office (HM Treasury)	56	£324.10m	3.44%	59	£317.70m	3.38%
<u>Market Loans</u> LOBO Loans – Lender Option Borrower Option	1	£5.00m	3.88%	1	£5.00m	3.88%
<u>West Yorkshire Combined Authority</u> WYCA – Zero interest loans the purpose of which are to help to fund York Central infrastructure projects.	4	£2.35m	0.00%	4	£2.35m	0.00%
Total Borrowing (GF & HRA)	61	£331.45m	3.42%	64	£325.05m	3.37%

Table 6 Current borrowing position 31st March 2025

46. During financial year 2024/25 6 new loans were taken totalling £49.80m. This borrowing was forecast and anticipated (see paragraph 39). The associated revenue implications were included in the annual budget setting process. These loans are detailed in the Table 7 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	30/04/2024	30/04/2025	£10.00m	5.39%	1.00
PWLB	26/02/2025	26/02/2026	£10.00m	4.89%	1.00
PWLB	28/02/2025	28/02/2026	£10.00m	4.88%	1.00
PWLB	21/03/2025	21/03/2026	£10.00m	4.84%	1.00
PWLB	28/03/2025	28/03/2026	£5.00m	4.89%	1.00
PWLB	28/03/2025	28/03/2026	£4.80m	4.49%	1.00
			£49.80M		

Table 7 New loans 2024/25

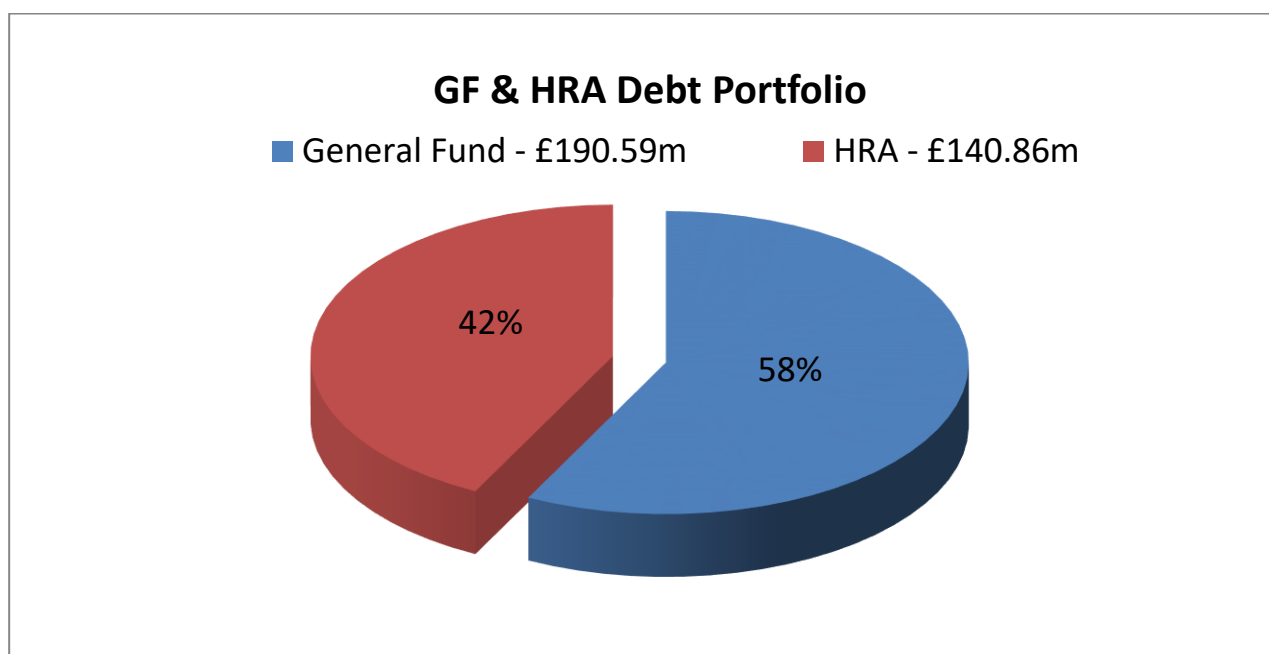
47. During financial year 2024/25 the following 9 existing loans matured. The total of maturing loans was £43.40m. These are detailed in the Table 8 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	13/10/2009	13/10/2024	£3.00m	3.910%	15.00

PWLB	23/11/2000	05/11/2024	£1.00m	4.750%	23.95
PWLB	03/04/2001	05/11/2024	£1.00m	4.750%	23.59
PWLB	29/01/2024	29/01/2025	£10.00m	5.350%	1.00
PWLB	28/02/2024	28/02/2025	£10.00m	5.460%	1.00
PWLB	27/03/2024	27/03/2025	£5.20m	5.390%	1.00
PWLB	27/03/2024	27/03/2025	£4.80m	4.990%	1.00
PWLB	28/03/2012	31/03/2025	£4.00m	2.870%	13.01
PWLB	28/03/2012	31/03/2025	£4.40m	2.870%	13.01
			£43.40m		

Table 8 Maturing loans in 2024/25

48. Refinancing of PWLB 1 year loans from 2023/24 in 2024/25 have been taken at lower rates than the previous years loans (as seen Table 7 and 8).
49. No loan rescheduling was carried out during the financial year 2024/25.
50. The Councils £331.45m of fixed interest rate debt, is split between £140.86m for HRA (£111.25m self-financing debt) and £190.59m for General Fund as shown in Figure 3.

**Figure 3 General Fund and HRA debt 31st March 2025**

51. Figure 4 illustrates the 2024/25 maturity profile of the Council's debt portfolio at 31st March 2025. The maturity profile, with the exception of 2025/26 which contains the maturing £49.80 PWLB 1 year loans taken in 2024/25 (shown in Table 7), shows that there is no large concentration of loan maturity in any one year, thereby spreading the interest rate risk dependency.

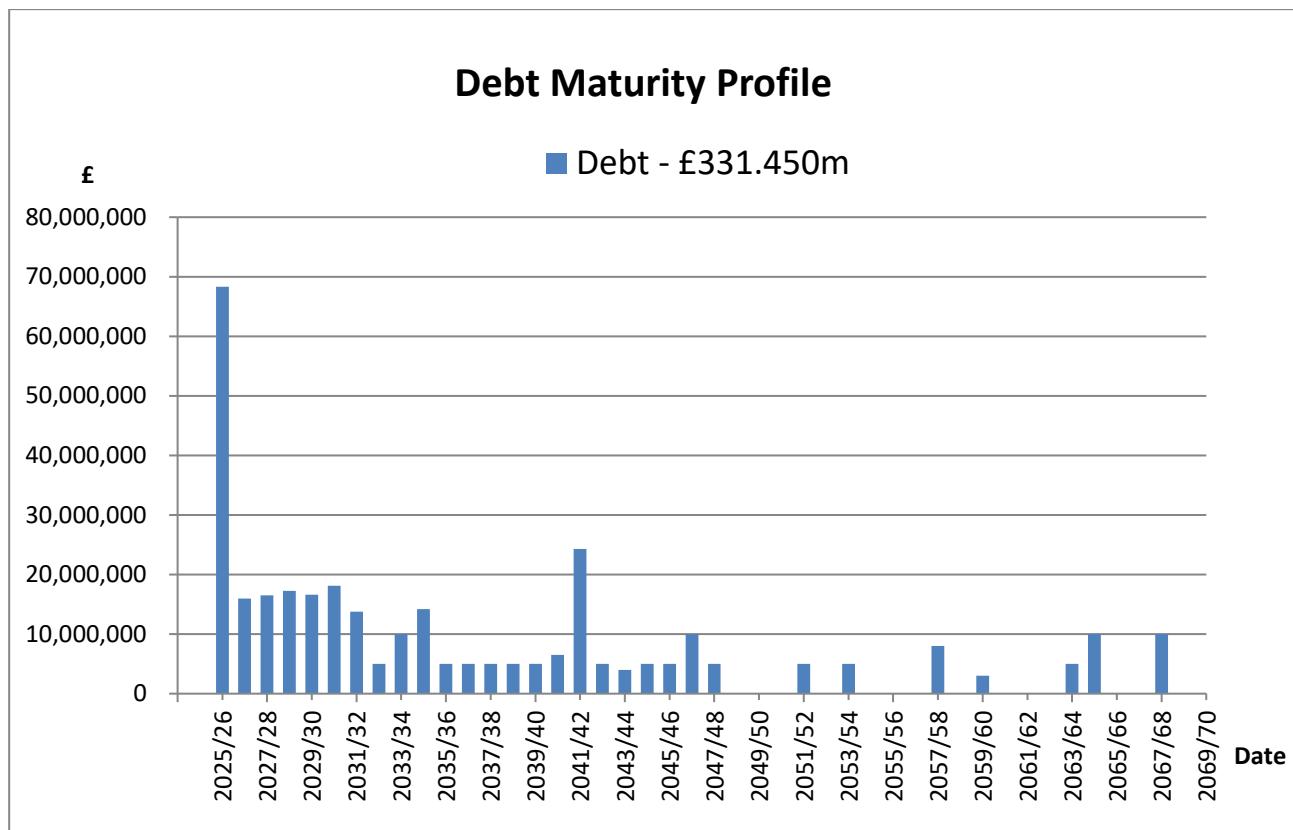


Figure 4 – Debt Maturity Profile at 31st March 2025

52. Table 9 shows PWLB Certainty borrowing rates available for selected loan durations between 1st April 2024 and 31st March 2025 at the highest, lowest and average rates.

	PWLB Certainty borrowing rates by duration of loan				
	1 Year	5 Year	10 Year	25 Year	50 Year
High	5.61%	5.34%	5.71%	6.18%	5.88%
Low	4.77%	4.31%	4.52%	5.08%	4.88%
Average	4.95%	4.86%	5.07%	5.56%	5.32%

Table 9 – PWLB Borrowing Rates 1st April 2023 to 31st March 2024

Compliance with Treasury policy Prudential Indicators

53. The Prudential Indicators for 2024/25 included in the Treasury Management Strategy Statement (TMSS) are based on the requirements of the Council's capital programme and approved at Budget Council on 22nd February 2024 and can be viewed here

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MID=13928#A167008> and here

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.

54. The Treasury Management budget was set in light of the council's expenditure plans and the wider economic market conditions, based on advice from MUFG Corporate Markets (formerly Link Group).
55. It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits" included in the Prudential Indicators. During the financial year 2024/25 the Council has operated within the treasury limits and Prudential Indicators set out.
56. An update of the Prudential Indicators is shown in Annex A.

Consultation Analysis

57. At a strategic level, there are a number of Treasury Management options available that depend on the Council's stance on interest rate movements. The Treasury Management function of any business is a highly technical area, where decisions are often taken at very short notice in reaction to the financial markets. As outlined in the Treasury Management Strategy Statement (TMSS) to enable effective treasury management, all operational decisions are delegated by the Council to the Director of Finance who operates within the framework set out in the TMSS and through the Treasury Management Policies and Practices. In order to inform sound treasury management operations, the Council works with its treasury management advisers, MUFG Corporate Markets (formerly Link Group).

Options Analysis and Evidential Basis

58. Treasury Management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a corporate process of consultation and consideration by the elected politicians.
59. The Treasury Management annual report and Prudential Indicators details the treasury management portfolio at 31st March 2025 and is for the review of the Executive Member for Finance to show compliance with Treasury policy and ensure the continued performance of the Treasury Management function.

Organisational Impact and Implications

60. The Treasury Management function aims to achieve the optimum return on investments commensurate with the proper levels of security, and to minimise

the interest payable by the Council on its debt structure. It thereby contributes to all Council Plan priorities.

- ***Financial*** - The financial details of the Treasury Management annual report are contained in the body of the report.
- ***Human Resources (HR)*** - n/a
- ***Legal*** – Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.
- ***Procurement*** - n/a
- ***Health and Wellbeing*** - n/a
- ***Environment and Climate action*** - n/a
- ***Affordability*** - The financial implications of the Treasury Management annual report are contained in the body of the report and as set out in the Prudential Indicators at Annex A.
- ***Equalities and Human Rights*** - n/a
- ***Data Protection and Privacy*** - n/a
- ***Communications*** - n/a
- ***Economy*** - n/a.
- ***Specialist Implications Officers*** - n/a

Risks and Mitigations

61. The Treasury Management function is a high-risk area because of the volume and level of large money transactions. As a result, there are procedures set out for day-to-day Treasury Management operations that aim to reduce the risk associated with high volume high value transactions as set out as part

within the Treasury Management Strategy Statement at the start of each financial year. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Wards Impacted

All

Contact details

For further information please contact the authors of this Decision Report.

Author

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Service Area:	Corporate Finance
Email:	Debbie.mitchell@york.gov.uk
Report approved:	Yes
Date:	19/06/25

Co-author

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Email:	Tony.clark@york.gov.uk
Report approved:	Yes
Date:	19/06/25

Background papers

- Treasury Management Strategy Statement and Prudential Indicators for 2024/25 to 2028/29 and Annexes A, B, C and D to that report.
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=13934&Ver=4>.

Annexes

- Annex A – Prudential Indicators 2024/25 Outturn (31.03.25)

Glossary of Abbreviations used in the report

CIPFA	Chartered Institute of Public Finance & Accountancy
CFR	Capital Financing Requirement
CPI	Consumer Prices Index
CYC	City of York Council
GDP	Gross Domestic Product
GF	General Fund
HRA	Housing Revenue Account
MHCLG	Ministry of Housing, Communities and Local Government
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
PWLB	Public Works Loan Board
SONIA	Sterling Overnight Index Average
TMSS	Treasury Management Strategy Statement

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Meeting:	Audit & Governance Committee
Meeting date:	30/07/2025
Report of:	Debbie Mitchell, Director of Finance (S151 Officer)
Portfolio of:	Councillor Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: External Audit Fees

Subject of Report

1. The report provides an overview of how external audit fees are set for Councils that have opted into the Public Sector Audit Appointments (PSAA) scheme. The process includes determining a national fee scale, conducting consultations, publishing final fees, and handling any fee variations.

Recommendation and Reasons

2. Note the contents of the report.

Reason

To keep the Committee informed.

Analysis

3. The PSAA sets a scale of fees for each financial year, applicable to all opted-in local authorities. The scale is determined after:
 - Consulting with audited bodies and stakeholders.
 - Considering changes in audit requirements, standards, and inflationary pressures.

- Reviewing the volume and complexity of audit work required under the Code of Audit Practice issued by the National Audit Office.
4. Each year, PSAA conducts a consultation, usually around September/October for the following year. For 2024/25, a 9.5% increase in total scale fees was proposed to reflect both the additional audit work needed under the revised standards and a contractual inflationary increase of audit firms.
 5. The final fee scale must be published before 1 December of the preceding year and cannot be amended afterward. For example, the 2024/25 fee scale was published in November 2024.
 6. Appointed auditors collect the fees on behalf of PSAA and Councils must pay the fees as determined by PSAA under the Local Audit (Appointing Person) Regulations.
 7. If there are local circumstances or national changes that require more audit work (such as complex financial issues or investigations), auditors can request fee variations. These are reviewed and approved by PSAA. The fees charged to the Council are set out in the table below. Note that some charges are paid in a different year, such as the £90k for 2021/22 which was not agreed and paid until 2024/25.

	2021/22	2022/23	2023/24	2024/25
Original Fee	78	97	284	310
Additional fee	90	51		
Fees for other services (grant claims, etc.)	19.6	27	38.5	38.5
Total	187.6	175	322.5	348.5

Table of CYC audit costs

8. There are a number of factors contributing to the increasing cost of external audit. These include:
 - Increased Audit Workload: Revised auditing standards require more detailed and extensive audit procedures, including additional testing and documentation.

- **Contractual Inflationary Increases:** Audit firms are entitled to inflation-linked fee uplifts under their contracts with PSAA.
- **Audit Backlog and Recovery Costs:** The local audit system has faced a significant backlog, with many councils experiencing delays in receiving audit opinions.
- **Systemic Reform and Complexity:** The Code of Audit Practice and financial reporting frameworks have become more complex.
- **Fee Variations:** Significant fee variations still occur due to local issues or additional regulatory requirements. For York, this has mainly been linked to the need to investigate formal objections to the annual accounts.

9. Local audit in England is undergoing significant reforms to address longstanding issues and improve effectiveness. The key aspects of the reform strategy are:

- **Establishment of the Local Audit Office (LAO):** This will be a new statutory and independent body, to provide system leadership. It will have five strategic responsibilities: coordinating the system, managing contracts, owning the Code of Audit Practice, overseeing quality, and reporting.
- **Simplifying financial reporting** – the government aims to simplify financial reporting to ensure they are proportionate and not overly burdensome.
- **Enhancing capacity and capability in the system.** The government has highlighted a lack of auditors, with a limited number of firms operating in the sector.
- This was all out for consultation which was due to be completed by the end of January 2025. Government plan to lay legislation before parliament mid-2025 and have the LAO up and running by 2027/28.

Contact details

For further information please contact the author(s) of this Report.

Author

Name:	Debbie Mitchell
Job Title:	Director of Finance
Report approved:	Yes
Date:	17/07/2025

Annexes

none



Meeting:	Audit & Governance Committee
Meeting date:	30/07/2025
Report of:	Director of Finance (S151 Officer)
Portfolio of:	Councillors Lomas and Baxter (job-share), Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report:

External Audit Progress Report

Subject of Report

1. The purpose of this report is to present the latest audit progress report from Forvis Mazars, the Council's external auditors. This can be found at Annex A.

Recommendation and Reasons

2. Note the matters set out in the Audit Progress Report presented by the external auditor.

Reason

To ensure the proper consideration of the progress of the external auditor in respect of the annual audit of accounts and review of the council's arrangements for ensuring value for money

Contact details

For further information please contact the authors of this Report.

Author

Name:	Emma Audrain
Job Title:	Technical Accountant
Service Area:	Corporate Finance
Report approved:	Yes
Date:	17.7.2025

Annexes

A – External Audit Progress Report July 2025



Draft Audit Strategy Memorandum

City of York Council – Year ending 31 March 2025

July 2025

Audit and Governance Committee Members
City of York Council
West Offices
Station Rise
York
YO1 6GA

Forvis Mazars
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

30 July 2025

Dear Audit and Governance Committee Members,

Audit Strategy Memorandum – Year ending 31 March 2025

We are pleased to present our Audit Strategy Memorandum for City of York Council for the year ending 31 March 2025.

This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing City of York Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 0191 383 6339.

This report was prepared solely for the use and benefit of the Audit and Governance Committee, and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Yours faithfully



Mark Outterside

Forvis Mazars

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- 01 Engagement and responsibilities summary
- 02 Your audit team
- 03 Audit scope, approach, and timeline
- 04 Materiality and misstatements
- 05 Significant risks and other key judgement areas
- 06 Value for Money
- 07 Audit fees and other services
- 08 Confirmation of our independence

Appendix A – Key communication points

Appendix B – Current year updates, forthcoming accounting and other issues

This document is to be regarded as confidential to City of York Council. It has been prepared for the sole use of the Audit and Governance Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Engagement and responsibilities summary

Engagement and responsibilities summary

We are appointed to perform the external audit of City of York Council (the Council) for the year to 31 March 2025. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

Our audit does not relieve management or the Audit and Governance Committee, as those charged with governance, of their responsibilities.

The Director of Finance is responsible for the assessment of the Council's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements.

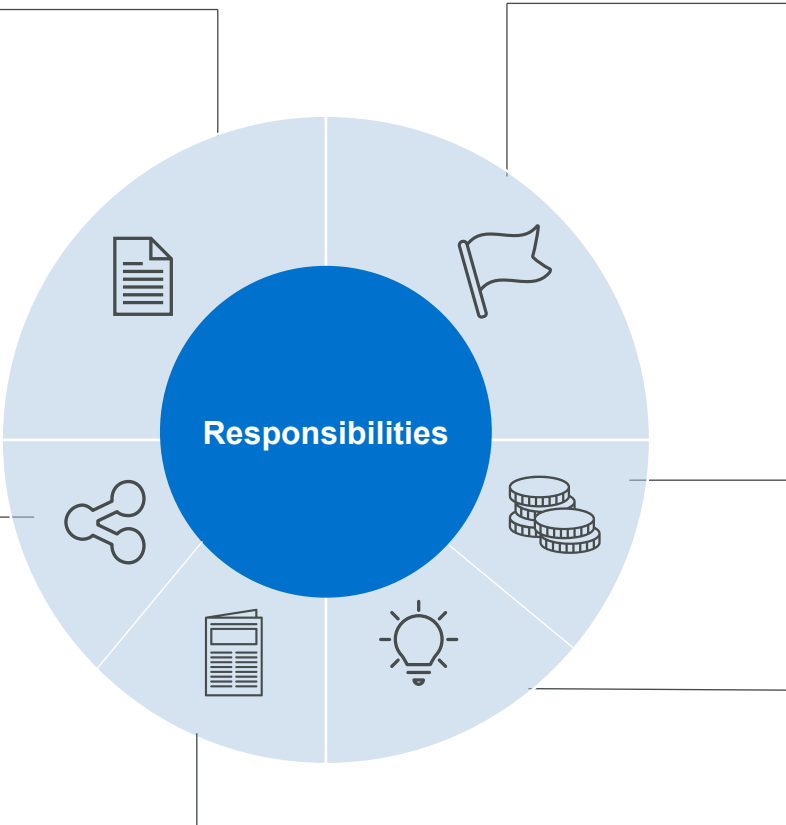
Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of York Council's internal control.

Whole of Government Accounts

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you, key management personnel and internal audit on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the 'Value for Money' section of this report.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Your audit team

Your audit team

Your engagement team will be led by Mark Outterside

Who	Role	E-mail
Mark Outterside	Engagement lead	mark.outterside@mazars.co.uk
Louise Stables	Engagement manager	louise.stables@mazars.co.uk
Gaurav Ghandi	Engagement team leader	gaurav.ghandi@mazars.co.uk

An Engagement Quality Reviewer (EQR) has been appointed for this engagement.

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Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based Approach



Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

The diagram on the next page outlines the procedures we perform at the different stages of our audit.

Management's and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

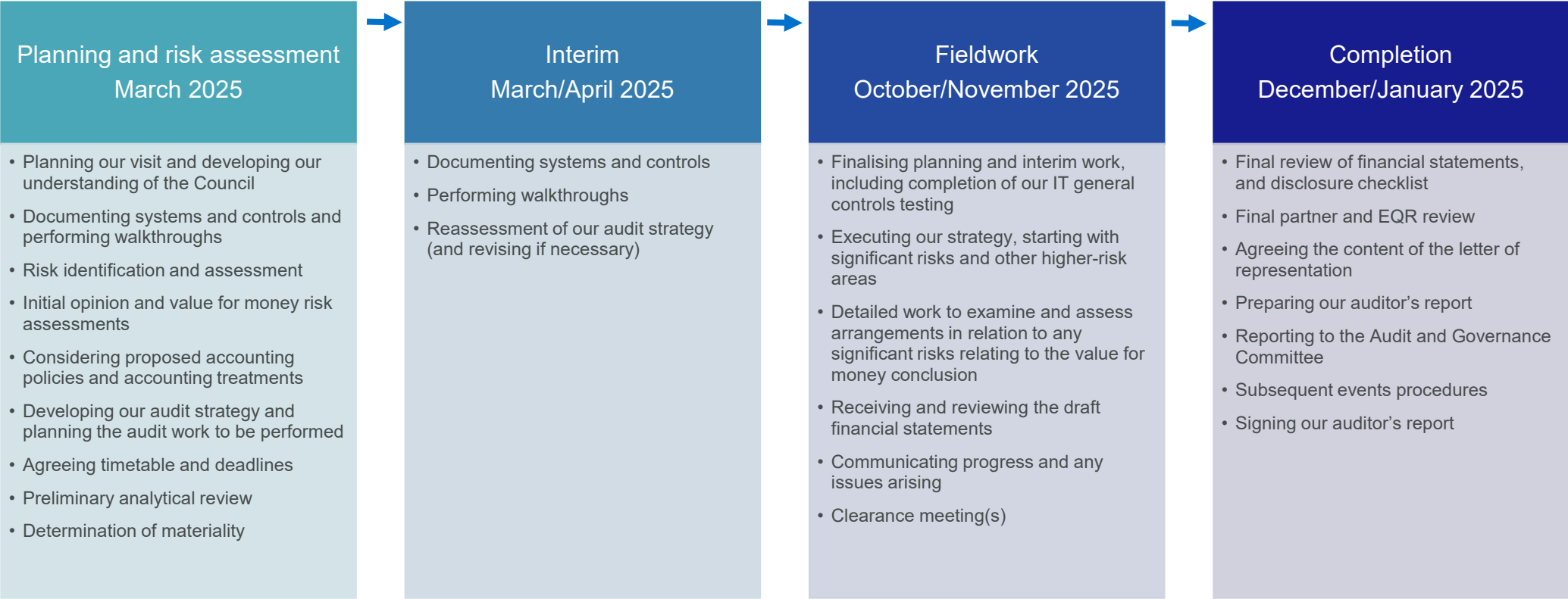
Item of account	Management's expert	Our expert
Net defined benefit asset/liability	AON Hewitt Limited (Actuary)	PwC as consulting actuary, appointed centrally by the National Audit Office (NAO).
Property, plant and equipment	At the planning stage we have identified the Council's internal auditor as management's expert in this area.	We will consider relevant information which is available from third parties. We will engage our internal valuation team to review the valuation of the Allerton West Recycling Plant.
Financial Instruments	Link Asset Services	We do not expect to engage an audit expert to assess the reasonableness of your expert's financial instrument valuation estimates.

Service Organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Council that are part of its information systems relevant to financial reporting.

We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. We have not identified any service organisations used by the Council.

Audit scope, approach, and timeline



Audit scope, approach, and timeline

Follow up on deficiencies in internal control

Set out below are the deficiencies in internal control that we identified during our prior period audit. During the course of the audit, we will request that you and management provide us with evidence of the progress made to address these deficiencies. We will report an update on the progress made for each significant deficiencies in internal control detailed below in our Audit Completion Report.

Description of deficiency

When testing the Council's equity investments, we noted that the Council used the 2022/23 accounts of the invested entities to value their investment at 31st March 2024, as opposed to the 2023/24 accounts. In addition, no review took place to assess whether there were any circumstances that would mean the 2022/23 information was not indicative of the value as at 31 March 2024.

Potential effects

The reported investment value may be misstated and out of date.

Recommendation

The Council should ensure they perform a review of the equity investments to ensure the investment valuations are accurate and reflective of the value at 31st March 2024. This could include liaising with the entities to obtain actual figures.

Management response

When calculating the fair value of the equity instruments the Council uses the most recently publicly available published audited accounts. This is to allow for verification of the fair values calculated and disclosed in the Council's accounts. As most of the invested entities have the same financial year end as the Council this means that it is the case that the most recent audited publicly available accounts are prior year. In respect to council owned companies, we will review these values based on latest known financial information available to the council.

Audit scope, approach, and timeline

Follow up on deficiencies in internal control (continued)

Description of deficiency

As part of our testing on land, buildings, surplus assets and investment property valuations, we identified several arithmetic and transposition errors in the valuation certificates.

Potential effects

The valuation of land, buildings, surplus assets and investment properties could be misstated.

Recommendation

The Council's valuation team should implement a check of the valuation certificates and subsequently technology forge to ensure the valuations have been accurately recorded.

Management response

The Council's valuation team do currently check valuation certificates, but we will review this process and see if any improvements can be made for future years. It should be noted that most of the errors we are aware have been found so far are relatively small.

Description of deficiency

As part of our testing on land, buildings, surplus assets and investment property valuations, there were instances where the Valuer could not provide the evidence used in the January 2024 valuation (such as income schedules, BCIS reports, etc.).

Potential effects

We may be unable to get sufficient, appropriate evidence to support our testing on valuations.

Recommendation

We recommend that all evidence supporting the valuation of the Council's portfolio is retained.

Management response

The majority of the evidence requested was supplied, but there were a small number of cases where it was not possible to locate the original evidence. We will work with our valuers to seek to improve this for future years.

Audit scope, approach, and timeline

Follow up on deficiencies in internal control (continued)

Description of deficiency

When performing the year end valuation of the Council’s portfolio, the Council’s Internal Valuer produces a final covering memo, however this does not fulfil all the requirements of the RICS Red Book.

Potential effects

We are unable to confirm whether the valuation was conducted in line with the terms of reference.

Recommendation

We recommend that a covering report is produced to accompany the valuation. This report should provide sufficient detail to comply with the RICS Red Book and include the basis of the valuation, the methodology used, the nature and source(s) of information relied upon and any assumptions or limitations.

Management response

As in previous years, the Valuations team provide a signed covering report which they believe meets the requirements of the RICS red book, when viewed alongside the individual valuation certificates and commissioning memo cross referenced which already sets out key assumptions. We will work with Audit in 24/25 to understand what additional information they would expect to see.

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit and Governance Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that 2% gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure at surplus/deficit level.

As set out in the table below, based on the draft 2024/25 financial statements we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £10.4m (£9.9m in the prior year), and performance materiality to be in the region of £7.8m (£7.4m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£10,400k	£9,900k
Performance materiality	£7,800k	£7,400k
Clearly trivial	£312k	£300k
Specific materiality: Senior Officers' Remuneration	£10k	£5k
Specific materiality: Termination payments and exit packages	£20k	£20k

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to you and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £312k, based on 3% of overall materiality. If you have any queries about this, please raise these with me.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to you as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach set out in the ‘*Audit scope, approach, and timeline*’ section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. As required by auditing standards, a fraud risk is always assessed as a significant risk.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to Audit and Governance Committee.

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management Override of Controls	●	○	○	<p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial instruments by overriding controls that otherwise appear to be operating effectively.</p> <p>Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
2	Valuations of land, buildings, surplus assets and investment property	○	●	●	<p>Council Dwellings £585m, other land and buildings £408m are the Council's highest value assets. The balance sheet also includes investment properties totalling £72m and surplus assets totally £23m.</p> <p>Per the CIPFA Code, each of these class of asset requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate value at that date.</p> <p>Management engages its own valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements but there remains a high degree of estimation uncertainty associated with the valuation of land and buildings because of the significant judgments and number of variables involved.</p>	<p>We will:</p> <ul style="list-style-type: none"> critically assess the Council's arrangements for ensuring that land and buildings, investment property and surplus asset valuations are reasonable and not materially misstated; critically assess the basis of valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by valuers; consider the competence, skills and experience of the valuers and the instructions to the valuers; substantively test a sample of revaluations; critically review the Council's own considerations of assets not revalued in the year and why they are not materially misstated; and where necessary, perform further audit procedures on individual assets to ensure that the basis of valuations is appropriate.

Significant risks and other key judgement areas

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
3	Net defined benefit asset/liability valuation	○	●	●	The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions.	<p>We will address this by:</p> <ul style="list-style-type: none">critically assessing the competency, objectivity and independence of the North Yorkshire Pension Fund's Actuary;liaising with the auditors of the North Yorkshire Pension Fund to gain assurance over the design and implementation of controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;reviewing the appropriateness of the Pension Asset and Liability Valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; andagreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

Significant risks and other key judgement areas

Other key areas of management judgement that we have determined as enhanced risks

	Risk name	Error	Judgement	Risk description	Planned response
1	Accounting for leases under IFRS 16	○	●	<p>IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Council will recognise lease liabilities and corresponding right of use assets.</p> <p>The new standard also applies to the Council’s Private Finance initiatives (PFI) arrangements from 1 April 2024.</p> <p>On transition to IFRS 16 on 1 April 2024, the Council will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the general fund balance at that date.</p> <p>This is a complex area therefore we have assessed it as a key area of management judgement and an enhanced risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> critically review the accuracy and completeness of the Council's assessment of leases under IFRS 16; review the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset; we will review the work that the Council has carried out for the implementation of IFRS16 to PFI contracts on 1 April 2024; and we will substantively test PFI lease balances to ensure they have been correctly classified and accurately measured under the new standard. This will involve targeted review of the models the Council have applied to derive balances for presentation in the financial statements.

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek your views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between City of York Council and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to the Audit and Governance Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

We do not intend to rely on the work of internal audit. Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit to determine whether any findings will have an impact on our risk assessment and planned audit procedures.

06

Value for Money

Value for money

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

This will be the first audit year where we are undertaking our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor’s report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council’s arrangements in the Auditor’s Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor’s Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor’s Annual Report). Further information will be provided in Appendix A.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council’s arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	Obtaining an understanding of the Council’s arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none">• NAO guidance and supporting information• Information from internal and external sources including regulators• Knowledge from previous audits and other audit work undertaken in the year• Interviews and discussions with staff and members
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor’s Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement; and• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Identified risks of significant weaknesses in arrangements

The NAO’s guidance requires us to carry out work at the planning stage to understand the Council’s arrangements and to identify risks that significant weaknesses in arrangements may exist.

At the time of drafting this report, we have not completed our planning and risk assessment work. We will report any identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

Audit fees and other services

Audit fees and other services

Fees set by Public Sector Audit Appointments (PSAA) for work as the Council’s appointed auditor

The fees (exclusive of VAT) for the year ended 31 March 2025 are outlined below.

The fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Code Audit Work	£309,913	£284,032
Additional fees in respect of ISA 315 not currently included in the fee set by PSAA	N/A – incorporated into the above scale fee for 2024/25	£15,690
Additional fees in respect of letters received from the public	TBC	£10,440
IFRS 16 Accounting for Leases – implemented from 1 April 2024	TBC	N/A

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section ‘Confirmation of our independence’.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Other services - Housing Benefits Subsidy Assurance	TBC	£29,000
Other services - Teachers’ Pensions Assurance	TBC	£9,500

Confirmation of our independence

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and City of York Council that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of City of York Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to City of York Council, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC’s Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with me in the first instance.

Prior to the provision of any non-audit services, Mark Outterside will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 1 July 2021 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog

Appendix A: Key communication points

We value communication with the Audit and Governance Committee, as a two-way feedback process is at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor's Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor's Annual Report by 30th November following each year end. For the 2024/25 audit, this means that we must issue our draft Auditor's Annual Report by 30 November 2025, whether our audit is complete or not.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor's Annual Report. In such instances, we will issue an Interim Auditor's Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or Value for Money arrangements work, we will re-issue the Auditor's Annual Report which will include an updated commentary on Value for Money arrangements.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and the Audit and Governance Committee.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • Inquiries with the Audit and Governance Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Audit and Governance Committee meetings, audit planning meeting, and audit clearance meeting

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Council or the Audit and Governance Committee in the context of fulfilling your responsibilities. 	Audit Completion Report

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm’s strategies and priorities • Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.) • Identify, design, and implement responses as part of the process to strengthen our firm’s internal control environment and overall quality • Evaluate responses and remediate control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

Current and forthcoming accounting issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2019

IFRS 16 Leases (Issued January 2016)

- IFRS 16 Leases (IFRS 16) will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17. Lessees will need to recognise right of use assets and associated lease liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed. Subsequent to initial recognition, a service concession arrangement liability will subsequently measured following the principles set out in IFRS 16. The introduction of this standard is likely to lead to significant work being required in order to identify all leases and service concession arrangements to which the Council (and its schools) are party to. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed. IFRS 16 was adopted by the Code of Practice on Local Authority Accounting in 2024/25.

Effective for accounting periods beginning on or after 1 January 2023

IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements. As IFRS 18 was only issued in April 2024 it has yet to be adopted by the Code of Practice on Local Authority Accounting in 2024/25 therefore the applicability to local government is to be determined.

Contact

Forvis Mazars

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Meeting:	Audit and Governance Committee
Meeting date:	30/07/25
Report of:	Head of Internal Audit (Veritau)
Portfolio of:	Cllrs Lomas and Baxter Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: Counter Fraud Progress Report

Subject of Report

1. This report provides an update on counter fraud work undertaken so far in the year.

Policy Basis

2. The committee is responsible for the overview and effectiveness of counter fraud arrangements.

Recommendation and Reasons

3. The Audit and Governance Committee is asked to:
 - Note current and planned counter fraud activity.

Reason

To enable members to consider the progress of counter fraud work in the current financial year.

Background

4. Fraud is a significant risk to the public sector. Annual losses due to fraud and error are estimated as being as high as £81 billion in the United Kingdom. Veritau are engaged to deliver a counter fraud service for the council. The service helps mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected.
5. Annex 1 to this report provides an update on work undertaken by the counter fraud team in the current financial year. This includes details of proactive work to raise awareness to and manage the risk of fraud against the council. It also reports on the results of investigative work completed by the team.

Consultation Analysis

6. No consultation was required in the preparation of this report.

Risks and Mitigations

7. None.

Contact details

For further information please contact the authors of this Report.

Author

Name:	Max Thomas
Job Title:	Head of Internal Audit
Service Area:	Veritau Limited
Telephone:	01904 552940
Report approved:	Yes
Date:	18/07/2025

Background papers

- 73. Counter Fraud Plan 2025/26

Annexes

- Annex 1: Counter Fraud Progress Report

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Counter Fraud Progress Report 2025/26

Date: 30 July 2025

ANNEX 1

CONTENTS

- 3** Background
- 3** Counter Fraud Management
- 4** Multi-Agency Work
- 4** Investigative Work
- 6** Appendix A – Summary of Investigative work



BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and only a fraction of this was detected². Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau provides a corporate fraud service to City of York Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the council's counter fraud framework and associated policies.
- 4 The purpose of this report is to update the Committee on counter fraud activity in 2025/26.



COUNTER FRAUD MANAGEMENT

- 5 Over the past nine months Veritau has been undertaking compliance checks on fraud referrals that would not normally be passed for investigation, usually as the estimated value of any fraud or error is low and they would be uneconomic to investigate criminally. The checks are being trialled in three service areas – council tax, council tax support, and parking. Following receipt and review of a fraud referral members of the public are contacted and encouraged to report any changes in their circumstances that might affect their entitlement. If someone reports a change as part of this process, then they will be asked to repay any loss to the council but will not be subject to punitive action. These checks help the council to minimise losses due to low level fraud and error in a cost-effective way. Twenty-eight compliance checks have been completed to date with six people reporting a significant change to their circumstances. The checks have resulted in the council issuing invoices for £4,500 and prevented further losses of £2,900 should the discounts have remained in place.
- 6 In May the council participated in a National Day of Action against Blue Badge fraud alongside other councils across the country. The exercise involved making checks on all blue badges displayed in the city to determine if they were being properly used by legitimate badge holders. The counter fraud and parking enforcement teams worked together to

¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

² [An overview of the impact of fraud and error on public funds](#), National Audit Office

check 75 badges on the day which resulted in three penalty charge notices (PCNs) being issued, and three investigations were instigated.

- 7 Veritau is responsible for maintaining and promoting the whistleblowing policy for the council. Working with officers in Human Resources, Veritau helps to ensure that all whistleblowing concerns are identified, logged, and appropriately addressed. Every year we work with the communications team to raise awareness of whistleblowing procedures with employees. The latest campaign took place in June as part of World Whistleblowers' Day.
- 8 Bespoke training has been provided to the creditors team on cybersecurity issues, a presentation was made to the HR department about joint working process with the counter fraud team, and fraud awareness sessions have been held with two social care teams – the community duty and intensive support teams.
- 9 The counter fraud team is an active participant in regional and national counter fraud groups. In April Veritau attended the Yorkshire Fraud Investigator group to discuss regional and national fraud trends. In May, Veritau represented the council at a liaison meeting between councils, the Public Sector Fraud Authority (PSFA), and Tom Hayhoe, the recently appointed Covid Counter-Fraud Commissioner.
- 10 Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti Fraud Network (NAFN). When Veritau identifies threats that could affect other local authorities then a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included fraudulent cheques being used to make payments to councils, details of a person who was found committing career polygamy fraud by working for multiple authorities at the same time, and details of a successful mandate fraud where a NAFN member made a £230k payment to fraudsters.



MULTI-AGENCY WORK

- 11 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The results of the 2024/25 datamatching exercise (9000 data matches) are currently being reviewed by the counter fraud team and other services across the council.



INVESTIGATIVE WORK

- 12 Between 1 April 2025 and 30 June 2025, the counter fraud team received 66 referrals of suspected fraud. Nineteen investigations have been completed this year and there are currently 84 cases underway. One person accepted a formal caution in lieu of prosecution for the misuse of a deceased relative's blue badge. One internal investigation has been completed. One fraudulent application to the York Financial Assistance

Scheme has been blocked. Six people have received formal warnings for fraud relating to the council tax reduction scheme, the misuse of blue badges, and the council's residential parking scheme. Invoices for loss to the council have been issued in two further cases.

- 13 The team has completed six verification checks on applications for Right to Buy and school placements. Thirteen compliance checks have been completed.
- 14 Counter fraud savings³ are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date £105k of counter fraud savings have been identified.

³ Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year), the value of applications that would have been successful, eg Right to Buy or Financial Assistance, and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2025/26

The tables below summarise the results of investigative work to date.

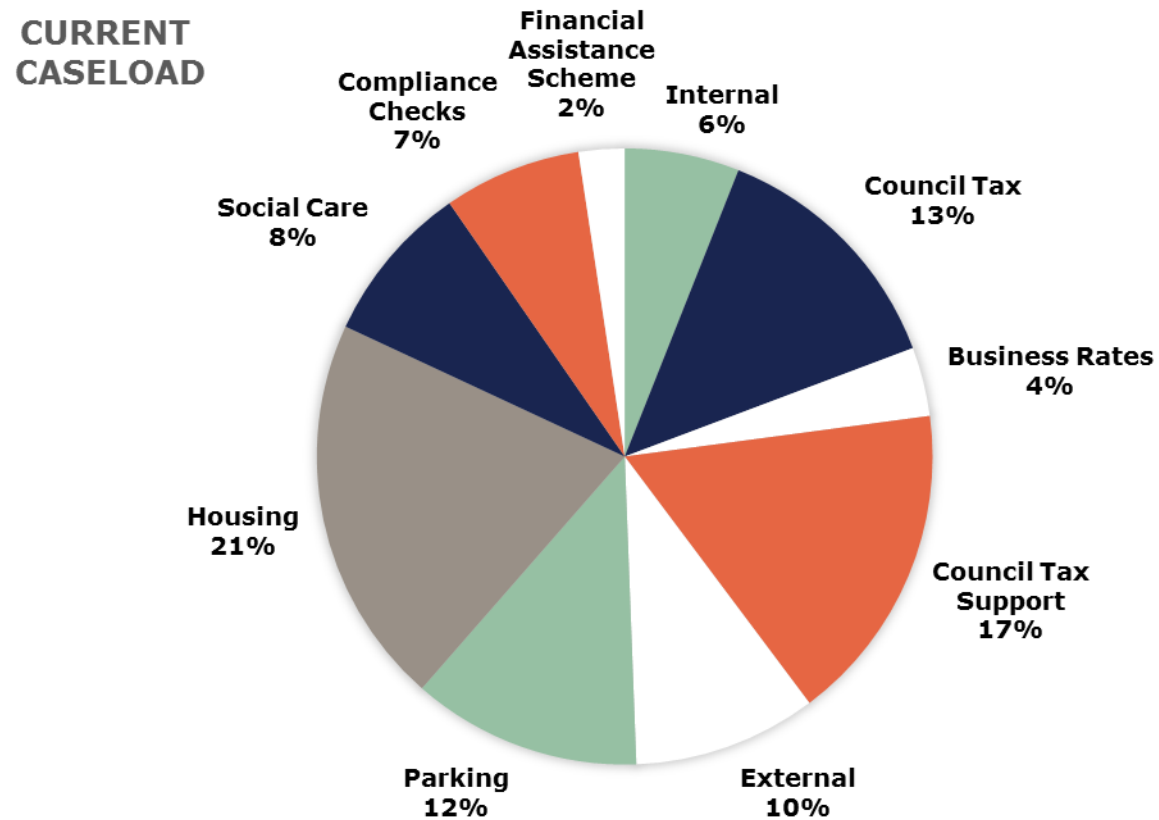
	2025/26 (As at 30/06/25)	2025/26 (Target: Full Yr)	2024/25 (Actual: Full Yr)
Amount of counter fraud savings (quantifiable savings - eg repayment and prevention of loss) identified through fraud investigation	£105,090	£200,000	£244,639
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	58%	30%	48%

	2025/26 (As at 30/06/25)	2024/25 (Full Year)
Referrals received	66	428
Number of cases under investigation	84	84 ⁴
Number of investigations completed	19	119
Number of compliance checks completed	14	14
Number of verifications completed ⁵	6	124

⁴ As at the end of the financial year (ie 31/03/2025)

⁵ Verification cases are reviews of applications for Right to Buy and school placements.

The following chart shows the proportion of different case types under investigation (84) as at 30 June 2025.



Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"> • Housing fraud – There are 17 investigations ongoing in this area. The majority of cases investigated by the team relate to sub-letting and abandonment of council properties, however the team also investigates false applications to the Housing Register, Right to Buy, homelessness and mutual exchanges. Four investigations have been completed to date. • Adult Social Care fraud – The team has completed one investigation in this area and seven are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Investigation work has led to £56k of loss being identified to date. • Internal fraud – Two internal fraud investigations have been completed in the first quarter of 2025/26. There are five cases ongoing. • Council Tax and business rates fraud – Council Tax fraud often involves households falsely claiming single person discount, however other types of discounts can also be abused. Business rate fraud relates to false or incorrect claims for discounts like small business rate relief. Four investigations have been completed to date and 14 are ongoing. Eight compliance checks have been completed in this area which resulted in three people being invoiced for unpaid Council Tax. • External (or third party) fraud – Fraud in this area relates to financial scams perpetrated against the council, eg mandate fraud or cybercrime. There are eight ongoing investigations. • Parking fraud – Parking fraud usually relates to blue badge abuse, however the team also investigate the misuse of residential parking permits by landlords of holiday lets. Seven investigations have been completed – five relating to blue badges and two to parking permits. One person accepted a formal caution in lieu of prosecution. Four people have received formal warnings

Activity	Work completed or in progress
	<p>for the misuse of blue badges. One holiday let owner has had their residential permit removed and been issued a warning about misuse of the permit scheme.</p> <ul style="list-style-type: none"> • Council Tax Support fraud – One council tax support (CTS) case has been completed and there are 11 under investigation. Fraud in this area can occur when claimants provide false information when they apply for support or if they fail to declare changes to their income or assets. Five compliance checks have been completed – these did not identify any problems with claims. • York Financial Assistance Scheme fraud – The YFAS scheme provides help to residents who are facing financial difficulties or emergency situations. Fraudulent applications can be made by people misrepresenting their circumstances and/or residency. One investigation has been completed to date and two cases are under investigation. The completed investigation led to the team issuing an alert to other councils and organisations through the National Anti Fraud Network (NAFN).

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Audit & Governance Committee – work plan

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Theme	Item	Lead officers	Scope
3rd September 2025			
Risk	Key Corporate Risks monitor 2	<u>CYC</u> <u>Debbie Mitchell</u>	Update on Key Corporate Risks (KCRs) including focus on KCR 4
Finance	Treasury Management Monitor 1	<u>CYC</u> <u>Debbie Mitchell</u>	
Governance	Constitution Changes	<u>CYC</u> <u>Bryn Roberts</u>	
12th November 2025			
Governance	Corporate Governance Performance Report	<u>CYC</u> <u>Lorraine Lunt</u>	
Finance	Treasury Management Monitor 2	<u>CYC</u> <u>Debbie Mitchell</u>	
External Audit	Audit Progress Report	<u>Mazars</u> <u>Mark Outterside</u>	
Veritau (internal audit / counter fraud)	Internal Audit Progress Report 2025/26	<u>Veritau</u> <u>Max Thomas/Connor Munro</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Progress Report 2025/26	<u>Veritau</u> <u>Max Thomas/Jonathan Dodsworth</u>	
28th January 2026			

Risk	Key Corporate Risks monitor 3	<u>CYC</u> <u>Debbie Mitchell</u>	Update on Key Corporate Risks (KCRs) including focus on KCR 5
Finance	Final Statement of Accounts 2024/25	<u>CYC</u> <u>Debbie Mitchell /</u> <u>Emma Audrain</u>	
Finance	Treasury Management Monitor 3	<u>CYC</u> <u>Debbie Mitchell</u>	
Finance	Treasury Management Strategy	<u>CYC</u> <u>Debbie Mitchell</u>	
External Audit	Audit Completion Report 2024/25	<u>Mazars</u> <u>Mark Outterside</u>	
Veritau (internal audit / counter fraud)	Internal Audit Progress Report 2025/26	<u>Veritau</u> <u>Max Thomas/Connor</u> <u>Munro</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Progress Report 2025/26	<u>Veritau</u> <u>Max Thomas/Jonathan</u> <u>Dodsworth</u>	
Veritau (internal audit / counter fraud)	Internal Audit Work Programme Consultation Report 2026/27	<u>Veritau</u> <u>Max Thomas/Connor</u> <u>Munro</u>	
Governance	Update on the Recruitment of an Independent Member	<u>Bryn Roberts</u>	
Governance	Improving Ways of Working for the Audit and Governance Committee	<u>Bryn Roberts</u>	
11th March 2026			
Risk	Key Corporate Risks monitor 4	<u>CYC</u> <u>Debbie Mitchell</u>	Update on Key Corporate Risks (KCRs).
Veritau (internal audit / counter fraud)	Internal Audit Work Programme 2026/27	<u>Veritau</u> <u>Max Thomas/Connor</u> <u>Munro</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Plan 2026/27	<u>Veritau</u> <u>Max Thomas/Jonathan</u> <u>Dodsworth</u>	

Upcoming items:

- Councillor Code of Conduct

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Meeting:	Audit and Governance Committee
Meeting date:	30/07/2025
Report of:	Head of Internal Audit (Veritau)
Portfolio of:	Cllr Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: **Internal Audit Progress Report 2025/26**

Subject of Report

1. This report provides an update on the delivery of the internal audit work programme for 2025/26, and plans for delivery over the remainder of the year.

Policy Basis

2. The work of internal audit in local government is governed by the Global Internal Audit Standards in the UK Public Sector. This regime, which came into effect on 1 April 2025, is made up of the Institute of Internal Auditors' Global Internal Audit Standards (including Topical Requirements), and the Application Note: Global Internal Audit Standards in the UK Public Sector.
3. In accordance with these standards, periodic reports on internal audit work are presented to the Audit and Governance Committee.

Recommendation and Reasons

4. The Audit and Governance Committee is asked to:

- Note the progress made in delivering the 2025/26 internal audit work programme, and plans for delivery over the remainder of the year

Reason

To enable members to consider the implications of internal audit findings, and to review planned activity for the remainder of 2025/26.

Background

5. The 2025/26 internal audit work programme was approved by the Audit and Governance Committee at its meeting on 17 March 2025.
6. To conform with professional standards, and the council's audit charter, the Head of Internal Audit must report periodically to the committee on the progress made against the internal audit work programme, and on the results of audit activities undertaken.
7. Annex 1 to this report provides an update on progress made in delivering the internal audit work programme. This includes a summary of completed work, work currently in progress, and work scheduled for the remainder of the year. It also reports on outcomes from the follow-up of actions agreed in previous audit reports.

Consultation Analysis

8. Senior council officers and this committee have been consulted during the development of the 2025/26 work programme on which this progress report is based. However, no consultation was required in the preparation of this report.

Risks and Mitigations

9. The council will not comply with proper practice for internal audit if the results of internal audit work are not reported to senior management and the Audit and Governance Committee. This could result in external scrutiny and challenge.

Contact details

For further information please contact the authors of this Report.

Author

Name:	Max Thomas
Job Title:	Head of Internal Audit
Service Area:	Veritau Limited
Telephone:	01904 552940
Report approved:	Yes
Date:	18/07/2025

Background papers

- 72. Internal Audit Work Programme

Annexes

- Annex 1: Internal audit progress report 2025/26
- Exempt annex 2: School themed audit (purchasing and best value)
- Exempt annex 3: Communications
- Exempt annex 4: Funded early education
- Exempt annex 5: Member induction programme
- Exempt annex 6: Commercial asset performance
- Exempt annex 7: Savings plans
- Exempt annex 8: Clifton Green Primary School

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Internal Audit Progress Report 2025/26

Date: 30 July 2025

ANNEX 1

CONTENTS

3	Background
3	Internal audit progress
4	Follow up
6	Appendix A: Internal audit work in 2025/26
9	Appendix B: Current priorities for internal audit work
14	Appendix C: Summary of key issues from finalised audits
20	Appendix D: Audit opinions and finding priorities
21	Appendix E: Follow up of agreed actions



BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.
- 3 In accordance with the Global Internal Audit Standards (UK Public Sector) the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit & Governance Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in March 2025.
- 5 Veritau adopts a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal activity up to 15 July 2025, and to outline current plans for delivery over the remainder of the year.



INTERNAL AUDIT PROGRESS

- 7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A. Appendix A also details other work completed by internal audit during the year.
- 8 Since our last report to this committee, seven audits have been finalised. A further seven internal audit engagements have reached draft report stage. These will be finalised over the coming weeks.
- 9 A total of 15 audits are underway at the time of reporting. A further nine audits are at the background planning stage, in preparation for commencement during the current quarter.

Contract management audit: Audit & Governance Committee request

- 10 At the May meeting this committee, we advised that work on this audit had recommenced following a pause while the council was working on implementation of the Procurement Act. We had been prioritising review of a sample of 10 contracts during April and May and were preparing to complete testing with the relevant contract managers during June and July.

- 11 As a reminder to the committee, the following areas are in scope:
 - ▲ Objective 1: suitable contract terms are included within contracts,
 - ▲ Objective 2: contract management procedures are in place and have been communicated,
 - ▲ Objective 3: training is provided in respect of the contract management procedures.
- 12 We have now completed audit testing across all three objectives, have held a closing meeting with the Director of Governance and Head of Procurement, and issued a draft report. Officers are currently considering the report, and the audit is on track to be finalised by 15 August, as set out in the agreed timeline.
- 13 Members will receive a copy of the final report when this is issued next month, and a summary of the outcomes will be presented to the committee at its 12 November meeting.
- 14 In addition to the internal audit engagements discussed above, we have also continued to support the council by certifying central government grants, undertaking consultative engagements, and providing support and advice on governance, risk and control related matters.
- 15 The 2025/26 work programme, showing current priorities for internal audit work, is included in appendix B.
- 16 The seven audits that have been finalised since the last report to this committee are included in appendix C. The appendix summarises the key findings from these audits, and includes actions agreed with officers to address identified control weaknesses. The finalised reports in appendix C are also included as exempt annexes to this report.
- 17 Appendix D provides the definitions for our audit opinions and finding ratings.

FOLLOW UP

- 18 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 19 With the support of senior management, we have recently refreshed the follow-up and escalation procedure. This sees any non-responses (or unsatisfactory responses) to requests for evidence of completion brought to the attention of increasingly more senior officers and, ultimately, to this committee.
- 20 The procedure sets out when and with whom contact will be made to confirm completion of actions. It includes a series of escalation points which are used where a satisfactory response has not been received and so actions are considered overdue. These escalation points involve, in order:

- ▲ Notifying the relevant director
 - ▲ Presenting overdue actions to Governance, Risk and Assurance Group (GRAG)
 - ▲ Reporting unresolved overdue actions to the Audit & Governance Committee
- 21 Our first follow-up status report was presented to GRAG in June, and this is now a standing item on the agenda for each meeting (held approximately every six weeks).
- 22 A summary of the current status of follow up activity is included at appendix E.

APPENDIX A: INTERNAL AUDIT WORK IN 2025/26

Final reports issued

Audit	Reported to Committee	Opinion
Safety Valve (implementation review)	May 2025	Substantial Assurance
Housing benefits	May 2025	Substantial Assurance
NHS Data Security and Protection Toolkit: accountable suppliers	May 2025	No Opinion Given
School themed audit: purchasing and best value	July 2025	Reasonable Assurance
Communications	July 2025	No Opinion Given
Funded early education	July 2025	Reasonable Assurance
Member induction programme	July 2025	No Opinion Given
Commercial asset performance	July 2025	Substantial Assurance
Savings plans	July 2025	Reasonable Assurance
Clifton Green Primary School	July 2025	Reasonable Assurance

Audits in progress

Audit	Status
Contract management (major projects)	In draft
Physical information security	In draft
Elvington Primary School	In draft
Schools themed audit: pupil premium	In draft
Carbon reduction and climate adaptation	In draft
ICT disaster recovery	In draft
Contract management (A&G request)	In draft
Main accounting system	In progress
Travel and subsistence	In progress

Audit	Status
Residential care: Ousecliffe and Wenlock Terrace	In progress
Unaccompanied asylum seeker children	In progress
Performance management	In progress
Payments to care providers and contract management (ASC&I)	In progress
Public EV charging strategy	In progress
Flexitime and annual leave	In progress
Recruitment and selection	In progress
Children & Education Directorate: local scheme of delegation	In progress
Project governance (major projects)	In progress
Risk management (follow-up audit)	In progress
Cybersecurity: user account management	In progress
Free school meals: auto-enrolment	In progress
Schools themed audit: Governance	In progress
Ordering and creditor payments (P2P action plan and verification)	Planning
Sundry debtors	Planning
Absence management	Planning
Mandatory and role-specific training	Planning
Council Tax and NNDR	Planning
Information access request management	Planning
Property asset management	Planning
Home to school transport	Planning
Continuing healthcare	Planning

Other work completed in 2025/26

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ Follow up of agreed actions
- ▲ Refresh of the follow-up and escalation procedure, with regular reporting to the Governance, Risk and Assurance Group
- ▲ Grant certification work:
 - ▲ Scambusters
 - ▲ UK Shared Prosperity Fund programme assurance (2024/25)
- ▲ Consultative engagements:
 - ▲ Fact-finding review into manual creditor payments
 - ▲ Fact-finding review into the management of services provided by YorHome
- ▲ Provision of support and advice:
 - ▲ Preparation of a briefing note on CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government ('the Code')
 - ▲ Support with undertaking the council's self-assessment against the Code
 - ▲ Holiday let commercial waste income collection procedures

APPENDIX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
Strategic / corporate & cross cutting	
Do now	
Contract management (major projects)	Provides coverage of more than one key assurance area.
Contract management (A&G request)	Being undertaken in response to known issues, and at the request of A&G.
Physical information security	Forms part of a rolling programme of assurance.
Carbon reduction and adaptation	Emerging risk area.
Travel and subsistence	Identified in consultation with officers.
Performance management framework	No recent coverage. Provides coverage of a key assurance area.
Risk management (follow-up audit)	Key area of corporate governance. Provides broader assurance.
Flexitime and annual leave	Identified in consultation with officers.
Recruitment and selection	No recent coverage. Provides coverage of a key assurance area.
Absence management	Emerging risk area.
Mandatory and role-specific training	No recent coverage. Provides coverage of a key assurance area.
Information access request management	Provides coverage of a key assurance area.
Do next	
Building security (West Offices and Hazel Court)	Provides coverage of a key assurance area.
Procurement Act compliance	Risks / controls are changing.

Do later

Overtime

Physical information security

Contract management

Risk management (maturity assessment)

Data quality

Public health: procurement and contract management

York 2032: partnership governance

Management of York & North Yorkshire
Combined Authority funding**Financial systems****Do now**

Main accounting system

No recent coverage. Provides coverage of a key assurance area.

Ordering and creditor payments (P2P action plan and verification)

Being undertaken to verify progress made in implementing improvements to control.

Sundry debtors

No recent coverage. Provides coverage of a key assurance area.

Council Tax and NNDR

No recent coverage. Provides coverage of a key assurance area.

Do next

Housing rents

Risks / controls are changing.

Payroll	Key financial system. Risks / controls are changing.
Do later	
-	-
Service areas	
Do now	
Elvington Primary School	Identified in consultation with officers.
Schools themed audit: pupil premium	Identified in consultation with officers.
Unaccompanied asylum seeker children	Emerging risk area.
Residential care: Ousecliffe and Wenlock Terrace	Being undertaken in response to known areas for improvement.
Children & Education Directorate: local scheme of delegation	Risks / controls are changing. Provides coverage of a key assurance area.
Free school meals: auto-enrolment	Risks / controls are changing.
Schools themed audit: Governance	Identified in consultation with officers.
Home to school transport	Risks / controls are changing. Known area of pressure.
Continuing healthcare	Risks / controls are changing.
Payments to care providers and contract management (ASC&I)	Provides coverage of more than one key assurance area.
Public EV charging strategy	Risks / controls are changing. Linked to council priorities.
Property asset management	Risks / controls are changing. New regulatory regime.
Do next	

Westfield Primary School	Identified in consultation with officers.
St Mary's, Askham Richard Primary School	Identified in consultation with officers.
Education, health and care plans (EHCPs)	Risks / controls are changing. Known area of pressure.
Foster carer payments (follow-up audit)	Follow-up of previous Limited Assurance audit.
Managing customer finances	Risks / controls are changing.
Referrals and care assessments	Provides coverage of a key assurance area.
Right To Buy	Risks / controls are changing. Changes to government policy.
RoSH standards improvement plan (inc. housing repairs performance)	Risks / controls are changing. New regulatory regime.
Transport and highways programme	Identified in consultation with officers. Provides broader assurance.
Licensing	No recent coverage. Provides coverage of a key assurance area.
Use of fleet vehicles	No recent coverage. Provides coverage of a key assurance area.

Do later

Danesgate Community School
 Schools themed audit: procurement
 Children's direct payments
 Out of area placements
 Children leaving care
 Care and support planning
 Housing allocations
 Building control

Section 106 agreements: use of contributions

Public protection

Technical / projects

Do now

ICT disaster recovery	Provides broader assurance. Linked to key corporate risk.
Cybersecurity: user account management	Provides coverage of a security controls.
Project governance (major projects)	Provides coverage of more than one key assurance area.

Do next

Cybersecurity: user awareness / resilience	Key attack vector. Provides coverage of a key assurance area.
--	---

Do later

ICT applications and database security
ICT emergency response & business continuity planning
Project management (gateway reviews)

APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
School themed audit: purchasing and best value (May 2025)	Reasonable Assurance	This audit reviewed arrangements for procurement, use of purchase cards, and leasing of premises across a sample of maintained schools.	<p>Contract registers are not being adequately maintained across schools to facilitate effective and efficient monitoring of contractual agreements.</p> <p>Purchase orders are not consistently used. Schools are also not consistently recording when goods have been received.</p> <p>Transaction logs are not routinely maintained for procurement card purchases and, when these are used, reconciliations are not consistently documented.</p> <p>All schools had reported their leases to the council.</p>	<p>The council will remind schools the importance of maintaining an up-to-date contract register through the newsletters and as part of the forthcoming procurement update.</p> <p>As part of the transfer to Xero, schools will be required to create purchase orders for each transaction prior to ordering. Schools will be informed of the need to ensure correct recording of goods receipting for all transactions through the newsletters and Finance and School Business Manager meetings.</p> <p>The council will remind schools to use the transaction log template which requires independent reconciliation and sign off.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Communications (May 2025)	No Opinion Given	The purpose of this fact-finding review was to assess the clarity of the council's communications strategy and the degree to which this has been translated into policies, protocols, and procedures.	<p>The primary issue identified in this report was the lack of defined approach and strategy to the council's communications. This is due to the absence of a current and comprehensive strategy and service plan. This meant that processes were often poorly defined, and risks were not identified, assessed and escalated appropriately.</p> <p>Weaknesses were also identified in relation to monitoring of the council's social media accounts and the security of account passwords.</p>	Five recommendations were made during the audit, all of which were accepted by management. Work is underway or planned to address the identified weaknesses in control.
Funded early education (May 2025)	Reasonable Assurance	This audit involved reviewing arrangements at a sample of funded early education providers to ensure that entitlements are being claimed in line with statutory guidance.	<p>Providers are not ensuring parents sign the declaration forms before the deadlines set by the early years funding team (EYFT). Some forms lacked information on funded hours being accessed, and others were missing altogether.</p> <p>Some providers are not aware of their duty to report cases of low attendance to the EYFT to discuss</p>	<p>Internal monitoring of parent declaration form completion, using a sample-based approach, will be undertaken from autumn term 2025.</p> <p>The topic of low-attendance cases will be discussed at the next leaders and managers meeting to begin strengthening the EYFT's approach.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>whether the child's circumstances merit continuation of funding.</p> <p>Some providers are charging parents registration fees and other compulsory fees, in contravention of statutory guidance.</p> <p>Some providers do not publish updated fee lists on their websites or on the Raise York website.</p>	<p>The issues raised relating to registration and compulsory fees will be followed up with the relevant providers.</p> <p>The EYFT will issue communication to providers regularly, in advance of January 2026, to ensure compliance with the statutory guidance deadline around publication of fees. Providers without a website will be encouraged to utilise the Raise York website. The EYFT will perform a check of provider websites in January/February 2026 to ensure compliance.</p>
Member induction programme (June 2025)	No Opinion Given	This fact-finding review evaluated the success of the programme's delivery in its first year of operation. Its purpose was to assist officers in continually	<p>Overall, the programme represents a sound basis for improving the completeness and consistency of the member induction process.</p> <p>However, a significant proportion of councillors have not fully engaged with the programme's mandatory training. The council does not have the ability to enforce attendance.</p>	<p>A number of recommendations were made to improve the member induction programme.</p> <p>In May 2025, the Joint Standards Committee resolved to establish a Member Development Working Group. The remit of the group is to work with all members to determine the format of training</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
		improving the programme.	Notwithstanding this, with improvements to its monitoring processes, and by strengthening the link with wider member development, there is an opportunity to improve uptake.	sessions, and to develop the induction and ongoing training programme. The findings and recommendations from this report will be used to inform the work of the group.
Commercial asset performance (June 2025)	Substantial Assurance	This audit focused on the council's commercial property estate. It sought to provide assurance on the accuracy of asset records, processes for undertaking rent reviews, and plans for vacant properties.	<p>There is an adequate record of commercial assets owned by the council. Lease agreements set out the responsibilities of both the council and tenants when it comes to the maintenance of commercial assets.</p> <p>Upcoming rent reviews and arrears reports are monitored, allowing property services to maximise income collection from assets. However, there were instances where rent was kept at the same level for the property but there was insufficient evidence and authorisation to confirm how this decision had been reached.</p> <p>Property inspections occur annually. However, there are some delays in</p>	<p>During rent reviews where rent is not increased, the decision will be countersigned by the Head of Property to confirm that it was appropriate for the rent to remain unchanged for the duration of the upcoming tenancy.</p> <p>Details of five-year inspections will be kept up to date on the property management system, showing when they were inspected or explaining why an inspection has not been completed.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			undertaking more comprehensive 5-yearly inspections. Records had also not been fully maintained to confirm whether the 5-yearly inspection had been undertaken.	
Savings plans (June 2025)	Reasonable Assurance	The purpose of this audit was to provide assurance on arrangements for the development, monitoring, and reporting of savings plans. A sample of savings proposals was selected for review.	<p>We found that there is no corporately agreed approach for the development of savings proposals and creation of plans. This has led to inconsistencies in information supporting the proposal which could not be fully explained by their differing complexities. Furthermore, not all the proposed savings had action plans setting out how the savings would be achieved. This makes it more difficult to monitor progress.</p> <p>Despite the above, progress made against savings proposals is reported to members as part of quarterly budget monitoring reports and also to the Council Management Team.</p>	<p>A process will be implemented to ensure that the timeframe and saving assumptions for delivery are estimated before submission for approval in the council budget.</p> <p>Action plans and timescales for delivery will be created when preparing savings plans. These will be monitored and updated along with other savings.</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Clifton Green Primary School (June 2025)	Reasonable Assurance	This audit reviewed the design and effectiveness of controls for administering key financial processes. This included budget management, purchasing, income collection, and payroll.	<p>Purchase orders are not being used to initiate expenditure.</p> <p>The school does not have a process in place to ensure that a public liability insurance certificate is requested from contractors prior to works taking place on-site.</p> <p>Although governor interests are maintained and are up to date, the school does not obtain business interests from staff who are able to influence financial decisions (for example, members of the senior leadership team or the school business manager).</p> <p>The school's debt management policy currently does not make any provision for the write-off of debts where they are uneconomical to pursue.</p>	<p>The purchasing process will be reviewed to ensure that the use of purchase orders is implemented and actioned using Xero.</p> <p>The purchasing process will be reviewed to ensure that public liability insurance is obtained prior to services being delivered on school premises.</p> <p>All staff who have financial authority or influence over the school's finances will be asked to complete the register of business interests at the beginning of each academic year.</p> <p>The debt management policy will be reviewed and the final stage, which includes debt write-off, is to be added, shared with governors, and communicated to staff.</p>

APPENDIX D: ASSURANCE AUDIT OPINIONS AND FINDING PRIORITIES

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

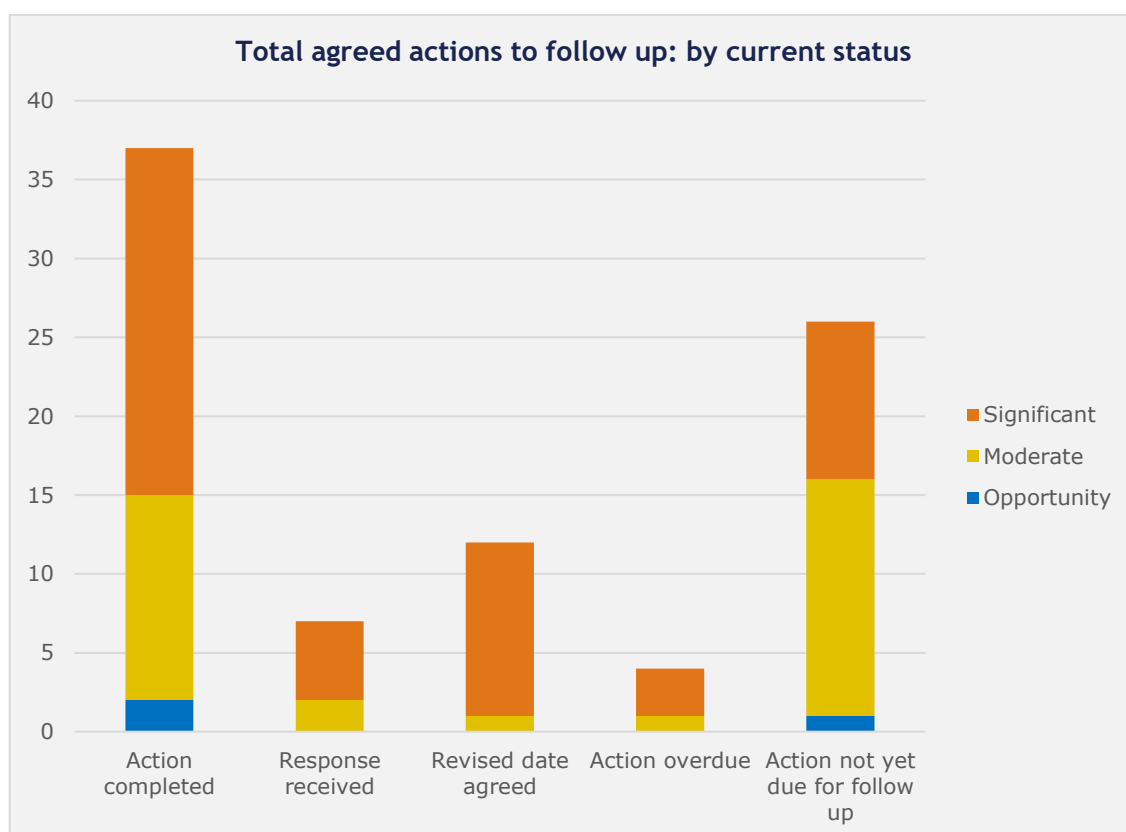
Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

APPENDIX E: FOLLOW UP OF AGREED AUDIT ACTIONS

- 1 Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary.
- 2 Where responsible officers have not taken the action they agreed to, issues are escalated to more senior officers. Ultimately, they may be referred to the Audit and Governance Committee in accordance with the follow-up and escalation procedure.
- 3 In figure 1, below, the status of agreed actions from follow-up activity undertaken in the first quarter of 2025/26 is shown. In future progress reports, this information will be presented on a rolling twelve-month basis.
- 4 For clarity, the figure shows the results of follow up activity for this period, regardless of when actions were originally due (that is, it includes actions which were due prior to Q1 2025/26 but which are still being followed up).
- 5 For completeness, it also shows actions which have been agreed in finalised audits, but which have not yet fallen due and so have not been followed up.

Figure 1: Total agreed actions by current status

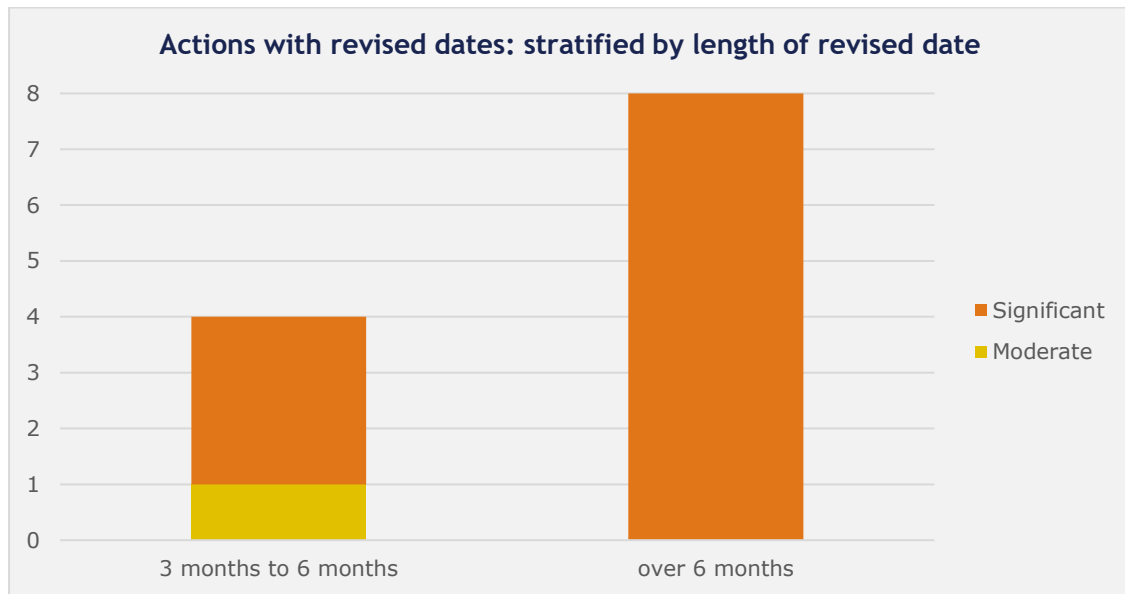


- 6 A total of 60 have been followed up so far this year. Of these, 37 have been satisfactorily implemented.
- 7 A total of 12 actions had their original implementation timescale extended, with revised implementation dates being agreed with the action owner. We

agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.

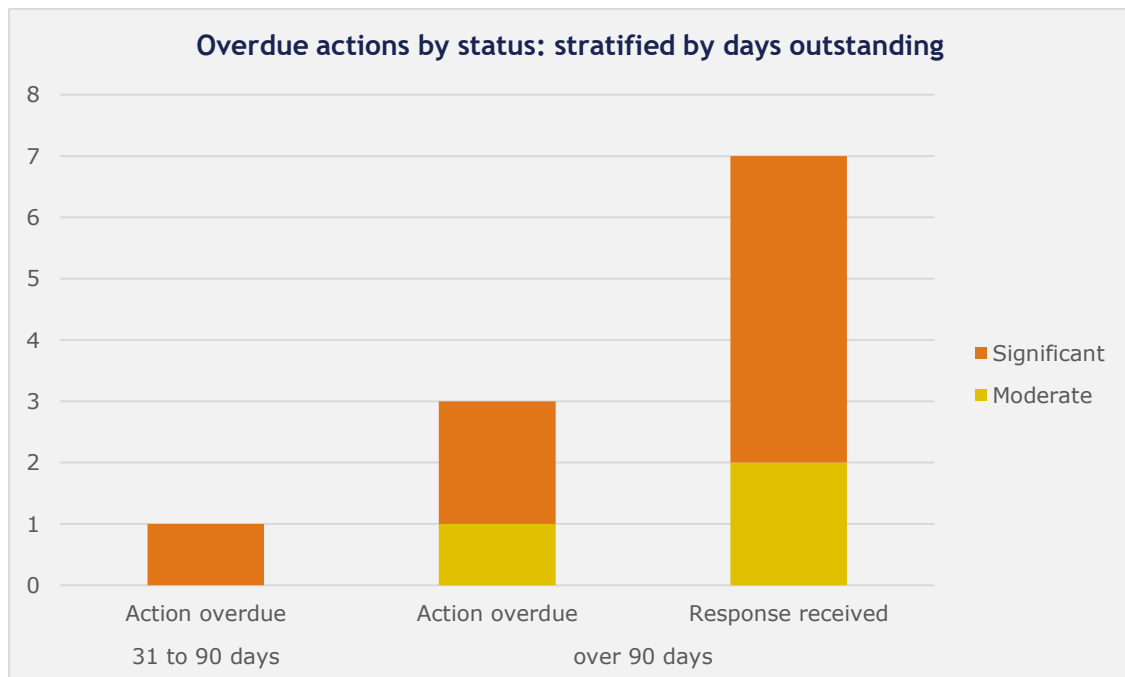
- 8 Figure 2, below, shows how long dates have been revised from the original implementation date.

Figure 2: Length of revised dates agreed for action implementation



- 9 At the time of reporting, 11 actions are overdue. This is shown in figure 3, below.

Figure 3: Length of time actions have been overdue



- 10 Included in figure 3 are seven actions where we have received a response but have not yet been able to conclude whether the risk has been satisfactorily addressed.
- 11 There will usually be some instances like this at any point in time. It can be due to ongoing communication with the responsible officers to obtain evidence confirming completion of the action. It can also be due to instances where the action taken is not exactly as agreed and further work is being undertaken to assess whether the action taken does satisfactorily address the risk or because there are ongoing discussions about whether to agree revised dates for the action.
- 12 Four actions are overdue, and we have not yet received a response from the action owner. In all of these cases, staff changes have resulted in a change to the responsible officer for the action, so we are following up the action with a new responsible officer.
- 13 Overdue actions are escalated according to the agreed escalation policy, firstly to relevant directors, then to senior officers via GRAG (Governance, Risk and Assurance Group). They may subsequently be brought to the Audit & Governance Committee. At this stage, no overdue actions are being escalated to the committee.

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