



Notice of a public meeting of

Audit and Governance Committee

To:	Councillors Hollyer (Chair), Rose (Vice-Chair), Burton, Fisher, Merrett, Coles, Vassie, Binney (Independent Person) and Williams (Independent Person)
Date:	Wednesday, 22 July 2026
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 4 to agenda item 16 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. 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 20 July 2026.**

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.

5. Minutes & Action Log (Pages 9 - 22)

To approve and sign the minutes of the meeting held on 6 May 2026.

6. Information Governance Team Report (Pages 23 - 40)

This report is to provide a briefing to the Committee covering performance for April 2025 to March 2026 for the different types of requests for information and data protection requests received. As well as, other relevant areas relating to information governance and data protection.

7. Key Corporate Risk Monitor 1 (Pages 41 - 88)

The purpose of this paper is to present Audit & Governance Committee with an update on the key corporate risks for City of York Council

8. Annual Governance Statement 2025/26 (Pages 89 - 130)

The purpose of this report is to present for information the draft 2025/26 Annual Governance Statement.

9. Statement of Accounts 2025/26 (Pages 131 - 354)

The purpose of this report is to present for information the draft 2025/26 Statement of Accounts before they are audited.

10. Treasury Management 2025/26 Outturn (Pages 355 - 380)

Attached at Annex 1 is the Treasury Management Outturn report and Review of Prudential Indicators 2025/26, which provides an update on treasury activity during the final quarter and will be considered by Executive on 7 July 2026.

11. External Audit Progress Report (Pages 381 - 418)

The purpose of this report is to present the 2025/26 Draft Audit Strategy Memorandum from Forvis Mazars, the Council's external auditors.

12. Annual Report of the Chair of Audit and Governance Committee (Pages 419 - 422)

To provide a draft version of the Chair's annual report, for members' consideration prior to its reporting to Council in September 2026.

13. Counter Fraud Progress Report 2026/27 (Pages 423 - 450)

This report provides an update on counter fraud work undertaken so far in 2026/27.

14. Audit and Governance Work Plan (Pages 451 - 452)

To consider the committee's work plan.

15. Urgent Business

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

16. Internal Audit Progress Report 2026/27 (Pages 453 - 514)

This report provides an update on the delivery of the internal audit work programme for 2026/27, and plans for delivery over the remainder of the year.

Democratic Services Officer:

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Reasonable Adjustments and Alternative formats statement

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我們也用您們的語言提供這個信息 (Cantonese)

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
- Business of the meeting
- Any special arrangements
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Contact details are set out above.

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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	6 May 2026
Present	Councillors Hollyer (Chair), J Burton (Vice-Chair), Fisher, Rose, Coles, Vassie, Binney (Independent Member), Williams (Independent Member) and K Taylor (Substitute)
Apologies	Councillor Merrett
Officers in attendance	Bryn Roberts – Monitoring Officer and Director of Governance Debbie Mitchell – Director of Finance
In Attendance	Jonathan Dodsworth – Assistant Director –Corporate Fraud Connor Munro - Assistant Director – Audit Assurance

64. APOLOGIES FOR ABSENCE (5:34PM)

Apologies for absence were received from Councillor Merrett, who was substituted by Councillor Taylor.

65. DECLARATIONS OF INTEREST (5:34PM)

Members were asked to declare at this point in the meeting any disclosable pecuniary interest or other registerable interest they might have in respect of business on the agenda if they had not already done so in advance on the Register of Interests.

Councillor Coles declared an interest in relation to item 7, 2026/27 Counter Fraud Plan, in that she was the Deputy Mayor for Policing, Fire and Crime.

66. EXCLUSION OF PRESS AND PUBLIC (5:39PM)

Resolved: That the press and public be excluded from the meeting during consideration of Annexes 2-15 to Agenda Item 9, Internal Audit Progress Report 2025/26 on the grounds that it contained 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).

67. PUBLIC PARTICIPATION (5:35PM)

It was reported that there had been one registration to speak at the meeting under the Council's Public Participation Scheme.

Gwen Swinburn spoke on governance concerns relating to the committee and stated that over recent years the committee had been receiving fewer governance reports than before and that they now seemed to be replaced by occasional information governance reports; she discussed a report that the committee were awaiting from the Monitoring Officer on better ways to work.

Ms Swinburn then urged members to consider the need for officers' names to be included on the action log next to their relevant actions in order to have responsibility and accountability over their items.

Ms Swinburn concluded by stating that City of York Council's Call-In protocol was too limiting and should be addressed; she questioned the view that if a decision received pre-decision scrutiny, then there couldn't be post-decision scrutiny.

In response to comments raised during Public Participation the Monitoring Officer advised the Committee that, as outlined in the Constitution, pre-decision scrutiny precluded the option of post-decision scrutiny.

68. MINUTES & ACTION LOG (5:39PM)

Councillors discussed the action log, and the following updates were received:

- i. Action Number 84:
 - All active section 106 agreements now had a record on Exacom, meaning that 100% of contributions held (and owed) were reflected centrally on the system.
 - Finance and Development Services were working together to reconcile contributions received and owed between Exacom and the general ledger; this was approximately 60% completed and was expected to conclude within the next two months.
 - Finance staff were receiving training on the Exacom system on 8 May 2026 so that records could be matched between Exacom and the general ledger on an ongoing basis.
- ii. Action Number 94:
 - The Monitoring Officer was progressing the updates for Councillors roles and responsibilities under data protection, including putting them onto MyLo, if possible.
 - The Monitoring Officer was also following up on the response from ICT about the request for user training and would provide an update to members by 29 May 2026.
 - There had also been updated guidance for Councillors in dealing with data subject access requests to records (DSARs) provided and this was available on the intranet for members.
- iii. Action Number 102:
 - The 'York's Changing Population: Projections up to 2035' report would be shared with members.
- iv. Action Number 105:
 - The Constitution Review could be added to the agenda for the July meeting of the Committee, however, as it would be subject to the views of both the Political Groups and the Constitution Working Group, it may need to be deferred further past this date.

Resolved:

- That the minutes of the meetings held on 28 January and 11 March 2026 be approved and then signed by the Chair as a correct record.
- That end dates be requested for Action Numbers: 106, 108, and 109.

69. COUNTER FRAUD PROGRESS REPORT (5:43PM)

The Veritau Assistant Director - Corporate Fraud presented the updated Counter Fraud Progress Report incorporating Counter Fraud Annual Report 2025/26. He noted that Veritau and CYC were pleased to have met counter fraud savings targets for the year and outlined key performance figures as seen within the Counter Fraud Annual Report 2025/26 (Annex 2).

In response to questions from members, the Veritau Assistant Director - Corporate Fraud confirmed that:

- Lots of their work deterred people from committing fraud in York, they had set £200k target for a number of years and had now exceeded that.
- They had achieved fewer incorrect referrals on last year and were following through on more referrals which was an improvement.
- Four investigations had been completed on misused parking permits, and the Fraud in Holiday Lets programme was ongoing.
- The Local Government Association (LGA) reported on an estimated percentage basis for total fraud on total spend, rather than reporting on a cost (£) basis.
- They were working closely with the Procurement team to ensure tenders were above board; the exact figures of Procurement fraud were difficult to confirm and as such was an unknown in any Authority.
- CYC did not hesitate to prosecute fraud against the Authority which deterred people from committing fraud.
- Fraud had changed over time and nowadays most fraudsters lived outside of York and sometimes outside the UK.
- Actions and punishments taken were thought of carefully, but money stolen from CYC was always sought back.
- Internal fraud investigations were taken very seriously, and reports were almost always published internally when an internal investigation occurred.

- Work continued and did not let off just because annual targets were met.

The Director of Finance advised that the target was reviewed on an annual basis.

The Monitoring Officer advised the Committee that sums recovered and the target, had remained stable, however, due to CYC's budget these had increased as a percentage; targets were also dependent on resources available.

Resolved: That the Committee noted the counter fraud activity outlined in the report.

Reason: To enable members to consider the progress of counter fraud work in the current financial year.

70. 2026/27 COUNTER FRAUD PLAN (6:07PM)

The Veritau Assistant Director - Corporate Fraud presented the updated 2026/27 Counter Fraud Plan and noted that a total of 887 days had been allocated to counter fraud work in the new financial year; this represented a 10% reduction compared to previous years. He continued to advise members that the recent annual review identified that the CYC's whistleblowing policy required updating to reflect upcoming changes to whistleblowing legislation.

In response to questions from members, the Veritau Assistant Director - Corporate Fraud confirmed that:

- There were some areas of Local Authority spending where fraud would always exist as some mitigations could not be made, such as within Social Care where fraud was very dependent on people declaring their circumstances.
- Reporting was made with the amount (£s) saved rather than cases of fraud stopped because, for example, even if 99% of cases were stopped, 1 case missed could cost CYC a disproportionate amount of resources.

The Director of Finance outlined that construction demonstrated the majority of procurement fraud and that risk unfairly sat within Adult Social Care. It was then discussed that finances were not the first question asked when families started the process of placing a loved one into care and efforts were made to make sure families were aware of how the system works; the Director of Finance would investigate this and report back to the Committee at a later date.

The Veritau Assistant Director - Corporate Fraud outlined that there was an action plan detailing the use of purchase orders; he stated that procurement didn't require a purchase order, purchases did, and he demonstrated that there were a number of exemptions to this. The Veritau Assistant Director - Corporate Fraud would investigate the 'no purchase order, no purchase' policy and bring an update to the Committee at a later date.

Resolved:

- i. That the Audit and Governance Committee:
 - Noted the 2026/27 fraud risk assessment,
 - Noted the counter fraud development and work plans.
- ii. That the Director of Finance:
 - Would investigate the process families take when placing a loved one into care and report back to the Committee.
 - Would investigate the 'no purchase order, no purchase' policy and bring an update to the Committee.

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

71. AUDIT AND GOVERNANCE WORK PLAN (6:30PM)

The Committee considered its work plan and resolved that:

- i. A review of Planning Committee changes (Action 103) would be brought to the Committee at a future date.
- ii. A review of changes to scrutiny would be brought to the Committee at a future date.
- iii. That an update on the 'no purchase order no purchase' policy would be brought back to the Committee at a future date.

- iv. That an update on the Constitution Review (Action 105) would be scheduled for the Committee's July meeting.
- v. That the Committee would recommend that the Constitution Working Group investigate the case for Call-In to be suspended if pre-decision scrutiny had already taken place.
- vi. Officers would be urged to complete the 'Scope' column of the Work Plan.

Reason: To ensure the Committee maintain a programme of work.

72. INTERNAL AUDIT PROGRESS REPORT 2025/26 (6:40PM)

The Veritau Assistant Director – Audit Assurance presented the updated Internal Audit Progress Report incorporating the Head of Internal Audit Annual Report 2025/2026.

The Veritau Assistant Director – Audit Assurance reported that the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at CYC was that it provides Reasonable Assurance, and that the opinion encouraged and supported CYC's inclusion of major capital project management as an improvement area in the Annual Governance Statement, noting plans already in place and underway.

He then outlined updates to the Committee on Final Reports Issued within Appendix A and Appendix B, and outlined Exit Payments as seen within Appendix F to Annex 16 of the report. Regarding Appendix E to Annex 16 of the report, the Head of Internal Audit considered that the internal audit service conformed to Global Internal Audit Standards in the UK Public Sector.

In response to questions from members, the Veritau Assistant Director – Audit Assurance confirmed that:

- Veritau was satisfied with what CYC's action plan entailed, and it was not yet possible to provide more assurance to the Committee. A fuller audit was scheduled to commence over summer 2026, and a report on this would come to the Committee to take members through the progress of reporting on next year's plan.

- When providing an opinion, systematic considerations were looked at; nine root cause categories had been identified which, going forward, would be used, alongside other existing considerations, to help identify themes in support of the annual opinion.

[The meeting was adjourned at 6:54pm and reconvened in private session at 7:00pm to consider annexes 2-15 of the report]

The Veritau Assistant Director – Audit Assurance presented members with Annexes 2-15 and members entered discussion.

Resolved: That the Audit and Governance Committee:

- Noted 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.

- 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.

- Noted the outcome of Veritau's quality assurance and improvement programme, including the confirmation that the internal audit service conformed to the GIAS UK Public Sector during 2025/26.

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

- Noted the one significant control weakness identified by internal audit during the year which is considered relevant to the preparation of the Annual Governance Statement.

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

73. CODE OF CONDUCT (6:23PM)

The Monitoring Officer presented the report and provided an update to the Code of Conduct following a request from a previous meeting and as referred to in a report of the Committee's previous meeting.

The Monitoring Officer detailed how the Government had provided an update on sanctions and that CYC could look into common law to see what could be done regarding this. Numerous reports had been received from residents regarding issues that weren't breaches and it was therefore clear that there were perceptions that the Code of Conduct was stronger than it is.

Resolved: That the Code of Conduct be removed from future agendas until potential changes to legislation are known, in which case a timely update would be brought back to the Committee.

Reason: So that the Committee are well updated on further legislation regarding the Council's Code of Conduct.

Cllr Hollyer, Chair

[The meeting started at 5.32 pm and finished at 7.23 pm].

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Completed Audit and Governance Committee Action Log 2025/26

Action Number	Date of Meeting	Title	Action	Action Owner	Status/ Outcome	To be completed by	Completed
74	04/09/24	Information Governance performance report	That an update on the repeated themes published within FOIs/EIRs to be provided in future reports to A&G	Lorraine Lunt	Future reports to A&G to include themes and link(s) to published disclosure logs Freedom of Information Responses Disclosure Log – City of York Council (https://www.york.gov.uk/FOIDisclosureLog) and York Open Data York Open Data – City of York Council York Open Data – City of York Council (https://www.york.gov.uk/information-management/york-open-data)	Ongoing	Ongoing
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.	Becky Eades	All active section 106 agreements now have a record on Exacom, meaning that 100% of contributions held (and owed) are reflected centrally on the system. Finance and Development Services are working together to reconcile contributions received and owed between Exacom and the general ledger. This is approximately 60% completed and is expected to conclude within the next two months. Finance staff are receiving training on the Exacom system on 8/5 so that records can be matched between Exacom and the general ledger on an ongoing basis. To be completed when all cases are 100% in Execom from 60%.	31/07/26	No

93	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
94	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	Monitoring Officer is progressing the updates for Councillors roles and responsibilities under data protection, including putting onto MyLo, if possible. MO is also following up on the response from ICT about the request for user training, and will provide update by 29 May 2026. There has been updated guidance for Councillors in dealing with data subject access requests to records (DSARs) provided and is available on the intranet.	30/06/25	No
102	03/09/25	KCR Changing Demographics	To share with the Committee the updated data set relating to KCR 4 Changing Demographics.	Sara Storey	MO/Democratic Services to share 'York's Changing Population: Projections up to 2035 document with members.		No
103	03/09/25	Planning Committee	To add to the Committee work plan to review the affect of planning committee changes in autumn 2026.	Bryn Roberts	Will be added to the Committees 2026/27 work plan .	30/11/26	No
105	12/11/25	Constitution Review	To establish a Constitution Working Group to review Appendix 8 of the Constitution- Public Participation Protocol	Bryn Roberts	Can be added to the July meeting; however, it'll be subject to the views of the Political Groups and then the Constitution Working Group, so may be deferred further to the September meeting.	01/07/26	No

106	12/11/25	Community Governance Review	The Committee recommends that the Audit and Governance Committee post the 2027 Council Election consider adding a Community Governance Review to its work plan to explore options for a review.	Audit and Governance Committee	On hold until completion of the Boundary Commission review and the new ward patterns have been embedded after the 2027 local elections.		On Hold
108	29/01/26	Final Statement of Accounts	Briefing note to be shared with the Committee relating to what is included within Other Movement in Costs	Patrick Looker			No
109	29/01/26	KCRs	To ask risk owners to consider again the score impact that the outlined mitigations are having against the risks they own in the reigster.	David Walker			No

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Meeting:	Audit and Governance Committee
Meeting date:	01/07/2026
Report of:	Director of Governance and Monitoring Officer
Portfolio of:	Cllr Claire Douglas Leader including Policy, Strategy and Partnerships

Audit and Governance Committee Report:

Information Governance Team (IGT) Report

Subject of Report

1. This report is to provide a briefing to Members
 - covering performance for April 2025 to March 2026 for the different types of requests for information and data protection requests received.
 - on other relevant areas relating to information governance and data protection

Policy Basis

2. Having appropriate processes and procedures in place to ensure the council
 - manages and monitors valid and in time responses to all FOIA and EIR requests and other requests for information or information disclosure
 - provides support, advice and guidance for data protection and privacy compliance
 - provides support, advice and guidance for covert surveillance undertaken by the council
 - provides assurance to customers, employees, contractors, partners, and other stakeholders that all information, including confidential and personal information, is dealt with in accordance with legislation and regulations and its confidentiality, integrity and availability is appropriately protected.

3. Regular performance reporting aligns with both the current and draft Council Plan, forming part of the council's corporate code of governance. This also supports the 10-year Plan (York 2032) for performance management and service planning.

Recommendation and Reasons

4. Members are asked:

- (i) To note the details contained in this report and provide any comments or feedback.

Reason: So that Members are provided with details about current performance and other areas of information governance and data protection from the IGT.

Background

Performance – information governance

5. Annex 1 presents the Information Governance performance scorecard for full reporting year April 2025 to March 2026 (Quarters 1,2,3,4) alongside comparative data from 2024/2025 and 2023/2024.
6. A total of 2633 requests were received in full year 2025/2026. These included FOIA, EIR, DSARs, and other information requests such as those from the police for investigative purposes.
7. This is an increase on previous years (2334 in 2024/2025, and 2193 in 2023/2024; an increase of approximately 20% from 2023/2024 figures) and should be understood as a positive indicator of public awareness, engagement, and the exercise of statutory rights, rather than a reflection of reduced openness or gaps in transparency by the council. The council continues to meet its legal obligations by:
 - publishing information proactively
 - maintaining transparency through established channels such as on York Open Data
 - responding to requests in line with statutory requirements
8. The council has successfully sustained improvements in the percentage of FOIA and EIR responses completed within statutory timescales.

Notably, we achieved the ICO's 95% timeliness target for combined FOIA and EIR responses for the full year.

9. There has been a slight improvement in the percentage of DSARs responded to in time in full year 2025/2026 compared to previous year 2024/2025 and it is significantly improved compared to 2023/2024. This is alongside the increase in complexity of requests, particularly those involving children's or adults' social care records, care leavers, and staff-related cases.
10. A snapshot of FOIA, EIR, and DSAR requests (not including other information requests such as those from the police for investigative purposes) for full year is shown below

Request type	Total requests 2025/26	% responded in time 2025/26
FOIA and EIR	1822	95%
DSAR	225	85%

11. The sustained improvement in FOIA and EIR response times is a significant achievement, reflecting the ongoing commitment and collaboration between the IGT and service areas across the council.
12. To support the ongoing improvements already made in performance, IGT are working with Business Intelligence to identify recurring themes from FOIA/EIR requests such as regular requests for the same datasets which may potentially be proactively published.
13. Since the last report to Committee in November 2025, and up to the preparation of this report, there has been no regulatory or escalated actions taken by the ICO in relation to FOIA/EIR. There have been two ICO decision notices were published regarding the council's handling of FOIA/EIR requests.
14. Details of these two decision notices are set out in Annex 2 and the outcomes are shown below which shows the decision for each exemption the council relied on.
 - 23 April 2026, the decision was FOI 1(1): Not upheld
 - 7 May 2026, the decision was FOI 1: Partly upheld, FOI 10: Upheld, FOI 16: Upheld, FOI 21: Not upheld, FOI 36: Not upheld, FOI 40: Upheld

15. The full published decision notices are available on the below links.

[ic-414605-c7l5.pdf](#)

[ic-404418-p4l6.pdf](#)

16. Following the completed transfer of complaints, IGT continues to work with Business Intelligence to enhance reporting. This includes responding to feedback from Corporate Management Team (CMT) and the Audit and Governance Committee, and expanding reporting to cover additional areas of IGT's work, such as:
- FOIA and EIR case themes
 - Data Protection Impact Assessments (DPIAs)
 - Privacy Notices
 - Internal and external data sharing arrangements and data processing schedules for contracts
 - Records Management
 - Covert Surveillance
 - CCTV (public spaces, buildings, body-worn cameras, etc.)

Local Government Transparency Code 2015 (LGTC)

17. The council maintains compliance with the Local Government Transparency Code 2015, ensuring that required information is published in a timely and accessible manner to support openness, accountability, and public transparency. This includes the regular publication of datasets and information in line with statutory requirements of the Code. These can be found at

[Open Data on public services in the City of York](#)

NHS Data Security and Protection Toolkit (NHS DSPT)

18. Maintaining the required assessment and assurance level for the NHS DSPT is essential for the council's ability to continue to access and use NHS data safely and lawfully. Compliance is becoming progressively more rigorous, requiring more effort, engagement, and staff resource, alongside ongoing CMT and senior leadership support.
19. The IGT working with the relevant teams across the council, completed the submission requirements ahead of the 30 June 2026 deadline and confirm that the council has maintained the required assurance level for

2025-26 (version 8) - Standards met. The certificate is provided at Annex 3.

20. The next steps for IGT will be to produce the improvement action plan from NHS DSPT for the next assessment and will share this with the Caldicott Guardians (GC) to plan actions in.

Data Use and Access Act 2025 (DUAA)

21. On 19 June 2025 the DUAA became law in the UK and the changes are being phased in.
22. The DUAA focuses on updating data protection laws to enable innovation and growth while maintaining strong data protection standards, making it easier for organisations to protect people's personal information including the opportunities and advantages of innovative technology. It amends but does not replace, the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 (DPA) and the Privacy and Electronic Communications Regulations (PECR). You can find more details at

[The Data Use and Access Act 2025 \(DUAA\) - what does it mean for organisations? | ICO](#)

23. One area of the DUAA which organisations have up to 19 June 2026 to implement, was individuals now have a formal statutory right to make a data protection complaint directly to the council.
24. The council already enables individuals to raise concerns or complaints relating to their information rights, including issues such as personal data breaches. Please see

[Our Privacy Notice – City of York Council.](#)

25. However, the DUAA places additional requirements on the council to actively support individuals in exercising these rights. This includes providing accessible means to submit a complaint (such as an online form), acknowledging complaints within 30 days, and responding without undue delay.
26. The IGT working with web services team, have updated the council's website and introduced an online data protection complaints form to

ensure compliance with these new requirements and to make it easier for individuals to raise data protection complaints and concerns.

[Your right to make a data protection complaint – City of York Council](#)

Working in partnership with North Yorkshire Police (NYP)

27. IGT working with the council's contracted CCTV services provider and in partnership with NYP is set to deliver measurable improvements in how digital evidence is accessed and used, significantly enhancing the response to crime across York.
28. The council will now provide CCTV evidence to NYP via the NICE Investigate digital evidence management platform and represents a real step-change in how the council supports policing, by modernising, and transforming what were previously more time-intensive processes.
29. This improved approach enables faster, more efficient access to vital evidence by our police colleagues which in turn benefits our residents and communities.

Reported breach to Information Commissioner's Office (ICO)

30. The council became aware that an email was sent in a way that meant recipients' email addresses were visible to others who received the email, and we took immediate actions to contain it. Our established data breach procedures were put into action straight away.
31. A thorough investigation was undertaken to fully understand what happened. This included a detailed risk assessment in line with guidance from the Information Commissioner's Office (ICO) and to continue to assess any potential impact on individuals.
32. Following an initial assessment, this incident was reported to the ICO, in line with our legal obligations.
33. We have contacted everyone identified as being directly affected by this incident, providing information about what had happened, along with advice and support

34. We have published a public notice about this breach on our website to provide reassurance to any individual who may be concerned about this incident.

[Public notices of personal data breach incidents – City of York Council](#)

35. There is an ongoing programme of work underway to review our processes, systems, and staff guidance for sending bulk communications to reduce the risk of this happening again. This also includes two further potential breaches currently under investigation, which may have arisen from similar human error. Based on the information available at the time of drafting this report, neither incident meets the threshold for notification to the ICO.
36. The ICO responded to our report and the information we submitted, on 3 June 2026. They have closed their case and determined that there is no further action necessary by them on this occasion. As with any case or investigation they undertake, they may make additional enquiries if they become aware of new information which affects the circumstances of this case.

Consultation Analysis

37. No consultation was undertaken for this report. However, feedback from reports to CMT, meetings and discussions with managers informs this report and where required, internal and/or external consultation will be conducted to support any actions arising from Committee.

Risk and Mitigations

38. The council has a duty to comply with the various aspects of data protection, covert surveillance, and information governance related legislation. Failing to comply with these can result in Regulators taking actions against the council such as reprimands, enforcement action, monetary fines, financial remedies for individuals. Often these decisions and actions are published on the Regulator websites, as well as doing press releases and statements. This can lead to reputational damage, reduce the council's overall effectiveness as well as a loss of trust in the council.
39. In some circumstances individual members of staff may be at risk of committing criminal offences for example if they knowingly or recklessly

breach data protection legislation and compliance requirements or deliberately destroy, alter, or conceal a record after it has been requested.

40. Data protection impact assessments (DPIAs) are an essential part of our accountability obligations and is a legal requirement for any type of processing under UK GDPR. Failure to conduct a DPIA when required may leave the council open to enforcement action, including monetary penalties or fines. However, as there is no personal data, special categories of personal data or criminal offence data being processed for this performance report, there is no requirement to complete a DPIA.

Wards Impacted (optional section)

41. Not applicable for this report.

Contact details

42. For further information please contact the author of this Report.

Author

Name:	Lorraine Lunt
Job Title:	DPO/Information governance manager
Service Area:	Governance and Monitoring
Telephone:	01904 555719
Report approved:	Yes
Date:	16 June 2026

Background papers

Links to background information shown in the report

<https://data.yorkopendata.org/group/transparency>
[section 45 code of practice](#)

[How to report on your performance on handling requests for information under FOIAA 2000 | ICO](#)

[Decision notices | ICO](#)

[The Data Use and Access Act 2025 \(DUAA\) - what does it mean for organisations? | ICO](#)

Annexes

Annex 1 – Information Governance Team performance report

Annex 2 – ICO published decision notices

Annex 3 – 2025-26 (version 8) 219 DSPT standards met certificate

Abbreviations used in this report

CG – Caldicott Guardian(s)

CMT – Corporate Management Team

DPA – Data Protection Act 2018

DSAR – Data Subject Access Request

DUAA – Data Use and Access Act 2025

EIR – Environmental Information Regulation

FOIA – Freedom of Information Act

IGT – Information Governance Team

ICO - Information Commissioner's Office

LGTC – Local Government Transparency Code 2015

NHS DSPT – NHS Data Security and Protection Toolkit

PECR - Privacy and Electronic Communications Regulations

UK GDPR - UK General Data Protection Regulation

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Annex 1 - Information Governance Team Report performance April 2025 to March 2026			
	2023/2024	2024/2025	2025/2026
FOI & EIR - Total Requests Received	1,640	1,681	1,822
FOI & EIR - Requests responded to In time	1,358	1,529	1,600
FOI & EIR - % Requests responded to In time	88.99%	95.32%	94.84%
FOI & EIR - Requests responded to Out of time	168	75	87
FOI & EIR - % Requests responded to Out of time	11.01%	4.68%	5.16%
FOI - Total Requests Received	922	912	955
FOI - Requests responded to In time	697	807	825
FOI - % Requests responded to In time	83.47%	93.51%	93.86%
FOI - Requests responded to Out of time	138	56	54
FOI - % Requests responded to Out of time	16.53%	6.49%	6.14%
Number of FOI reviews received	47	31	58
Number of FOI reviews: Not Upheld	14	0	27
Number of FOI reviews: Partly Upheld	4	0	16
Number of FOI reviews: Not Pursued	1	4	0
Number of FOI reviews: Upheld	3	0	10
Number of FOI reviews completed and responded to 'In Time'	39	25	53
% of FOI reviews completed and responded to 'In Time'	95.24%	92.59%	98.15%
Number of FOI reviews completed and responded to 'Out of Time'	2	2	1
% of FOI reviews completed and responded to 'Out of Time'	4.88%	7.41%	1.85%
Number of FOI Requests which are incomplete ("no response sent" or "ongoing")	54	45	37

	2023/2024	2024/2025	2025/2026
Number of FOI Requests which are incomplete ("no response sent" or "ongoing") > 30 days	10	9	9
EIR - Total Requests Received	718	769	867
Number of EIR requests: Not Pursued	6	8	12
Number of EIR requests: Not Upheld	1	0	0
Number of EIR requests: Partly Upheld	6	0	0
Number of EIR requests: Upheld	0	0	0
EIR - Requests responded to In time	661	722	775
EIR - % Requests responded to In time	95.66%	97.44%	95.92%
EIR - Requests responded to Out of time	30	19	33
EIR - % Requests responded to Out of time	4.34%	2.56%	4.08%
Number of EIR reviews received	21	28	40
Number of EIR reviews: Not Upheld	7	0	14
Number of EIR reviews: Not Pursued	0	3	0
Number of EIR reviews: Upheld	1	0	2
Number of EIR reviews completed and responded to 'In Time'	18	20	25
% of EIR reviews completed and responded to 'In Time'	100.00%	83.33%	80.65%
Number of EIR reviews completed and responded to 'Out of Time'	0	4	6
% of EIR reviews completed and responded to 'Out of Time'	0.00%	16.67%	19.35%
Number of EIR reviews: Partly Upheld	2	0	11
SAR - Total Received	175	187	225
SAR - In time	126	132	147

	2023/2024	2024/2025	2025/2026
SAR - % In time	72.00%	83.54%	84.97%
SAR - Out of time	26	26	26
SAR - % Out of time	14.86%	16.46%	15.03%
Number of Rights of Individuals requests received	27	27	35
Number of Rights of Individuals requests: Not Upheld	6	13	11
Number of Rights of Individuals requests: Partly Upheld	0	0	0
Number of Rights of Individuals requests: Not Pursued	5	3	2
Number of Rights of Individuals requests: Upheld	6	4	6
Number of Rights of Individuals requests completed and responded to 'In Time'	8	2	1
% of Rights of Individuals completed and responded to 'In Time'	72.73%	66.67%	100.00%
Number of Rights of Individuals requests completed and responded to 'Out of Time'	3	1	0
% of Rights of Individuals completed and responded to 'Out of Time'	27.27%	33.33%	0.00%
Number of Requests for Information received	378	466	586
Number of Requests for Information: Agreed for release	272	358	493
% of Requests for Information: Agreed for release	94.77%	90.18%	94.99%
Number of Requests for Information: Not provided	15	39	26
% of Requests for Information: Not provided	5.23%	9.82%	5.01%
Number of Requests for Information completed and responded to 'In Time'	211	146	46
% of Requests for Information completed and responded to 'In Time'	96.79%	97.33%	95.83%

	2023/2024	2024/2025	2025/2026
Number of Requests for Information completed and responded to 'Out of Time'	7	4	2
% of Requests for Information completed and responded to 'Out of Time'	3.21%	2.67%	4.17%
Number of ICO cases received	8	7	10*
Number of ICO cases completed and responded to 'In Time'	6	6	7*
% of ICO cases completed and responded to 'In Time'	85.71%	85.71%	87.50%
Number of ICO cases completed and responded to 'Out of Time'	1	1	1*
% of ICO cases completed and responded to 'Out of Time'	14.29%	14.29%	12.50%
Number of reported potential or actual Data Breaches through the council breach reporting process	--	271	318
Number of Data Breaches reported to the ICO	1	0	1

*There are two cases that we have not received the ICO's decision on at time of preparing this report

ICO published decision notices**Date 23 April 2026 - Decision(s) FOI 1(1): Not upheld**

The complainant requested information about the introduction and operation of a QR code-based pass system for access to council-funded school transport. City of York Council (the “council”) disclosed some information and confirmed that other information wasn’t held. The complainant disputes this and considers that further information is held. The Commissioner’s decision is that the council complied with its obligations under section 1(1)(a) FOIA by correctly confirming that it did not hold any further recorded information falling within the scope of the request, beyond that which was already identified and disclosed. The Commissioner does not require the council to take any steps.

[ic-414605-c715.pdf](#)

Date 7 May 2026 – ICO Decision(s) FOI 1: Partly upheld, FOI 10: Upheld, FOI 16: Upheld, FOI 21: Not upheld, FOI 36: Not upheld, FOI 40: Upheld

The complainant submitted a multi-part request for information from City of York Council (the “council”) about its membership of Stonewall, related expenditure, and internal consideration of safeguarding concerns and single sex services. The council disclosed some information, stated some was not held, and withheld other information under sections 21 and 36 of FOIA. The Commissioner’s decision is that:

- Part 1: Section 21 was correctly applied to the spending information; however, the council breached section 16 by failing to provide adequate advice and assistance in its original response. This was remedied during the investigation.
- Part 2: Some information constitutes the complainant’s personal data and is exempt under section 40(1). Section 36(2)(b)(i), (ii) and (c) are engaged in respect of all remaining information, and the public interest favours maintaining the exemption.
- Part 6: The council complied with section 1(1) by correctly confirming that no information was held.
- Part 7: The council breached sections 1(1) and 10(1) by incorrectly stating that no information was held and only correcting this during the investigation.

- Personal data (parts 2 and 7): Some information constitutes the complainant's own personal data and is exempt under section 40(1); no steps are required in respect of that information.

The Commissioner does not require the council to take any steps

[ic-404418-p4l6.pdf](#)

Data Security and Protection Toolkit

2025-26 (version 8)



CITY OF YORK COUNCIL

West Offices, Station Rise, York, England, YO1 6GA



Date of publication: 06 May 2026 (valid to: 30 June 2027)

This organisation has completed a Data Security and Protection Toolkit self-assessment to demonstrate it is practising good data security and that personal information is handled correctly.

www.dsptoolkit.nhs.uk

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Meeting:	Audit & Governance Committee
Meeting date:	22 nd July 2026
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 2026/27 – 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 5 Safeguarding 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 quarterly risk meetings
6. Due to the diversity of services provided by the council, the risks faced by the authority are many and varied. The Council is unable to manage all risks at a corporate management team (CMT) 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 in managing the risks.
10. Annex B provides 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
 - KCR8 – Communities: Failure to ensure we have resilient, cohesive, communities who are empowered and able to shape and deliver services.

- KCR9 – Workforce Capacity: Reduction in workforce/ capacity may lead to a risk in service delivery.
- KCR10 – External market conditions: Failure to deliver commissioned services due to external market conditions.
- KCR11 – 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 relatively 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

- 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

Completed Action: Responded to Fair Funding review consultation.

Updated Action: Development of Financial Strategy 2027/28.

New Control: Respond to Government consultation on funding.

KCR 2 – Governance

New Risk Detail: The Local Government Boundary Commission reviews the electoral and boundary arrangements of councils and City of York Council is under review. Final arrangements will not be known until later in the year.

Amended Risk Detail: Increased demands and workloads resulting from any or all the above with static resources and capacity.

Amended Implication: An adverse cyber event would likely result in significant disruption to key Council services, with short-, medium-, and long-term implications, and potentially significant financial implications.

New Implication: Insufficient time to make necessary changes will impact on our ability to deliver Local Elections in May 2027 leading to confusion for residents and reputational risk for the Council.

New Control: Monthly election planning meetings to include contingency arrangements.

Amended Control: ICT and ICT security policies and procedures such as electronic communication policy with review and refresh programme in place.

New Control: Increased scope of the PSN (Public Services Network) external and independent annual health check/scope across the council's infrastructure, system and device estates.

New Control: Looking to secure Cyber Essentials accreditation as part of our wider security work programme to strengthen our security/posture.

New Control: Improving “layered” defence model. This means we use multiple safeguards so that if one fails, others are there to protect the council.

New Control: Cyber risks are understood, managed and addressed through a structured, risk-based framework and this includes learning lessons from “near misses” and previous incidents.

New Control: The sharing of information with other councils through the WARP and iNetwork security communities to get early warning of new threats.

New Control: All staff communication in relation to data protection and information governance to reinforce essential practice and reporting requirements.

New Action: Ongoing communication with all staff to reinforce key data protection messages.

New Action: Further work to be undertaken in relation to consistency of processes for external communications.

KCR 3 – Effective and Strong Partnerships

New Control: Newly appointed Chief Executive has scheduled time with all key partners.

Amended Control: Account management approach to monitoring key partnerships. CMT identified the 100 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. Directors and Chief Executive lead on specific relationships with meeting scheduled arranged to meet partner requirements.

Amended Control: The Integrated Care System has a strategy in place that aligns with the Joint Health & Wellbeing Board . Changes to ICB is reviewing the York Place Board who oversee the delivery of this at a Place level. Financial pressure remains, with a joint Commissioning Group chaired by the Director of Public Health however the Council, ICS and the Acute Trust work together to reduce delays increase flow to reduce escalation beds and increase staffing.

Amended Control: 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 facilitate thematic sessions with different officer groups to help ensure MCA Committee decisions include thorough briefings.

Amended Control: The York Health and Care Partnership is chaired by Richard Webb, which supports an integrated decision-making approach across organisations

Amended Control: Sustainability Leaders Group and Head of Communications Groups meets quarterly (in person and online) to discuss opportunities and potential joint projects.

Amended Control: York Economic Partnership meets bi-annually to explore opportunities for the city, and continue discussions initiated at MCA Business Board.

KCR 6 – Health and Wellbeing

Amended Control: The Health Protection Committee will produce an annual health protection report for approval at an Elected member Decision Session.

KCR 7 – Capital Programme

Completed Action: Review of major capital projects governance to be undertaken, including development of a resource plan.

Updated Action: Development of Capital Strategy 2027/28.

New Control: Capital Programme assurance process.

16. 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 2026/27) it is KCR 5 (Safeguarding) that is under review.

Consultation Analysis

17. Not applicable

Risks and Mitigations

18. 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:	Head of Customer Finance Risk & Insurance
Service Area:	Corporate Services
Report approved:	Debbie Mitchell
Date:	07/07/2026

Background papers

None

Annexes

- Annex A: Key Corporate Risk Register
- Annex B: Summary of Key Corporate Risks
- Annex C: KCR 5 Safeguarding
- Annex D: Risk Scoring Matrix

Changes to Risk Register since last update (March 2026)

Key Corporate Risk	Changes
KCR1 Financial Pressures	Completed actions added to controls and new updated action
KCR2 Governance	New risk detail, amended risk detail and implications and additional controls added
KCR3 Effective and Strong Partnerships	New control and amendments to wording of controls
KCR4 Changing Demographics	No changes
KCR5 Safeguarding	No changes
KCR6 Health and Wellbeing	Amendment to the wording of a control
KCR7 Capital Programme	Completed actions added to controls and new updated action
KCR8 Communities	No changes
KCR9 Workforce (incl Health & Safety)	Amended action dates
KCR10 External Market Conditions	No changes
KCR11 Major Incidents	No changes

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2026

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	Potential major implications on service delivery	Highly Probable	Major (21)	Respond to Government consultations on funding	Probable	Major (20)	No Change	RISK OWNER: Debbie Mitchell Development of Financial Strategy for 2027/28 (Debbie Mitchell 31/01/2027)
Election of new government results in changes to local government settlement	Impacts on vulnerable people			Regular budget monitoring				
Increased service demand and costs (for example an aging population).	Spending exceeds available budget			Effective medium term planning and forecasting				
Financial pressures on other partners that impact on the council	Lack of long term funding announcements from central government creates uncertainty which hinders long term financial planning			Chief finance officer statutory assessment of balanced budget				
Uncertainty around future funding	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			Regular communications on budget strategy and options with senior management and politicians				
Lasting financial impact of the pandemic on the economy as a whole				Transformation team developing programme of work to manage future demand and increase efficiency				
Increased severity and frequency of climate hazard events (e.g. flooding)	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.			Skilled and resourced finance and procurement service, supported by managers with financial awareness.				
				Climate change mitigation and adaptation programme				
Inflation falls slower than anticipated or starts to rise again				Financial Strategy approved.				
				Cost control measures are in place including ceasing non-essential spend				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2026

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Increased risk of UK recession General cost pressures due to impact of Ukraine conflict. UK Bank of England Interest rate expected to remain high	Increased cost of responding to emergency situations, as a result of climate change, and impact on service delivery. 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. Council is unable to set a balanced budget or is required to request exceptional financial support from central government			Monthly cost control panels are held. Corporate Improvement Framework has been established and includes training around financial literacy where appropriate/required.				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2026

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
Increased interactions in relation to FOIA/EIR and other information requests transparency, and failures to adhere to statutory timescales for responses. Failure to comply with data protection and privacy legislation. Failure to comply with regulator audit or inspection actions. Failure to have, or to adhere to, consistent and effective records management based on established standards, codes of practice etc. Increased demands and workloads resulting from any or all the above with static resources and capacity. Transition to new Cyber Assessment Frameworks (CAF) for NHS Data Security and Protection Toolkit (DSPT) and PSN.	Increases in decision or enforcement notices or other penalties including monetary fines by regulators such as Information Commissioner. 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. Reduced or removed ability for the council to use covert surveillance. Potential for increased costs to the council if there are successful individual claims for compensation as a result of breaches of data protection and privacy legislation. Impact on the end user/customer. Reduced confidence in the council's ability to deal with FOIA/EIR and other information requests and in turn, its openness and transparency.	Probable	Major (20)	ICT and ICT security policies and procedures such as Electronic Communication Policy with review and refresh programme in place. ICT security systems in place. ICT security check point process in place ahead of new service or system introduction. Regular ICT System audit process in place. Sessions with CMT and DMT's - raise awareness of digital/cyber risk and security requirements. Provision and ongoing review of information governance policies and procedures including regular all staff or targeted communications. Mandatory all staff awareness training (new and ongoing) for data protection and information security. Provision of role specific training e.g. covert surveillance, information asset etc. We have increased the scope of our PSN external and independent	Possible	Major (19)	No Change	RISK OWNER: Bryn Roberts Information and mitigation has been added in relation to prospective change to Cyber Assessment Frameworks and cyber intrusion. Ongoing communication with all staff to reinforce key data protection messages. Further work to be undertaken in relation to consistency of processes for external communications.

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2026

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
Increasing risk of adverse cyber event.	Adverse media/ social media coverage. Reputational impact leading to loss of required accreditations such as NHS, etc. Impact on records being available for future historical and research purposes. Operational disruption if restrictions or removal of NHS system access and/or NHS data use, due to non-compliance with CAF. An adverse cyber event would likely result in significant disruption to key Council services, with short-, medium-, and long-term implications, and potentially significant financial implications.			annual health check/scope across the Councils infrastructure, system and device estates. Further, we are looking to secure Cyber Essentials accreditation as part of our wider security work programme to strengthen our security posture. We are improving our "layered" defence model. This means we use multiple safeguards so that if one fails, others are there to protect the Council. Cyber risks are understood, managed, and addressed through a structured, risk-based framework, and this includes learning lessons from "near-misses" and previous incidents. The sharing of information with other councils through the WARP and iNetwork security communities to get early warnings of new threats. Governance, Risk and Assurance Group (GRAG) covers a wide range of governance issues. Regular Internal Audit reviews of information governance including physical data security for the Council.				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2026

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				Regular monitoring reports to Audit & Governance committee and Corporate Management Team and/or appropriate Scrutiny Committee(s) Provision of information and data on York Open Data and the council website Regular review of publication scheme and transparency code legislation to ensure ongoing compliance Ongoing management of data architecture to provide de-personalised data to open data platform Public Protection Annual Control Strategy Additional resource, training and improved processes to deal with FOIA/EIR and other information requests Officer and delegated decisions are published as necessary to ensure transparency Maintaining the strengthened relationship between Senior Information Risk Officer (SIRO)/ Director of Governance and the Caldicott Guardian				

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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
				Ongoing review of Council constitution. New induction programme for elected members including training in respect of the Code of Conduct and conflict of interests. Members now supplied with standard ICT equipment which will help to ensure appropriate information security and Information Governance. Conduct CAF gap analysis and develop improvement plan. Allocate clear ownership for CAF objectives across the council/IG and ICT. Engage suppliers/contractors to ensure compliance with CAF-aligned requirements. Continued updates and security patches applied to the Council's firewall and active network components. and countermeasures, together with regular staff communication, exercising of BCPs, and mutual aid arrangements. All staff communication in relation to data protection and information				

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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
The Local Government Boundary Commission reviews the electoral and boundary arrangements of councils and City of York Council is under review. Final arrangements will not be known until later in the year.	Insufficient time to make necessary changes will impact on our ability to deliver Local Elections in May 2027 leading to confusion for residents and reputational risk for the Council			governance to reinforce essential practice and reporting requirements. Monthly election planning meetings to include contingency arrangements.			NEW	

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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
Failure to effectively monitor and manage partnerships Partner (especially NHS, Academies) financial pressures may affect outcomes for residents Unilateral decisions made by key partners may affect other partners' budgets or services Priorities of the Mayor does not align with council /or city 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	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	Probable	Major (20)	Newly appointed Chief Executive has scheduled time with all key partners. 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 Executive lead on specific relationships with meeting scheduled arranged to meet partner requirements. 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. Place Making Board established to provide strategic steer for city issues that intersect with region/national policy challenges and meets every six months to discuss key challenges, chaired by Leader, with updates provided by strategic partners.	Possible	Moderate (14)	No change	RISK OWNERS: Claire Foale No current actions, ongoing monitoring of current controls

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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
Cumulative impacts of the pandemic and cost of living crisis and a reduction in volunteering on voluntary and community sector Financial pressure remains with ICS partners currently undergoing a restructure set against a new DHSC-led "blueprint" with impacts on council not yet understood				The Integrated Care System has a strategy in place that aligns with the Joint Health & Wellbeing Board . Changes to ICB is reviewing the York Place Board who oversee the delivery of this at a Place level. Financial pressure remains, with a joint Commissioning Group chaired by the Director of Public Health however the Council, ICS and the Acute Trust work together to reduce delays increase flow to reduce escalation beds and increase staffing. 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 facilitate thematic sessions with different officer groups to help ensure MCA Committee decisions include thorough briefings. 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)				

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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
				Commissioners and the NHS place directors are working closely to deliver a number of key joint services across health and social care. Joint project group with NHS/ICB/Council to develop integrated neighbourhood team model and review assets. The York Health and Care Partnership is chaired by Richard Webb, which supports an integrated decision-making approach across organisations Sustainability Leaders Group and Head of Communications Groups meets quarterly (in person and online) to discuss opportunities and potential joint projects. York Economic Partnership meets bi-annually to explore opportunities for the city, and continue discussions initiated at MCA Business Board. York and North Yorkshire Business Intelligence group comprised of business representative organisations sharing issues and intelligence from their networks meets monthly				

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KCR 4 CHANGING DEMOGRAPHICS: Inability to meet statutory duties due to changes in demographics. Over time, the demographic makeup of York's population is shifting due to a number of factors including new housing, inward migration, and natural population shifts due to birth and death patterns. A number of these changes, for instance the increasing number of people living with health and care needs, bring with them significant challenges particularly in the delivery of social care and public health 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
Development and regeneration makes York more desirable and accessible to residents, students and business, resulting in increasing inward migration to York. Population growth including that caused by additional housing through the Local Plan brings a greater rise in demand for council services than the associated growth in funding The gradual aging of the population increases care and support needs which outstrip council resources An increase in complexity of needs requiring council support is seen as people get older and live longer in ill health Growth in specific cohorts of the population, for instance a growth in the	The impact of additional demands may cause significant financial and delivery challenges in meeting statutory duties, such as the cost of care provision, school placements, SEND provision, mental health care and support, adult social care and demand for environmental services (eg waste collection) For some people, if those statutory needs are not met, harm may occur to the individual. If the funding available to the council does not keep up with the financial pressures of these demands, a greater proportion of council overall funding must be spent on meeting statutory duties, reducing the ability of the council to deliver discretionary services.	Probable	Major (20)	Place planning strategy to ensure adequate supply of school places Local area working structures in frontline services, including Early intervention initiatives and neighbourhood working Strengths based assessment and care management reviews to see to reduce and delay needs for social care support and promote greater independence. Advice and Information Strategy providing residents with direct access to support and services, to enable sign posting and self help. Closer integrated work with NHS commissioning partners through the place partnership York Skills Strategy Redesign and implementation of new arrangements for early help and prevention, for instance the RAISE York programme, children's social care reform, integrated neighbourhood	Possible	Major (19)	No change	RISK OWNER: SARA STOREY REFRESHED DATA ANALYSES – PETER RODERICK ongoing monitoring of current controls Analysis on 'York's changing population' including projections for population numbers and impact on health and care has been published on the JSNA website. Implementation of Health & Well being Board governance of Neighbourhood Health transformation 30/09/2026

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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
number of people with a disability or living with dementia is not matched by an adjustment in the way services are delivered to include and cater for the needs of these cohorts Demographic change in the working age population meaning workforce supply unable to meet workforce demand Changes to the costs of externally commissioned services related to increased land and property values	The council may experience a reputational impact if services are not delivered to a good standard Risk of legal challenge, with very significant consequences if statutory duties are not met, up to and including government intervention; criminal prosecution; civil challenge; and or financial sanctions. The ability to steer, shape, signal and manage the external care provider market is impeded where the council-commissioned share of that market reduces, for example where the self-funded share increases. Inability to recruit workers in key service areas in sufficient numbers to meet demands e.g. care and support workers			working e.g. Mental Health and Frailty Hub Ongoing analysis of the Local Plan and Major development projects demographic data to determine the impact on all CYC services. Partnership working to identify ways to make best use of the 'York pound' where other key organisations in the city or region have a mutual interest in preventing or reducing need and in working together to meet need more efficiently and more effectively (such as the combined authority; health partners; education providers; voluntary sector organisations; and private providers of health and care services). Impact assessment and analysis included as part of every formal decision, to assess the likely effect for people in specific groups or with specific needs in the city. Prioritisation of funding towards meeting statutory duties, to reduce legal risks and risks of harm to people A whole system, whole council approach to supporting people in York to live as independently as possible, for as long as possible through				

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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
				implementing the York Neighbourhood Model Data analysis to inform modelling of demand, forecasting and budget setting for key services				

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

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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
				Effectively resourced and well managed service, supported by robust workforce strategy and clear practice model Effective recruitment to senior roles with expert assessment contributing to the process Annual Safeguarding Board annual plan Controls implemented from peer review action plan Chief Officer Group which brings together Chief Officers from relevant organisations in relation to safeguarding eg police, CYC Children's Social Care records system is upgraded. This is monitored by a project board. 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 Use of different methods of contact methods for vulnerable children, such as facetime, alongside working with the DoE and Ofsted Improvement Plan for Children's social care in place since 2020				

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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
				Ambition and Assurance Board oversight of ambition plan for adult social care Improvement Plan for Adult Social Care to address current budget pressures in place May 2021 Increasing internal placement options with York by developing LA operated residential care Increasing targeted advertising to attract Foster Carers and increase capacity Adults Safeguarding Board Manager is in post				

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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
Failure to protect the health of citizens against preventable disease by ensuring appropriate levels of vaccination, immunisation and screening. 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 Infectious disease outbreaks, rising cost of living, healthcare service pressures eg waiting lists and wider societal changes could adversely impact health. Demand for early intervention and prevention services which aim to improve and protect health could outstrip supply	Likelihood of mass disease outbreaks Risk to life of chemical, biological or radiological hazard Late diagnosis & delay in treatment of health conditions that could be prevented through eg healthier lifestyles and / or healthier living, identified earlier through e.g. routine screening, or prevented through e.g. vaccination Reduction in life expectancy and quality of life Increase in health inequalities between population groups in the city	Probable	Major (20)	York Health Protection Committee is established with good engagement with partners locally and regionally. The Health Protection Committee will produce an Annual Health Protection Report for approval at an Elected member Decision Session Health protection governance arrangements are subject to regular inspection through the internal audit cycle. Emergency Preparedness arrangements including NYLRF arrangements, plans and exercises Mass vaccination programme for flu and Covid 19 The 2022-2032 Health and Wellbeing Strategy sets 10 clear population health goals to improve health and the conditions which create health Climate change mitigation and adaptation programme Ongoing Public Health grant assurance process with DHSC to ensure the effective use of public health resources.	Probable	Moderate (15)	No change	RISK OWNER: PETER RODERICK No current actions, continuous monitoring of controls.

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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
Failure to protect citizens from the adverse health impacts of climate change								

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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
Complex projects with inherent risks Large capital programme being managed with reduced resources across the Council Increase in scale of the capital programme, due to major projects and lifting of borrowing cap for Housing Cost pressures due to fluctuating inflation rate (particularly in Construction where 20-30% increases in costs have been seen) UK Bank of England interest rate expected to remain higher than previously forecast	Additional costs and delays to delivery of projects The benefits to the community are not realised Reputational Damage Pausing or stopping projects because of the economic climate may create some compliance issues and may mean that existing projects require extensions 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.	Probable	Major (20)	Project boards and project plans Capital Programme Assurance Process Regular monitoring of schemes Capital programme reporting to Executive and CMT Financial, legal and procurement support included within the capital budget for specialist support skills Project Management Framework Additional resource to support project management 5 year Capital Strategy approved annually Capital Programmes are sufficiently staffed to deliver to timescales Internal Audit Report gave reasonable assurance on project management arrangements	Probable	Moderate (15)	Slightly worse	RISK OWNER: Debbie Mitchell and Garry Taylor Development of capital strategy for 2027/28 (Debbie Mitchell, 31/01/2027)

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KCR 8 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
Failure to effectively engage with the communities we serve Failure to contribute to the delivery of safe communities Failure to effectively engage stakeholders (including Members and CYC staff) in the decision making process Failure to manage expectations Communities are not willing/able to fill gaps following withdrawal of CYC services Lack of cohesion in the planning and use of CYC and partner community based assets in the city including Parish Councils Failure to mitigate wider determinants of health/deprivation impacts	Lack of buy in and understanding from stakeholders Alienation and disengagement of the community Relationships with strategic partners damaged Impact on community wellbeing Services brought back under council provision – reputational and financial implications Budget overspend Create inefficiencies Services not provided Poor quality provision not focused on need, potential duplication, ineffective use of resources, difficulty in commissioning community services e.g. Library services	Probable	Major (20)	CMT working collegiately on joint initiatives around Early Intervention and prevention New early help and prevention community based service delivery models in Housing, Public Health & Communities Revised Community Safety Plan Devolved budgets to Ward Committees and delivery of local action plans through ward teams Improved information and advice, Customer Strategy and ICT support to facilitate self service CYC Staff and Member training and development Community Safety Strategy in place for 2024/5 Community Hubs set up to support residents Roll-out of the Community hubs model as agreed in Oct 2020	Possible	Major (19)		RISK OWNER: Pauline Stuchfield Approval of Community Safety Strategy for 2026/27 including a partnership approach to addressing risk issues around cohesion and Youth ASB (Pauline Stuchfield, 31/06/2026)

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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 Sits within the Equity, Diversity and Inclusion Team. Financial Inclusion Strategy monitored by the Financial Inclusion Steering Group				

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KCR 9 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
The necessity to deliver savings has resulted in a reduced workforce requiring new and specialist skills Recruitment and retention difficulties as the council may be seen as a less attractive option than the private sector Lack of succession planning HR Policies may not be consistent with new ways of working (eg remuneration policy) Uncertainty around long term funding from central government. 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	Increased workloads for staff Impact on morale and as a result, staff turnover in key services impacting on business continuity and performance Inability to maintain service standards Impact on vulnerable customer groups Reputational damage as a current and prospective employer. Single points of failure throughout the business . Impact on the health & wellbeing of staff has been and will be significant and may increase early retirements and leavers. Due to Remote working (working from home)	Probable	Major (20)	Workforce Strategy and Action Plan Stress Risk Assessments Annual PDRs Comprehensive Occupational Health provision including counselling. HR policies e.g. whistleblowing, dignity at work Development of coaching/ mentoring culture to improve engagement with staff Corporate Cost Control Group monitoring of absence and performance reporting Apprenticeship task group Agency and Interim Staffing Policies Absence Management Policies Substance Misuse Policy A Workplace Health & Wellbeing Group has been established with staff & trade union representation which is chaired by the Head of HR.	Possible	Moderate (14)	No change	RISK OWNER: Helen Whiting Ongoing action: Review of HR policies to ensure they complement the diverse ways in which our workforce deliver services (Helen Whiting,) 31/12/2026) Implementation of the new Workforce Strategy and Action plan from May 2025 (Helen Whiting, 31/12/26) Ongoing action: Review of employee T&Cs. Progress has started with costing options ahead of discussions with CMT and Trade Unions.

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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
Reduction in posts due to restructures required to achieve budget savings Potential strike action impacting on delivery of services. Ongoing school strikes and wider transport strikes also implicate on workforce availability. Lack of qualified workforce (e.g. care staff, HGV drivers) Ongoing national skills shortage Pay structure issues causing pressure at lower end having knock on impact on middle grades and especially supervisory roles around Grade 5 Stress sickness absence remains the highest absence reason, importance of managing stress and potential burnout of staff. All LA's have a heightened awareness of the risk of	can have a negative impact on wellbeing. - 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 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. More agile and flexible working may also result in increased retention of staff and increase the attraction of candidates for vacant positions. 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) Financial & reputational impact of successful challenges to T&Cs and claims for equal pay			A staff health & wellbeing survey has been undertaken & this is being followed up by staff focus groups. Increase in regulatory compliance to protect the workforce e.g. Health and Safety regulations, working time directives Annual increase in Living wage is applied (although there is no control over this rate and conflicts with NJC rates) Joint Health and Safety Board and regular review of support for staff Improved frequency of informal and formal meetings with Trade Unions to improve communications and relationships Employer benefits package is well established Annual reminders and voucher provision for flu and covid vaccinations Increased help and awareness of staff wellbeing and mental health; monthly 'make a difference communications' which focuses on wellbeing				(Helen Whiting, 31/12/2026) Ongoing action - Implementation of creative recruitment initiatives. (Helen Whiting, 31/12/2026)

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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
equal pay claims, following events at Birmingham Serious breach of health and safety legislation Failure to comply with statutory obligations in respect of public safety There continues to be a review of the NJC pay spine as National Living Wage and Living Wage Foundation rates increase, it has an impact on the compression of the grading structure. This in turn has an impact on competitive market rates.	Public and staff safety may be put at risk Possible investigation by HSE Prohibition notices might be served preventing delivery of some services Prosecution with potential for imprisonment if Corporate Manslaughter			Business Continuity Planning to assist with redeployment of staff or reduction of service during times of shortage eg HGV drivers Managers being equipped with the right training to manage and lead teams and workforce plan Review of job descriptions and not one size fits all Retention payments and market supplements agreed for key posts HR Advisory circulars now being issued to managers 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. Health and Safety monitoring in place Ongoing Health and Safety Training programmes at all levels				

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KCR 10 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
Increases to the national living wage, employers national insurance contributions, and wage inflation in general. Recruitment and retention of staff If failure occurs, the Council may remain responsible for ensuring the needs of those receiving the service continue uninterrupted. Providers may go out of business as a result of the cumulative effects of the financial challenges Many sectors under financial pressure due to cost of living and inflationary pressures (reductions in income or increase in expenditure)	Vulnerable people do not get the services required or experience disruption in service provision Safeguarding risks Financial implications: Increased cost of alternative provider Increased cost if number of providers are limited Reputational damage 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	Probable	Major (20)	Clear contract and procurement measures in place and have been further updated 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 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 CYC investment in extra care OPHs has reduced recruitment pressure Revised SLA with independent care group and quarterly monitoring meetings with portfolio holders	Possible	Moderate (14)	No change	RISK OWNER: SARA STOREY ONGOING ACTION Increase joint working with NHS commissioners to manage market effectively and get best value. (Director of Adults & Integration, 30/06/2025) 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.

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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				Ongoing work with providers to set a York cost of care Local policies in place for provider failure Ongoing attendance at Independent Care Group Provider Conference 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 Focus on prevention and early support to ensure residents are supported to stay at home for longer Co-producing model of care with people using services and their carers The Council's market position statement is regularly reviewed				

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KCR 11 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
An uncoordinated or poor response to a major incident such as: - Flood - Major Fire - Terrorist Attack - Pandemic Failure to protect citizens from the adverse impacts of climate change Potential for rolling commercial power outages over winter Increasing frequency of extreme weather events Radicalisation and emergence of extremism and terrorism	Serious death or injury Damage to property Reputational damage Potential for litigation Potential for corporate manslaughter charges if risks are identified and proposed actions not implemented Reduction in life expectancy and quality of life Civil disturbances Risk to community cohesion	Probable	Catastrophic (24)	Emergency planning and Business Continuity Plans in place and regularly reviewed along with regional risk registers Strong partnerships with Police, Fire, Environment Agency and other agencies with principles such as JESIP and METHANE built into the way we work together Support to Regional Resilience forums Support and work in partnership with North Yorkshire local resilience forums Investment in Community Resilience (re Flooding) Work with partners across the city to minimise the risk of a terrorist attack through Protect and Prepare Group and Hostile Vehicle Management projects	Possible	Major (19)	No change	RISK OWNER: Garry Taylor 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.

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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.				Development of the local outbreak control plan and a variety of internal recovery strategies Local outbreak prevention, management and response in place Climate change mitigation and adaptation program Regular review and reporting of carbon emissions Carbon reduction and climate change action plan regular updates to Executive/CMT Communications to citizens about steps they can take to reduce impact of climate change Sustainability leads group to encourage city partners to work together to reduce impact of Climate change Communications incident management plans, including outbreak Regular review of emergency and business continuity plans				

ANNEX A
KEY CORPORATE RISK REGISTER AT JUNE 2026

Risk Detail (cause)	Implications (consequence)	Gross Likelihood	Gross Impact	Controls	Net Likelihood	Net Impact	Direction of Travel	Risk Owner and Actions
				Directorate risk registers will include relevant climate change risks 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. 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) The LRF is currently undertaking a review of capabilities linked with risk reviews.				

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
KCR8 Communities	Probable	Major	20	Possible	Major	19
KCR9 Workforce/ Capacity	Probable	Major	20	Possible	Moderate	14
KCR10 External Market Conditions	Unlikely	Major	18	Unlikely	Moderate	13
KCR11 Major Incidents	Probable	Catastrophic	24	Possible	Major	19

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Annex C

Analysis of Key Corporate Risk 5 – Safeguarding

Background

1. This Annex provides a more detailed analysis of KCR 5 – Safeguarding.
2. **The description of this risk is as follows:** 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, organisational and reputational implications of ineffective safeguarding practice are acute.

Risk Detail

Failure to protect a child or vulnerable adult from death or serious harm

3. This risk relates to potential failure of services and systems to take appropriate and timely action to safeguard a child or vulnerable adult. Contributing factors may include poor information sharing, risk assessment or unclear accountability or escalation processes across the partnership.
4. Effective mitigation requires robust safeguarding policies, clear escalation pathways, multi-agency working, training and learning from audit and case reviews which in turn strengthens practice and improves outcomes.
5. The consequences are significant in terms of the impact on children, adults and their families, alongside the legal and reputational implications including public trust in services.
6. It does need to be noted that despite robust systems and best practice not all risks can be predicted and therefore prevented. In complex circumstances serious incidents may still occur therefore the focus is on minimising risk as far as possible through effective safeguarding arrangements need to be a priority.

Poor outcome from statutory inspection (Ofsted, particularly ILACS and SEND or CQC)

7. Poor inspection outcomes indicate services are not meeting the required standards. Inspections provide a snapshot in time and can not capture every element of practice however, a poor outcome can have a reputational impact, result in increased oversight, loss of public confidence and the financial cost can be high. The recent CQC assessment of the local authority in relation to Care Act duties for adults resulted in an overall requires improvement rating but with significant weaknesses identified in key areas.

Supply failure within the national care market for children's placements following Ofsted introduction for 16-17 year olds

8. The introduction of Ofsted regulatory requirements for supported accommodation has created a risk of a reduction in available placements for this age group of young people. The City of York alongside other providers are

Annex C

Analysis of Key Corporate Risk 5 – Safeguarding

now required to meet new standards and registration requirements. This in turn creates a risk that some providers may exit the market, reduce capacity or be unable to achieve the compliance required.

9. While the introduction of regulation is intended to improve quality, it needs to be recognised this may create a risk of pressure within the system. The consequences could lead to an increase in out of area provision and higher costs to the Council.

Market Failure in Adult Social Care

10. The availability of safe and high-quality support for adults with care and support needs is a significant protective factor in preventing harm to adults at risk. The sustainability of local providers can be at risk due to a combination of local market conditions and nationally driven cost pressures.

Implications

11. The implications across the identified risks are:
 - Vulnerable children and adults are not protected from harm
 - Significant reputational damage to the Council
 - Loss of public confidence in safeguarding systems
 - Financial implications including investment needed due to a failed inspection
 - Resource and financial implications of increased demand because of a shortage of supply in placements for children and support for adults.

Controls – Children's Services

12. Alongside the following controls Children's Services is in period of significant reform which is being driven by the national Families First Partnership Programme. The reform programme has been developed out of the Independent Review of Children's Social Care and subsequent national policies. The drive is to create a streamlined, multi-agency system which provides earlier and more effective support to children and families. This includes the creation of a Multi-Agency Child Protection Team to ensure a more decisive and integrated response to safeguarding concerns. Overall, the reforms aim to improve the safeguarding system and further reduce the risk of harm.

Safeguarding Partnership

13. Strong governance arrangements are in place through the City of York Safeguarding Partnership. The multi-agency partnership provides oversight, sets priorities, monitors performance and holds partners to account.

Annex C

Analysis of Key Corporate Risk 5 – Safeguarding

14. The partnership arrangements include several subgroups which are critical for a joined-up approach, consistency of practice for families and learning and development.
15. The Safeguarding Children's Partnership has maintained an Independent Scrutineer who offers challenge and assurance on the effectiveness of the safeguarding arrangements. This role is key in ensuring areas for development are identified, learning is embedded across the system and that work is undertaken to reduce the likelihood of harm to children and young people.

Multi-agency procedures

16. Risks are further mitigated through robust multi-agency procedures. These procedures provide a shared framework for practitioners to identify, assess and respond to safeguarding concerns, ensuring a coordinated and timely approach to protecting children and young people.
17. The procedures set out agreed thresholds and referral pathways, therefore support practitioners to take appropriate action and promote consistent practice.
18. In addition, escalation pathways have been established, these empower practitioners and agencies to raise concerns where there is a disagreement. This strengthens accountability and prevents drift and delay in decision making.

Performance Management, Self-Assessment and Peer Challenge

19. Performance management arrangements are in place to monitor key indicators, these include understanding the quality of practice, outcomes and direct feedback from children and their families. Regular analysis supports identification of risks, trends and allows for any improvement activity. The Ambition Board which is chaired by the Chief Executive and attended by key officers and the Lead Member for Children's Service provides oversight and challenge in this area.
20. Children's Services maintains an up-to-date self-assessment which is overseen by the Corporate Director and Director of Safeguarding. This is shared with the Inspectorate (Ofsted) to keep them up to date on the direction of the service, along with allowing for scrutiny and challenge to support continuous improvement. In the last Ofsted inspection (2024) Children's Services moved from Requires Improvement to Outstanding across all judgement areas.
21. Sector led improvement through peer challenges are welcomed; these are undertaken by colleagues across the region and support with continuous development and improvement.

Annex C

Analysis of Key Corporate Risk 5 – Safeguarding

Resourcing

22. Children's Services continue to have an experienced and stable leadership team alongside a stable workforce. In recent years Children's Services have move from 46 to 0 agency social workers therefore providing consistency of practice and service delivery to children and their families.
23. A workforce strategy has been developed to underpin development of practitioners which has included investment in training to drive a skilled, confident and capable workforce. All staff are subject to employment checks including DBS clearance, ensuring those working with children and families are safe to do so.
24. Work has been undertaken to increase internal placement sufficiency. This has included development of our residential home, 'Together WE Can', supported accommodation provision, 'Staying Close' and focused recruitment to increase the number of foster carers in the City. Together these measures have enabled us to reduce our reliance high-cost external provision.

Controls-Adult Services

25. Summarised below are the key controls for safeguarding adults with care and support needs from harm. Alongside this, early-stage national reform of the approach to safeguarding adults has been signalled by the DHSC through the intention to establish a new national safeguarding adults board and an urgent review of adult safeguarding statutory duties and powers. This is in response to recommendations made by the Independent Commission on Adult Social Care

City of York Safeguarding Adults Board

26. Strong governance arrangements are in place through the City of York Safeguarding Adults Board. The Board has a key responsibility for protecting adults from abuse, reducing the risk of abuse and supporting people to stop abuse where it happens. The SAB is in place to assure itself that local safeguarding arrangements are in place and that partners act to protect adults at risk. The SAB leads safeguarding arrangements across the city to oversee and coordinate the effectiveness of the work of its members and partner agencies. The strategic plan produced by the SAB sets out how the board will meet its objectives and the contributions of members and partner agencies. The effectiveness of the work is detailed in its annual report. Alongside this the SAB also commissions safeguarding adult reviews aimed at promoting effective learning and improvement to prevent future deaths or serious harm.
27. An independent chair is appointed to the SAB who offers independent challenge on the effectiveness of arrangements to protect adults at risk.

Annex C

Analysis of Key Corporate Risk 5 – Safeguarding

28. The SAB has a series of subgroups and task and finish groups to provide for quality assurance, learning and development, safeguarding adult reviews and key priority areas including self-neglect, exploitation and homelessness.

Multi Agency Procedures

29. Multi-agency procedures developed with partners are in place, providing a shared framework for practitioners to prevent, identify, assess and respond to safeguarding concerns, ensuring a coordinated approach to protecting adults at risk. Practice guidance is produced and published to support the implementation of these procedures. This includes an escalation process aimed at empowering practitioners and resolving disputes between agencies and practitioners. CYC has a mandatory training programme in place to enable competent practice and compliance is monitored.

Market Oversight

30. CYC has a commissioning team in place responsible for developing and maintain a market of safe, high quality, accessible support providers with a focus on meeting need and preventing harm. Work is underway on updating the market position statement and commissioning strategy.

Performance and Improvement

31. CYC departments contribute to the SAB activity dashboard, supported by the SAB Quality Sub-group. This provides insight and challenge in to the key activities of CYC and its partners that prevent and respond to the risk of harm for adults. The dashboard is reviewed on a quarterly basis by the SAB.
32. CYC reports on safeguarding adults performance nationally through the safeguarding adults collection. Systems are in place to ensure the work that demonstrates CYC performance is captured, reported and scrutinised
33. Safeguarding Adults is one of the statutory duties that the Care Quality Commission assess as part of their local authority assessment framework. As part of the requires improvement rating given to CYC, CQC highlighted some significant weaknesses in safeguarding adults. In response to this, immediate actions were taken to improve safety. Safeguarding adults forms part of the transformation programme overseen by the Adults Improvement Board.
34. CYC has established an Improvement Board for adult social care chaired by the chief executive and attended by key officers and members, providing oversight of the transformation programme aimed improving CYCs approach to meetings its statutory duties.
35. CYC is supported by a DHSC appointed improvement advisor, offering support and challenge and reporting on progress to DHSC. In addition to this LGA peer support is in place to help with the improvement journey

Annex C

Analysis of Key Corporate Risk 5 – Safeguarding

Resourcing and Transformation

36. Recognising the requirement for improvement in adult social care, including the need to mitigate against the death or serious harm to adults at risk, a transformation programme is in place across the directorate. This has included significant investment in programme management, additional staffing to reduce the risk, practice development and system and process change.

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 Committee
Meeting date:	22/07/2026
Report of:	Director of Finance (S151 Officer)
Portfolio of:	Councillor Lomas, Executive Members for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion

Audit and Governance Committee Report: Annual Governance Statement 2025/26

Subject of Report

1. The purpose of this report is to present for information the draft 2025/26 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 2026.

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 2025/26 to 30th June. The Council met this deadline, and our draft Accounts were published on 30th June and are 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 Executive 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 2027 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

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Service Area:	Corporate Finance
Report approved:	Yes
Date:	10/07/2026

Annexes

Annex A – Draft Annual Governance Statement 2025/26

ANNUAL GOVERNANCE STATEMENT

Financial Year 2025-2026

DRAFT



2025-2026 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 2025-2026 demonstrates how we have complied with our local code and reviews its effectiveness. The conclusion of this AGS is that our governance arrangements have, during the past year, met their purpose in ensuring we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Governance Outlook and areas for action

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.

In February 2026, the Housing service was inspected by the Housing Regulator and gave a C2 grade for the Council. A C2 grade confirms that the Council is meeting the regulators standards overall but that improvements are required to ensure consistent, high quality services for all tenants.

Our annual review process identified areas for development around:

- Monitoring and reporting of project costs to allow for timely escalation and intervention
- Understanding the impact of staff resources on the ability to deliver projects and services
- Making better use of scrutiny.

These will be the target for action in the coming financial year, and we will reflect on our success in strengthening these aspects of governance in the 26/27 AGS.

Assessment of Effectiveness

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The Council works within this framework to deliver the Council Plan.³ This Plan sets out the Council's priorities and makes the following commitments to good governance:

"Financial Management: Ensure financial stability through a long-term financial strategy, that recognises the major unprecedented financial challenges, takes the difficult decisions needed, and ensures investment is focused upon priority areas.

Core Commitments: Embed the four Core Commitments into our decision-making, policies and programmes of work."

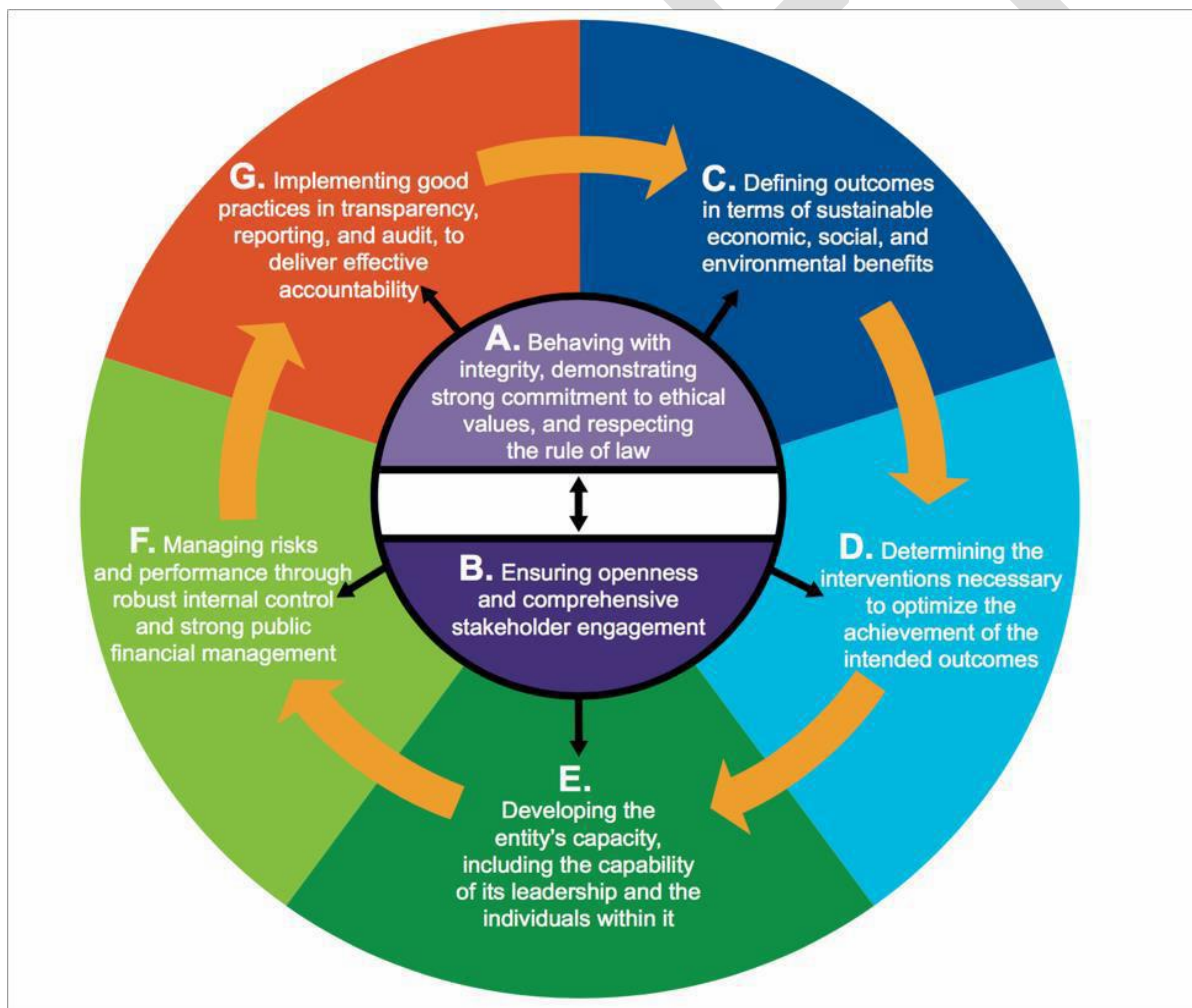
Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is designed to help us identify, prioritise and manage risks.,

³ <https://www.york.gov.uk/CouncilPlan>

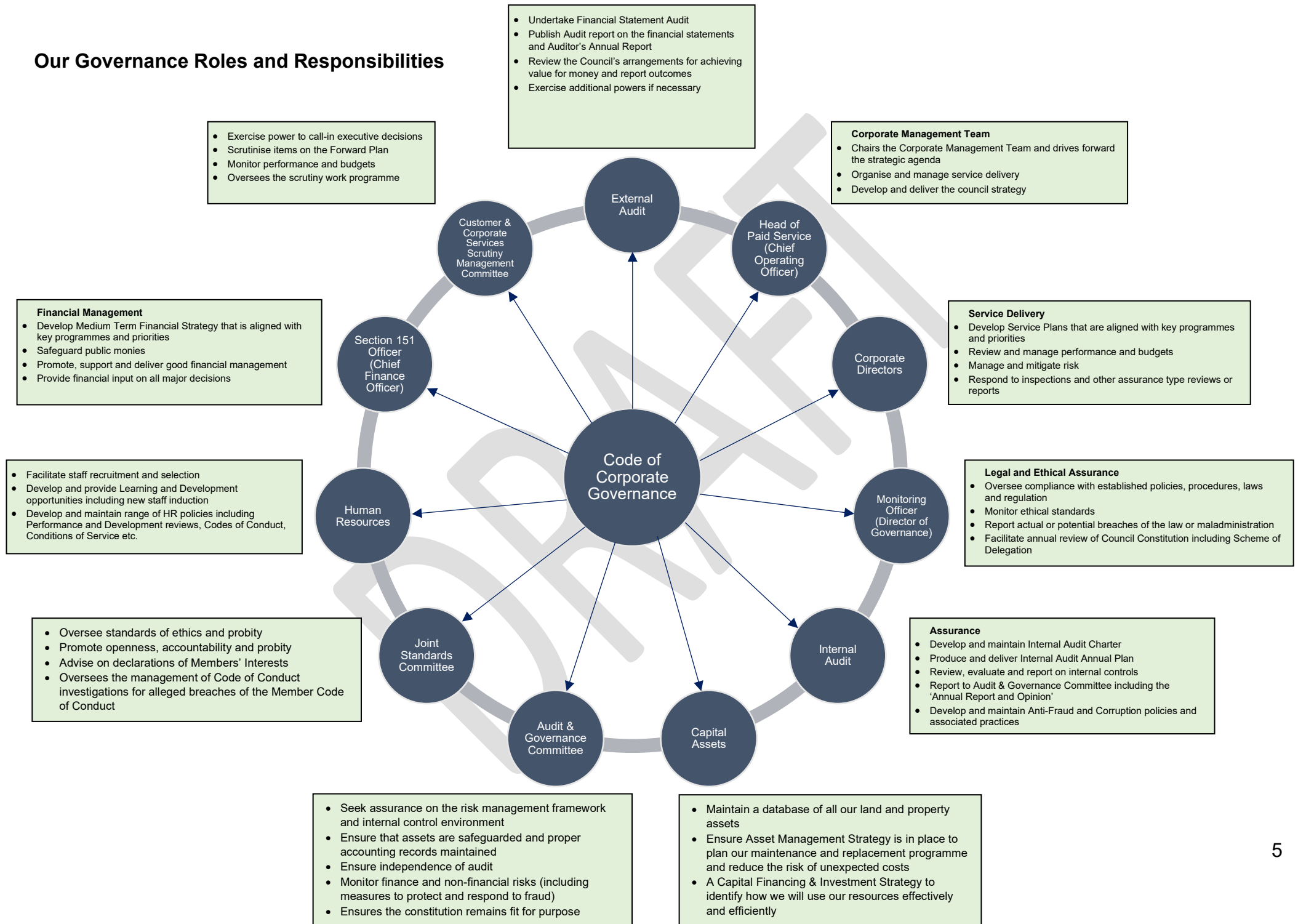
Our governance arrangements can only be effective if we engage with them as an organisation honestly and consistently. Where our processes indicate a concern, we must act swiftly.

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."



Our Governance Roles and Responsibilities



What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources, including:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2025-2026 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and
- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;

- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;
- 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	➤ 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 set 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	➤ Work has commenced on the design of a full Member Induction programme for the whole council elections schedule for in May 2027. This has been designed with both Member and senior officer input, to ensure that both new and returning Members gain essential knowledge following the election and prior to the Annual Meeting. ➤ In addition, a broader Members' Training Programme is in its inception phase, with the intention that Members' training becomes an ongoing process rather than a single or ad-hoc event. Again, this training has been co-produced by Members and Officers. ➤ Joint Standards Committee procedures for dealing with Code of Conduct Complaints have been updated and approved by full Council, in order that the process of dealing with such complaints is more streamlined and offers better and clearer outcomes for all involved.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		Councillors (both City of York and Parish Councillors).	
	2. Demonstrating strong commitment to ethical values	➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA (Local Government Association) Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme.	➤ Ad-hoc training on the Code of Conduct has been provided upon request, and further training will be provided to all Members following the 2027 elections. ➤ The Joint Standards Committee and the Audit & Governance Committee have both been appraised of proposed changes to the national standards regime, which would include a new, nationally mandated Code of Conduct.
		➤ We enhanced our commitment to Equity and Diversity by adopting: ➤ 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.	➤ Training in relation to Equity, Diversity and Inclusion was provided to Senior Officers. ➤ Members and Officers were also provided with “Trauma-Informed” training, to ensure the embedding of a trauma-informed approach to dealing with individuals.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Respecting the rule of law	➤ 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.	➤ Constitutional amendments have been prepared and submitted to Council on a number of subjects, with the Council's Constitution Working Group considering others on an ad-hoc basis. ➤ The most significant change has been the amalgamation of the Council's two planning committees and the rationalisation of their workloads.
Principle B Ensuring openness and comprehensive stakeholder	1. Openness	➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and	➤ Freedom of Information, Environmental Information, and Subject Access Request performance has significantly improved over the last 12 months, with

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
engagement		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. ➤ 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.	FOI response times (i.e., within the prescribed 20 working day period) now achieving 95% compliance rates. ➤ The Council's Complaints and Information Governance functions were disaggregated in June 2025, with the Communities team taking on responsibility for complaints and associated matters.
	2. Engaging comprehensively with institutional stakeholders	➤ 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	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		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. ➤ 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,	➤ During 2025 all ICBs were asked to make 50% cuts to running costs. This has resulted in significant staffing cuts. A new strategic commissioning framework could mean resources shift away from York. The situation will be closely monitored as it develops.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		the Bus Group and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors, examples include responding to the challenges of climate change and the cost of living.	
	3. Engaging with individual citizens and service users effectively	➤ 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	➤ 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 came into effect in April 2026.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		groups to encourage feedback from people who don't typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc. ➤ The Council Plan was consulted on prior to 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	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		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 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.	
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	1. Defining outcomes	➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond	➤ <i>The Social Value outcome framework has been approved by Audit and Governance and is now a part of the council's procurement process as</i>

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
environmental benefits		to resident feedback. This was approved by Council on 21st September 2023. The Council Plan is informed by the 10-year plan and strategies and regularly reported on, including 6-month snapshots on the Council website. An annual review is reported to Executive. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan). ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently being developed.	<i>published on the website. It was developed in consultation with NHS Yorkshire and Humber Procurement Leads, together with input from the CVS.</i> ➤ <i>The city's growth ambitions, known as the York Prospectus, is the high-level delivery plan for the 10-year plan and was approved at Executive on 4th November 2025. The social, economic and environmental impact of the city's growth ambitions has been independently analysed by Sewells and was approved at a Leader EMDS on 3rd February 2026. This is used to prioritise schemes, working closely with the MCA to unlock funding to deliver priorities.</i>

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	2. Sustainable economic, social and environmental benefits	➤ 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	➤ 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)	➤ Following approval by full Council in March 2025, the Council implemented a new structure for overview and scrutiny, reducing from four committees to three, with the aim of improving focus and depth of the input scrutiny can have in policy development. ➤ Assisted technology projects are a key part of the reviewing the ways in which council officers work and customers and residents can access council services better, with greater efficiency and effectiveness. Changes and progress are monitored by Corporate Management Team as part of dedicated themed workstream updates taking place monthly

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		and Housing Regulator. Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. Children's Services were inspected in March 2025 and achieved outstanding across all areas. ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned 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	➤ 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	➤ The capital programme strategy has been approved at Capital Programme Delivery Board and CMT. It sets out how the capital programme responds to the Council Plan and is used to help determine capital schemes going forward.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		intervene, such as via call-in or the calling of extraordinary meetings, at any point in the year.	
	3. Optimising achievement of intended outcomes	➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors. ➤ Capital Programme Delivery Board (CPDB) has been established to provide monthly review of programme assurance. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The establishment of Capital Programme Management Office (CPMO), alongside the Corporate PMO	➤ Project oversight will be further enhanced by the development of a corporate Programme Management Office to support the delivery of the Council's Capital Programme. ➤ Permanent Head of Capital Programme Management Office and Head of Capital Delivery alongside Head of Corporate PMO, will continue to raise profile and strengthen governance ➤ A review of effectiveness will be undertaken after 6 months of the new CPDB assurance process ➤ The Capital Programme Assurance Framework will be presented to EMDS in September for approval.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		is providing an assurance framework for the management and delivery of projects and programmes within the Council. This includes the identification and monitoring of outputs and outcomes.	
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded.	
	2. Developing the capability of the entity's leadership and other individuals	➤ 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	➤ Embedded into developing capacity, skills, talent and development of the workforce is initiatives such as apprentices, supported interns, internships, work experience, graduate recruitment and Tlevels. Within these there are different levels of supported leadership. From 2026 there is also a roll out of specific leadership and management training to enhance and develop the skills of our managers to embed the values, behaviours and standards of a high

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e-Learning system. ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. ➤ We support staff development using cost effective opportunities including funded apprenticeships. These have been 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.	performing workforce with a positive leadership culture.
Principle F Managing risks and performance through robust internal control and strong public financial management	1. Managing risk	➤ 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.	➤ A capital programme risk management framework is being developed. It is designed to align with the corporate risk management framework and key corporate risks, whilst recognising the more technical delivery risks that can lead to greater financial and/or reputational risks. This will include introducing a greater severity of risk.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		➤ 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.	➤ Work is underway to ensure ongoing compliance with data protection legislation requirements, alongside ensuring opportunities from AI are compliant. Where breaches are identified, they are investigated and actioned in accordance with both the legislation and the ICO's guidance, to ensure that appropriate institutional learning is documented and implemented.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	2. Managing performance	➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate, People and Place Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, and to Audit and Governance Committee.	➤ The capital programme delivery board provides governance controls across procurement, finance and legal on the whole capital programmes, including in education, housing, transport and regeneration. Risks from programmes are escalated to the Capital programme delivery board, which are then shared with CMT through a monthly deep dive, together with providing Executive members with oversight.
	3. Robust internal control	➤ 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	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		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.	
	4. Managing data	➤ 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.	

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	5. Strong public financial management	➤ 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.	
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementing good practice in transparency	➤ Agendas for all Council meetings are publicly available on the website. ➤ The Forward Plan for Executive ensures that, as required by the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, details about forthcoming Key Decisions are published not less than 28 days before the decision-making meeting. ➤ We comply with the local Government	➤ To facilitate continued compliance with the principles, additional guidance has been provided in relation to the publication of Officer Decisions in accordance with the 2014 Regulations.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		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	➤ 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.	➤ A pilot scheme to utilise existing software capabilities to provide a centralised report-writing and departmental sign-off procedure was introduced to streamline report preparation and submission.

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Assurance and effective accountability	➤ 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.	➤ Following the change to the Council's overview and scrutiny committee structure, it is notable that pre-decision scrutiny has increased, and continues to increase, whilst the introduction of Task and Finish Groups has allowed additional briefings to be undertaken without impact on the committees' work programmes.

What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015 and the Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector), the Head of Internal Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw an informed conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2025/26, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2026:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion.

However, in giving his opinion, the Head of Internal Audit included one significant control weakness to be considered for inclusion in the annual governance statement. A summary of this is as follows:

Governance and management of major capital projects: in evaluating the council's arrangements for governing and managing its portfolio of major capital programmes and projects, several issues have been identified which, taken together, represent a significant control weakness.

Issues include a lack of oversight and critical appraisal in pre-delivery phases (which has led to consequences such as entering contracts at risk or of a form not optimised for the project, and incurring additional costs due to changes during delivery), inadequate financial profiling, under-developed governance and assurance arrangements, a lack of skills and support capacity, and an over-reliance on external expertise.

The Head of Internal Audit's opinion concludes by referring to the improvements made and planned but also emphasises the need for continued focus on arrangements for governing and managing major projects.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2025/26 which was presented to the Audit and Governance Committee on 6 May 2026.

Under the GIAS UK Public Sector (effective from 1 April 2025) and CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results to the Audit and Governance Committee.

An independent assessment against the GIAS UK Public Sector must be carried out every five years as a minimum. The most recent independent assessment was undertaken against the Public Sector Internal Audit Standards (PSIAS). It was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the PSIAS. This is the highest rating that could be awarded. Veritau will need to be externally assessed against the GIAS UK Public Sector before September 2028.

The Standards also require Veritau to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Head of Internal Audit Annual Report for 2025/26, demonstrates that the service provided by Veritau generally conforms to the GIAS UK Public Sector. The Council can therefore continue to place reliance on the work of the Internal Audit function and the opinions it gives.

4. External Audit

External Audit of the Council is undertaken by Forvis Mazars LLP. They presented their Audit Completion Report for the year ending 31st March 2025 to Audit & Governance Committee on 28th January 2026. At the time of writing, their work on the 2024/25 accounts was substantially complete, awaiting assurance on one area. The 2025/26 audit will commence in September/ October 2026.

Forvis Mazars also took the Auditor's Annual Report to Audit & Governance Committee on 11th March 2026 which provided conclusions on the value for money (VFM) arrangements for the Council in 2024/25. A significant weakness was identified in the 24/25 VFM arrangements relating to capital project management and governance. A review to capture lessons learnt around York Station Gateway was undertaken during the

financial year and the findings were taken to Executive in July 2025. Work has begun to enhance governance arrangements for major capital project management and improve project assurance.

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 such as public space CCTV and use of investigatory powers. The Information Governance Team (IGT) support these roles and is responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There has been an increase in the number of reported potential and actual personal data breaches in 2025-26 financial year from the previous year. The reporting of potential as well as actual breaches indicates the ongoing awareness that timely reporting ensures the Council can take the necessary actions in a timely way, to safeguard information, inform individuals and regulators where it has been determined appropriate to do so, conduct robust investigations and make recommendations to reduce the risk of further breaches.

The council reported one significant breach to the Information Commissioners Office (ICO) in 2025-26. They concluded from their investigation that there were no further actions for the Council to take.

The Council maintains the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Investigatory Powers Commissioner Office (IPCO) undertakes an inspection of the Council's use of its use of investigatory powers and covert surveillance every three years, and the last onsite inspection took place on 23 September 2024. The IPCO was satisfied that our ongoing compliance with RIPA and the Investigatory Powers Act 2016 will be maintained. Updates on the required work and ongoing actions from this inspection were reported in an exclusion of press and public session to Audit and Governance Committee and training was provided for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS). The next inspection is due in 2027.

The Council continues to provide mandatory data protection and information security e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted guidance and support provided for the roles of SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Ongoing work continues in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

6. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2025-26. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, no new issues have been identified for inclusion in the tables below, but the existing issues have been reviewed and additional actions identified (Equal pay and Yorhome have been included in Financial risk) to ensure progress continues to be made.

Of increasing concern, however, is the risk that, as the Council changes size in response to continuing financial pressures, it fails to adapt its operating model to ensure that it has sufficient resources to deal with the demands placed upon it. Failure to do so will likely result in new governance issues, which cannot currently be anticipated.

CURRENT Governance issues arising from the previous 2024-25 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
1 – Existing Issue, updated	Financial Risks (i) Pressures - Impact of funding reductions - The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements and financial resilience. There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax. 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. (ii) Major capital projects	The outturn position for 2023/24 was an overspend position and there is again an overspend in 2024/25, therefore this remains a significant risk. A balanced budget was set for 2024/25 and 2025/26. Significant provision for growth were made as well as allocations to support the increased cost from continued inflationary pressures. 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. The uncertainty around central government funding remains an issue as the 2025/26 settlements were just for one year. New governance arrangements have been put in place to improve project assurance. Officers are developing a resource plan to	The 2025/26 outturn was improved from the Q3 forecast in all areas of the Council other than Adult Social Care where cost pressures continue. The Council was able to set a balanced budget for 2026/27 and make proper provision for growth along with a small contingency budget. The MTFS continues to be updated and regularly discussed with CMT and Executive. Whilst the Fair Funding Review announcement has removed the uncertainty around the local government funding, it has had a significant and negative impact on the Council's medium-term finances.

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
	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. (iii) Equal pay There is a need to address historic equal pay matters. Failure to address has both financial and equality impacts on the Council. (iv) Yorhome Issues in relation to the internal procedures utilised in letting arrangements delivered by Yorhome were identified.	ensure we have the right skills and capacity to deliver the capital programme. Following identification of the issue, all new Yorhome activity was paused, and a comprehensive legal review of the existing arrangements was commenced. That review remains ongoing, given the complexity of the issue, however active steps are in place to resolve any outstanding legal and liability issues.	Significant work has been done with the Director of City Development in response to an internal audit report on the governance of major projects. An action plan has been developed and is being monitored through Audit & Governance Committee. Progress includes: Permanent appointment of a Head of Capital Programme Management Office Monthly Capital Programme Delivery Boards have been introduced, chaired by the Director of City Development with key internal stakeholders attending, key issues are escalated to CMT Appointment of a Corporate Contracts Manager within Procurement to improve internal processes and embed through training across the Council
2 – Existing issue, updated	Embedding Good Governance across the Council – To continue to	Work continues to ensure that the Constitution, and the Council's democratic and governance mechanisms, remain up-	Training for Scrutiny Members has been delivered by the Centre for Governance and Scrutiny, to improve the operation of the Council's scrutiny

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
	promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to prepare for to embed member development following the whole-council elections in 2023, and to prepare for new Member induction and training in advance of the 2027 whole-council elections.	to-date and fit for purpose. Where significant issues are identified, the Council's Executive, its Audit & Governance Committee, and the appropriate Overview and Scrutiny Committee, have received detailed updates, and will continue to do so until the historical issues have been resolved. Following constitutional amendments throughout the year, the public participation protocol was identified as requiring further consideration, and work has taken place to prepare a revised version for consideration.	function. It has been agreed that similar training will be delivered to the Council's Corporate Management Team, supported by the development of an online learning package and process to ensure early publication of information on the Forward Plan. Early preparatory work on a comprehensive new Member induction and training programme has commenced, following discussions with the Joint Standards Working Group. In addition, consideration of a revised public participation protocol will take place by the Constitution Working Group in due course. Finally, the review of the Council's electoral arrangements by the Local Government Boundary Commission for England will conclude in mid-2026/27 and will require a number of amendments to current electoral arrangements, likely including Wards and Polling Places.
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) Building services	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.	Following several unsuccessful attempts to recruit, a permanent post has now been created and appointed to. The new person starts on 13th April 2026.

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
	Due to vacancies within the Repairs and Maintenance Team, it was difficult to check through the vast number of purchases made through the Jewson Contract and identify any anomalies.		We have recruited new team leaders that begin in April 2026 to help check material purchases from the Jewson Contract and address any anomalies.
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.	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. 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	Discussions and exercises (functionality assessments) are ongoing regarding capacity within directorates. Where appropriate pooling and targeting key skills to meet the needs of key priorities. Cost control remains firmly in place for workforce metrics to challenge vacancies, overtime, additional hours, agency and absence. These are reviewed on an ongoing basis. Year 3 workforce strategy action plan has been devised and will be approved in April which includes new management and leadership development. The leadership and management program key objective is: • Establish a consistent baseline of leadership capability across CYC • Strengthen managers' confidence, skills and behaviours • Improve organisational culture, communication and accountability

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
		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 reactional and proactive to the competing demands.	• Support workforce resilience and inclusion • Provide a structured development journey for all managers Under the management of new Chief Executive and the transformation programme which looks at invest and savings, there will be an opportunity to review of business operating model and future ways of working to meet priorities, this will include investment of the workforce, review of culture, ways of working and adaptive technology to assist and maximise opportunities. Terms and conditions and guidance for managers re PDR, competencies and behaviours, induction and polices have been reviewed (and will continue to be) to ensure that managers have the tools available to support good management and that CYC remains an attractive place to work.

What will our Key Governance Development Priorities be for 2026-27 ?

2026-27 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i> Further development and improvement of programme management arrangements across the Council to ensure delivery of the Capital Programme	Director of Finance (Section 151 Officer) Director of City Development
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to update the constitution and ensure it remains fit for purpose, and by reinforcing the need for compliance with both legislation and the constitution.	Head of Paid Service Monitoring Officer Section 151 Officer Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>Existing priority</i> Improve contract management across the Council through training, effective risk management and clear change control processes.	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>Existing priority</i>	Head of Paid Service Chief Officer HR & Support Services
Preparation for the outcome of the LGBCE Review, and for the 2027 whole-council elections.	<i>New Priority</i>	Head of Paid Service (as <i>Electoral Registration Officer and Returning Officer</i>) Monitoring Officer (as <i>Deputy Electoral Registration Officer and Returning Officer</i>) Section 151 Officer (as <i>Deputy Returning Officer</i>)

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 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2026/27.

Having considered all the principles contained in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are also satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....
Councillor C Douglas
Leader of the City of York Council

.....
Richard Webb
Chief Executive

Annex A – About the Council of the City of York

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2023-2027) to represent 21 local wards. All out elections were held in May 2023 and a change of political leadership led to the Labour Group forming an Executive. Since that time the make-up of the Council has been as follows:

- 24 Labour
- 19 Liberal Democrat
- 3 Conservatives
- 1 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.

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Meeting:	Audit & Governance Committee
Meeting date:	22/07/2026
Report of:	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: Statement of Accounts 2025/26

Subject of Report

1. The purpose of this report is to present for information the draft 2025/26 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 2026.

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. The 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 are 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, 42 questions about the accounts had been received from 2 local residents.
7. Forvis Mazars are the Council's external auditors and they expect to start fieldwork in October 2026 and issue a report and opinion by January 2027.
8. The pre-audit Statement of Accounts 2025/26 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. From 1 April 2025 the Code of Practice requirements have changed in respect of revaluations of property, plant and equipment. The Council is now required to revalue assets on a five year rolling programme with annual indexation applied during the intervening

four years. Due to a delay in the Fixed Asset Register system being updated to allow for this change, the indexation figures in the accounts have been calculated manually and may need revising once the system has been updated.

11. 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

12. 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.
13. 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.

Author

Name:	Katherine Finnie
Job Title:	Principal Accountant
Service Area:	Corporate Finance
Report approved:	Yes
Date:	10/07/2026

Annexes

A – Explanation of core statements

B – Draft Statement of Accounts 2025/26

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

2025/26

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

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

The structure of the accounts is as follows:

Statement of Responsibilities

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

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

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

Balance Sheet

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

Cash Flow Statement

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

Notes and Accounting Policies

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

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

Expenditure and Funding Analysis (EFA)

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

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

Housing Revenue Account Income and Expenditure Statement

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

Movement on the Housing Revenue Account Statement

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

Collection Fund

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

Annual Governance Statement (AGS)

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

Glossary

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

2. ABOUT THE COUNCIL

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

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

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

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

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

3. REVIEW OF THE FINANCIAL POSITION

Funding Context and Financial Planning

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

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

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

NARRATIVE REPORT

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

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

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

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

Revenue Outturn 2025/26

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

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

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

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

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

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

NARRATIVE REPORT

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

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

Reserves

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

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

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

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

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

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

Risks and opportunities

Fair Funding review of Local Government Spending

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

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

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

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

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

Adult Social Care

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

Major Projects

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

General

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

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

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

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

Key performance indicators

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

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

4. HOUSING REVENUE ACCOUNT (HRA)

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

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

5. BUSINESS RATES AND COUNCIL TAX

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

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

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

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

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

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

6. CAPITAL EXPENDITURE

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

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

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

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

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

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

Updates on other major projects are provided below:

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

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

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

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

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

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

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

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

NARRATIVE REPORT

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

7. TREASURY MANAGEMENT

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

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

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

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

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

8. PENSIONS

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

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

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

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

Surplus Restriction under Paragraph 64 of IAS 19

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

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

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

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

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

9. NON-CURRENT ASSETS

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

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

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

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

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

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

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

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

NARRATIVE REPORT

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

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

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

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

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

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

10. OTHER ISSUES

Mayoral Combined Authority (MCA)

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

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

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

Equal Pay

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

DSG Safety Valve

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

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

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INDEPENDENT AUDITORS REPORT

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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 Director of Finance (section 151 officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

2. THE SECTION 151 OFFICER'S RESPONSIBILITIES

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

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

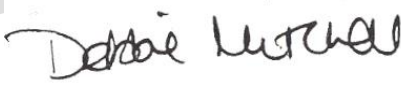
- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the code.

The Section 151 officer has also:

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

3. CERTIFICATION OF THE ACCOUNTS

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

Signed 

Dated 26th June 2026

Debbie Mitchell, ACMA Director of Finance

4. APPROVAL OF THE ACCOUNTS

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

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

Signed

Dated

Cllr A. Hollyer

Chair, Audit and Governance Committee

MAIN FINANCIAL STATEMENTS

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Comprehensive Income and Expenditure Statement

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

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

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement

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

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

MOVEMENT IN RESERVES STATEMENT

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

Split of General Fund Balance between Schools and GF

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

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Balance Sheet

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

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

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

DRAFT

1. ACCOUNTING POLICIES & CONCEPTS

I. General

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

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

II. Accounting Concepts

a) Accruals

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

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

b) Going concern

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

III. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 30 days from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

IV. Exceptional Items

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

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

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

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

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

VI. Charges to Revenue for Non-Current Assets

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

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

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

VII. Employee Benefits

Benefits Payable during Employment

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

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

Termination Benefits

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

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

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

Discretionary Benefits

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

VIII. Events After the Balance Sheet Date

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

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

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

IX. Fair Value Measurement of Non-Financial Assets

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

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

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

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

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

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

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

X. Financial Instruments

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

Financial Liabilities

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

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

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

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

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

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

Financial Assets

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

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

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

Financial Assets measured at Amortised Cost

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

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

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

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

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

Expected Credit Loss Model

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

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

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

Financial Assets measured at Fair Value through Profit or Loss

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

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

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

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

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

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

Financial Assets measured at Fair Value through Other Comprehensive Income

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

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

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

Financial Assets designated to Fair Value through Other Comprehensive Income

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

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

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

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

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

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

XI. Government Grants and Contributions

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

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

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

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

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

XII. Heritage Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Heritage Assets – General

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

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

XIII. Intangible Assets

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

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

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

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

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

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

XIV. Interests in Companies and Other Entities

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

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

XV. Joint Arrangements

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

- A Joint Venture
- A Joint Operation

Joint Venture

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

Joint Operation

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

XVI. Inventories and Long-Term Contracts

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

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

XVII. Investment Property

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

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

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

XVIII. Leases

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

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

The Council as Lessee

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

Initial measurement

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

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

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

Subsequent measurement

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

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

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

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

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

The liability is remeasured when:

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

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

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

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

Lease expenditure

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

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

The Council as Lessor

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

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

XIX. Overheads and Support Services

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

XX. Property, Plant and Equipment

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

Recognition

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

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

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

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

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Componentisation

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

XXI. Private Finance Initiative (PFI) and Similar Contracts

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

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

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

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

XXII. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

XXIII. Reserves

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

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

Earmarked Reserves

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

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

Usable Reserves

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

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

Unusable Reserves

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

XXIV. Revenue Expenditure Funded from Capital under Statute

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

XXV. Schools

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

XXVI. Value Added Tax (VAT)

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

XXVII. Highways Infrastructure Assets

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

Recognition

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

Measurement

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

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

Depreciation

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

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

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

Disposals and derecognition

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

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

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

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

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

Council Tax Income

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

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

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

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

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

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

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

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

Non-Domestic Rates (NDR) Income

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

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

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

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

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

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

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

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

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

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

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

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

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

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

Pensions

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

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

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

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

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

Property, Plant & Equipment

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

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

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

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

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

5. MATERIAL ITEMS OF INCOME AND EXPENSE

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

6. EVENTS AFTER THE REPORTING PERIOD

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

Adjusting Events:

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

Non- adjusting Events:

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

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

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

2025/26

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

2025/26 Continued...

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

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)

8. TRANSFERS TO/FROM EARMARKED RESERVES

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

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

Reserves

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

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

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

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

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

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

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

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

9. OTHER OPERATING EXPENDITURE

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

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

11. TAXATION AND NON SPECIFIC GRANT INCOME

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

Comparative Movements in 2024/25:

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

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

Depreciation

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

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

Capital Commitments

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

Revaluations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HIGHWAYS INFRASTRUCTURE ASSETS

Movements on balances

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

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

Movement in Highways Infrastructure balances:

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

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

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

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

13. HERITAGE ASSETS

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

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

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

Heritage Properties

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

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

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

Art Collection

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

Mansion House Collection and Civic Regalia

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

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

Museum Collections

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

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

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

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14. INVESTMENT PROPERTY

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

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

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

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

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

Fair Value measurement of Investment Property

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

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

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

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

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

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

Valuation Processes for Investment Properties

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

15. INTANGIBLE ASSETS

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

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

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

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

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

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

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

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

Financial Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

Fair value Measurement

Basis for recurring fair value measurements:

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

Fair value of Financial Assets

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

Financial assets measured at fair value

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

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

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

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

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

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

The fair values calculated are as follows:

Financial Liabilities

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

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

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

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

Financial Assets

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

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

2025/26:

	Quoted prices in active markets for identical assets (Level 1)	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		(303,938)		(303,938)
Market debt		-		-
Local Authority debt		(8,002)		(8,002)
WYCA debt		(2,350)		(2,350)
Short-term creditors			(45,044)	(45,044)
Long-term creditors			-	-
PFI liabilities			(46,426)	(46,425)
Lease liabilities			(2,922)	(2,922)
Total	-	(314,290)	(94,392)	(408,682)

Financial Assets

Financial Assets held at
amortised cost:

Cash and Cash

Equivalents

7,411

7,411

Investments

-

Short-term debtors

57,789

57,789

Long-term debtors

3,736

3,736

Total

7,411

-

61,525

68,936

Comparator year 2024/25:

**31 March
2025**

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

Financial Assets

Financial assets held at amortised
cost:

Cash and Cash Equivalents

8,860

8,860

Investments

-

Short-term debtors

32,880

32,880

Long-term debtors

3,919

3,919

Total

8,860

-

36,799

45,659

17. SHORT-TERM DEBTORS

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

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

18. LONG TERM DEBTORS

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

19. CASH AND CASH EQUIVALENTS

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

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

20. ASSETS HELD FOR SALE

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

Fair Value measurement of Assets Held for Sale

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

21. SHORT-TERM CREDITORS AND LIABILITIES

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

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

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

22. PROVISIONS

Total Provisions:

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

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

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

Insurance Fund

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

Business Rates

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

Legal Costs

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

Other Provisions

All other provisions are individually insignificant.

23. UNUSABLE RESERVES

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

Revaluation Reserve

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

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

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

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

Capital Adjustment Account

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

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

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

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

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

Financial Instruments Adjustment Account

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

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

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

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

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at, or designated to, Fair Value through other Comprehensive Income. The balance is reduced when investments with accumulated gains are:

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

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

Pensions Reserve

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

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

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

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

Collection Fund Adjustment Account

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

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

Accumulated Absences Account

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

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

Dedicated Schools Grant Adjustment Account

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

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

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

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

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

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

25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

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

26. CASH FLOW STATEMENT - FINANCING ACTIVITIES

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

Reconciliation of borrowing and PFI liabilities arising from financing activities

2025/26:

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

Comparator year 2024/25:

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

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

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

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

27. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

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

Analysis of Customer and client receipts:

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

28. POOLED BUDGETS

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

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

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

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

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

29. MEMBERS ALLOWANCES

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

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

30. OFFICERS' REMUNERATION

Senior Officers' Remuneration

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

Appointment of the Council's Chief Executive

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

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

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

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

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

Notes

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

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

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

Notes

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

Other Officers' Remuneration

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

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

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

Exit packages

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

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

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

31. EXTERNAL AUDIT COSTS

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

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

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

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

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

32. DEDICATED SCHOOLS GRANT

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

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

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

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

Prior year comparator – 2024/25

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

33. GRANT INCOME

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

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

Credited to Services

Government Grants:

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

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

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

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

34. RELATED PARTIES

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

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

Central Government

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

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

Members

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

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

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

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

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

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

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

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

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

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

Senior Officers

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

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

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

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

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

Entities Controlled or Significantly Influenced by the Council

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

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

Other

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

Yorkshire Purchasing Organisation

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

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

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

York BID

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

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

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

West Yorkshire Combined Authority

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

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

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

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

York and North Yorkshire Mayoral Combined Authority

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

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

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

LONG TERM INVESTMENTS

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

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

Yorwaste

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

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

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

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

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

Veritau

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

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

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

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

City of York Trading

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

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

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

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

Make it York

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

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

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

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

Net Value of Transactions and Balances at Year End

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

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

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

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

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

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

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

35. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

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

Explanations of movement in year

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

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

36. LEASES

COUNCIL AS LESSEE

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

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

Right of Use Assets

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

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

Transactions under Leases

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

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

Maturity analysis of lease liabilities

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

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

COUNCIL AS LESSOR

Transactions under leases

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

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

Net investment in finance leases

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

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

Maturity analysis of lease receivables

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

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

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

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

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

37. PFI AND SIMILAR CONTRACTS

PFI - Schools

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

Property Plant and Equipment

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

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

Payments

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

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

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

PPP – Allerton Waste

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

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

The Councils financial commitments under this are

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

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

Value of PFI Assets

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

Value of PFI Liabilities

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

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

38. IMPAIRMENT LOSSES

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

39. PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers' Pension Scheme

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for determining employer contribution rates. However, it is not possible for the Council to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

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

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

NHS Staff Pension Scheme

Former NHS employees who transferred to the Council have maintained their membership of the NHS Pension Scheme. The scheme provides members with specified benefits upon retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is unable to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

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

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

40. DEFINED BENEFIT PENSION SCHEMES

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

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

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

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

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

Transactions relating to post-employment benefits

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

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

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

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

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

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

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

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

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

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

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

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

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

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

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

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

Reconciliation of asset ceiling

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

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

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

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

Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

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

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

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

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

Discount rate assumption

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

Rate of general increase in salaries

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

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

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

Post retirement mortality assumption

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

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

Impact on the Council's Cash Flows

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

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

Legal cases

Virgin Media Ltd vs NTL Pension Trustees

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

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

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

Goodwin v Secretary of State for Education

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

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

41. CONTINGENT LIABILITIES

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

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Nature and Extent of Risks Arising from Financial Instruments

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Refinancing risk** - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

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

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

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

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

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

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> following recommendation by Executive on 21st January 2025, which can be viewed here on the Council's website under item 80:
[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josjfte55\)\)/ieIssueDetails.aspx?Id=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josjfte55))/ieIssueDetails.aspx?Id=72853&Opt=3).

The key issues within the strategy were:

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

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

Credit Risk

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

Investments

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

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

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

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

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

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

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> following recommendation by Executive on 21st January 2025, which can be viewed here on the Council's website under item 80:
[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josjfte55\)\)/ielssueDetails.aspx?IId=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josjfte55))/ielssueDetails.aspx?IId=72853&Opt=3).

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

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

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

Long-term debtors

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

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

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

Short-term debtors

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

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

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

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

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

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

Amounts Arising from Expected Credit Losses and Credit Risk Exposure

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

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

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

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

Liquidity risk

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

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

The maturity analysis of financial liabilities is as follows:

Council loans outstanding

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

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

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

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

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

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

Refinancing and Maturity Risk

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

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

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

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

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

[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josifte55\)\)/ielssueDetails.aspx?IId=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josifte55))/ielssueDetails.aspx?IId=72853&Opt=3).

Maturity Analysis of Council Loans

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

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

Market Risk

Interest Rate Risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's Prudential Indicators and its expected treasury operations for both investments and borrowing, including an expectation of interest rate movements. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be considered for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed, where circumstances allow.

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

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

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

Price risk

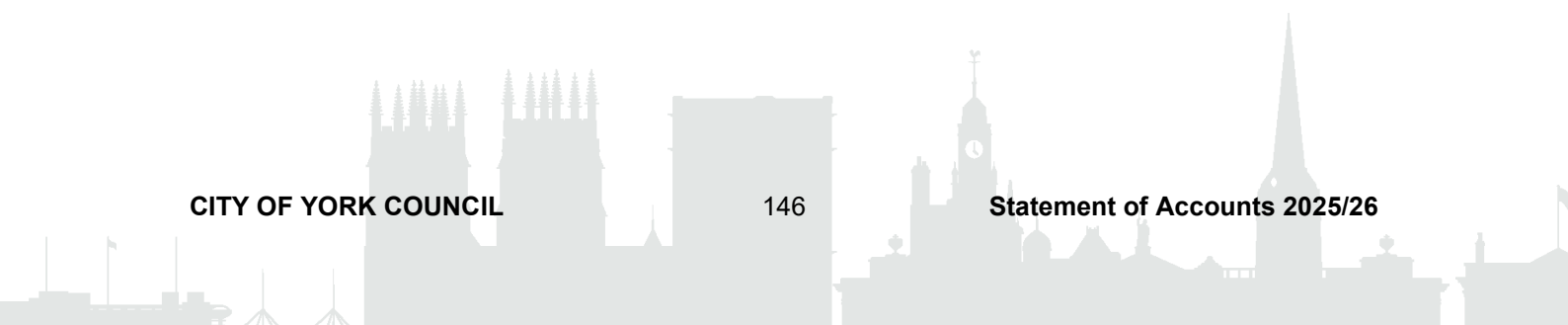
The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £6.580m (£6.242m in 2024/25) in a number of equity investments detailed further in Note 16 to the Statement of Accounts. Whilst these holding are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

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

Foreign Exchange Risk

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

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43. EXPENDITURE AND FUNDING ANALYSIS (EFA)

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

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.

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

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

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

- Other Operating Expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets;
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

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

- For Services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs; and
- For Financing and Investment Income & Expenditure the net interest on the defined benefit liability is charged to the CIES.

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

- For services this includes adjustments made from accruing compensated absences earned but not taken in the year;
- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and
- The charge under Taxation and no-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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

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

OTHER STATEMENTS

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HOUSING REVENUE ACCOUNT

Income and Expenditure Statement:

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

Movement on the HRA Statement

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

1. SIGNIFICANCE OF THE STATUTORY HOUSING REVENUE ACCOUNT

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

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

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

2. LEGISLATIVE BACKGROUND

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

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

3. GROSS RENTS

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

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

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

The Council was responsible for managing 7,489 dwellings at 31 March 2026.

The HRA dwelling stock was made up as follows:

	2025/26	2024/25
Houses	3,377	3,430
Bungalows	490	490
Flats, Bedsits & Maisonettes	3,408	3,424
Hostel Places	90	70
Shared Ownership*	124	126
	7,489	7,540

*This is the total number of properties in which the Council holds an equity share - the retained proportion of each property will vary.

The changes in the HRA dwelling stock within the year can be summarised as follows:

	2025/26	2024/25
Stock at 31st March	7,540	7,548
Dwelling Sales	(79)	(32)
Shared Ownership Freehold sales	(2)	(1)
Additions to Council dwelling stock	10	15
Additions to Shared ownership stock	-	11
Hostel Units Closures	(1)	-
Re-categorised to HRA non-dwelling stock	21	(1)
	7,489	7,540

4. RENT ARREARS

The arrears as at 31 March for rent not paid to the Council are shown in the table below. During 2025/26 rent arrears as a proportion of gross rent income have increased slightly from 6.03% of the amount due to 6.32%.

		2025/26 £000's	2024/25 £000's
Arrears at 31 March	- Current tenants	1,886	1,884
	- Former tenants	609	496
Amounts Written Off during the Year		115	217
Increased/(Reduced) Provision during the Year		307	173
Impairment Allowance for Uncollectable Amounts		1,768	1,576
		1,768	1,576

The rent arrears as a proportion of gross rent income split between current and former tenants is shown in the following table:

		2025/26 %	2024/25 %
Dwelling rent arrears as a % of gross rent debit			
	- Current tenants	4.78%	4.77%
	- Former tenants	1.54%	1.26%
		6.32%	6.03%

An Impairment Allowance is made for the expected credit loss that maybe incurred on rechargeable repairs. The arrears figures are as follow:

	2025/26 £000's	2024/25 £000's
Arrears at 31 March	38	40
Amounts Written Off during the Year	1	19
Increased/(Reduced) Allowance during the Year	-	-
Impairment allowance for Uncollectable Amounts	20	21

5. IAS19 TRANSACTIONS FOR THE HRA

The HRA share of pension adjustments is based on the proportion of employees charged to the HRA. The IAS19 transactions included in the HRA are shown in the following table:

	Local Government Pension Scheme £000s	
	2025/26 (£000)	2024/25 (£000)
Comprehensive Income and Expenditure Statement		
Cost of services:		
Service cost comprising		
Current service cost	535	742
Past service cost (inc. curtailments)	55	9
(Gain)/loss from settlements	0	0
Administration expenses	31	25
Net service cost	621	776
Financing and investment income and expenditure comprising		
Interest on defined benefit obligation	(657)	(319)
Interest on plan assets	642	305
Net Interest expense/(income)	(15)	(14)
Total post-employment benefits charged to the surplus or deficit on the provision of services	606	762
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(605)	(762)
Actual amount charged against the HRA balance for pensions in the year:		
Employers' contributions payable to scheme	576	577

6. CONTRIBUTION TO/(FROM) MAJOR REPAIRS RESERVE (MRR)

Councils are required by an amendment to the Accounts and Audit Regulations 2015 (as amended), to establish and maintain an MRR. The main credit to the reserve is an amount equivalent to the total depreciation charges for all HRA assets.

Councils are also able to charge capital expenditure directly to the reserve. The following table shows the depreciation charged during the year:

	2025/26 £000's	2024/25 £000's
Dwellings	9,796	9,796
Other Land and Buildings	1,573	1,337
Intangible assets	166	166
Plant, Vehicles & Equipment	76	76
Infrastructure	1	1
	11,612	11,376
Reversal of Revaluation loss/Impairment	3,086	1,897
	14,698	13,273

As well as the depreciation credit which must be transferred back to the HRA, councils can also charge capital expenditure directly to the MRR. The following table shows the movement in the year:

	2025/26 £000's	2024/25 £000's
Balance at 1 April	(4,835)	(3,954)
Depreciation on HRA dwellings	(9,796)	(9,796)
Depreciation on other HRA assets	(1,650)	(1,414)
Capital expenditure on houses within the HRA charged to the reserve	10,899	10,329
Balance at 31 March	(5,382)	(4,835)

7. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

The HRA owns land, houses and other property where the value is included in the Council's balance sheet. The Council dwellings are revalued annually to comply with requirements in "Stock Valuation for resource accounting 2016: guidance for valuers" by Department for Communities and Local Government (DCLG). The analysis of the movement on the HRA element of the tangible non-current assets is as follows:

2025/26 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Cons-truction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2025	585,162	47,756	766	17	185	1,734	35,760	671,380
Additions	21,186	3,468	-	-	-	3	7,062	31,719
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(21,935)	2,087	-	-	-	(5)	-	(19,853)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(3,083)	-	-	-	(3)	-	(3,086)
Derecognition - Disposals	(6,858)	(907)	-	-	-	(1,300)	-	(9,065)
Assets reclassified (to)/from Held for Sale	-	(1,685)	-	-	-	-	-	(1,685)
Other movements in Cost or Valuation	1,867	8,484	-	-	-	-	(10,351)	-
At 31 March 2026	579,422	56,120	766	17	185	429	32,471	669,410
Accumulated Depreciation & Impairment								
At 1 April 2025	-	(3)	(271)	(11)	-	-	-	(285)
Depreciation Charge for 2025/26	(9,796)	(1,573)	(76)	(1)	-	-	-	(11,446)
Acc. Depreciation WO to GCA	9,796	1,576	-	-	-	-	-	11,372
Derecognition - Disposals	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2026	-	-	(347)	(12)	-	-	-	(359)
Net Book Value								
At 31 March 2026	579,422	56,120	419	5	185	429	32,471	669,051
At 31 March 2025	585,162	47,753	495	6	185	1,734	35,760	671,095

2024/25 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Con-struction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2024	587,888	48,806	766	17	116	1,734	25,253	664,580
Additions	14,197	4,656	-	-	-	-	10,507	29,360
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,197)	1,941	-	-	-	-	-	(12,256)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(1,966)	-	-	69	-	-	(1,897)
Derecognition - Disposals	(2,590)	(2,697)	-	-	-	-	-	(5,287)
Assets reclassified (to)/from Held for Sale	-	(3,120)	-	-	-	-	-	(3,120)
Other movements in Cost or Valuation	(136)	136	-	-	-	-	-	-
At 31 March 2025	585,162	47,756	766	17	185	1,734	35,760	671,380
Accumulated Depreciation & Impairment								
At 1 April 2024	-	(14)	(195)	(10)	-	-	-	(219)
Depreciation Charge for 2024/25	(9,796)	(1,337)	(76)	(1)	-	-	-	(11,210)
Acc. Depreciation WO to GCA	9,796	1,338	-	-	-	-	-	11,134
Derecognition - Disposals	-	10	-	-	-	-	-	10
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2025	-	(3)	(271)	(11)	-	-	-	(285)
Net Book Value								
At 31 March 2025	585,162	47,753	495	6	185	1,734	35,760	671,095
At 31 March 2024	587,888	48,792	571	7	116	1,734	25,253	664,361

8. VACANT POSSESSION VALUE OF COUNCIL DWELLINGS

In accordance with the Department for Levelling Up, Housing and Communities guidance, council house valuations are reduced from an open market value by a regional adjustment factor in recognition of their status as social housing. The adjustment factor is 41%. The council recognises council dwellings at a value of £579.422m (2024/25 £585.162m) at the balance sheet date. The vacant possession value of the council dwellings at 31st January 2026 was £1,387.058m (2024/25 £1,401.803m). There were a number of Right to Buy disposals that occurred between the 31st January 2026 valuation and the balance sheet date, so the vacant possession value at 31st March 2026 will be slightly reduced. The difference between vacant possession value and balance sheet value of dwellings shows the economic cost of providing council housing at less than market rents.

9. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

The capital expenditure to be financed in 2025/26 is £31.719m (2024/25 £29.360m). The analysis of the expenditure and the sources of financing used are set out in the following table:

	2025/26				2024/25			
	Dwellings	Equipment	Intangibles	Total	Dwellings	Equipment	Intangibles	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Total capital expenditure	31,719			31,719	29,360			29,360
Financing								
Borrowing	(1,188)			(1,188)	(972)			(972)
Capital Receipts	(14,096)			(14,096)	(12,570)			(12,570)
Major Repairs Reserve	(10,899)			(10,899)	(10,329)			(10,329)
Grants	(3,114)			(3,114)	(3,097)			(3,097)
Revenue Contributions	(2,372)			(2,372)	(1,437)			(1,437)
Other Contributions	(50)			(50)	(955)			(955)
	(31,719)	-	-	(31,719)	(29,360)	-	-	(29,360)

10. CAPITAL RECEIPTS

In accordance with Part 1 of the Local Government Act 2003 housing capital receipts are subject to capital pooling requirements. A proportion of dwelling receipts can be retained within CYC and the remainder may be retained if they are used to provide affordable housing within 5 years. The receipts received can be analysed as follows:

	2025/26			2024/25		
	Council Dwellings £000's	Other Properties £000's	Total £000's	Council Dwellings £000's	Other Properties £000's	Total £000's
Sales proceeds	(9,232)	(3,817)	(13,049)	(3,405)	(5,885)	(9,290)
less: administrative costs	100		100	40		40
Net proceeds	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)
Right to buy discount repaid	-		-	-		-
Mortgage principal repaid			-			-
	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)
of which:						
Usable	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)
Payable to Housing Pooled Capital Receipts						-
	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)

11. INVESTMENT PROPERTIES

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2025/26 £000's	2024/25 £000's
Balance 1 April	71	71
Additions	-	-
Disposals	-	-
Net gain or loss on Fair Value	14	-
Transfers:		
- To / From Property, Plant & Equipment	-	-
Other changes	1,850	
Balance 31 March	1,935	71

12. ASSETS HELD FOR SALE

Description	2025/26 £000's	2024/25 £000's
Balance outstanding at Start of Year	-	-
Assets newly classified as Held for Sale :		
Property, Plant and Equipment	1,685	3,120
Assets Sold	(1,685)	(3,120)
Balance outstanding at End of Year	-	-

COLLECTION FUND

Collection Fund Statement

	Note	2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000	2024/25 Total £000
Income					
Council Tax Receivable	2		(152,842)	(152,842)	(142,726)
Business Rates Receivable	3	(91,486)		(91,486)	(87,398)
		(91,486)	(152,842)	(244,328)	(230,124)
Transitional Protection Payments Due from Government		(21)		(21)	
Apportionment of Prior Year Surplus/(Deficit)					
Central Government		(3,698)		(3,698)	(5,439)
City of York Council		(3,624)	(473)	(4,097)	(6,041)
Mayoral Police and Crime			(87)	(87)	(132)
Mayoral General (incl Fire)		(74)	(24)	(98)	(145)
		(7,396)	(584)	(7,980)	(11,757)
Total Income		(98,903)	(153,426)	(252,329)	(241,881)
Expenditure					
Precepts, Demands and Shares					
Central Government		48,436		48,436	44,806
City of York Council		47,468	121,299	168,767	158,836
Mayoral Police and Crime			22,276	22,276	21,203
Mayoral General (incl Fire)		969	7,430	8,399	6,633
		96,873	151,005	247,878	231,478
Disregarded amounts - Enterprise Zone growth		238		238	-
Charges to Collection Fund					
Write Offs / Write Ons		-		-	(29)
Interest on refunds		-		-	-
Increase/(Decrease) in Allowance for Non Collection		350	1,457	1,807	1,674
Increase/(Decrease) in Provision for Appeals		230		230	100
Appeals charged to the Collection Fund		-		-	-
Cost of Collection		286		286	288
Transitional Protection Payments to Government					662
		866	1,457	2,323	2,695
Total Expenditure		97,977	152,462	250,439	234,173
(Surplus)/Deficit Arising In Year		(926)	(964)	(1,890)	(7,708)
(Surplus)/Deficit Brought Forward		9,169	919	10,088	17,796
(Surplus)/Deficit Carried Forward		8,243	(45)	8,198	10,088

1. LEGISLATIVE BACKGROUND

This fund is an agent's statement that reflects the statutory obligation, under the Local Government Finance Act 1988, for billing authorities (i.e. City of York Council) to maintain a separate Collection Fund. This is a fund specifically for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The statement shows the transactions of the Council in relation to the collection from taxpayers of sums due for council tax and NNDR, and their distribution to the Council, Mayoral (Police and Crime and Mayoral General (incl. Fire)), parish councils and central government.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. The Council Tax base for 2025/26 was 69,426.1 (69,097.6 in 2024/25).

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to a Band D Equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties - $20 \times 18/9$). A new band, band A reduced, was introduced by the government to allow a discount to be given to those people who are entitled to a one-band discount but who live in a band A property.

This gives the tax base for the Council. The valuation bands, the Band D equivalent figures originally estimated for the year, the year-end Band D equivalent figures and the 2025/26 charges are included in the table below.

In addition, the government makes a contribution for properties classed as "Crown" properties in lieu of paying Council Tax. These contributed £676k (2024/25 £703k) to the Council Tax income.

Property Band	Property Value		Estimated Chargeable dwellings	Proportion of Band D	Estimated Tax Base	Average Charge In Year
A reduced	up to	£40,000	16.2	5/9	9.0	£1,199.41
A	up to	£40,000	7,439.1	6/9	4,959.4	£1,439.29
B	£40,000 to	£52,000	19,680.6	7/9	15,307.1	£1,679.17
C	£52,000 to	£68,000	22,417.5	8/9	19,926.7	£1,919.05
D	£68,000 to	£88,000	11,993.5	9/9	11,993.5	£2,158.93
E	£88,000 to	£120,000	7,153.0	11/9	8,742.6	£2,638.69
F	£120,000 to	£160,000	3,494.0	13/9	5,046.9	£3,118.45
G	£160,000 to	£320,000	1,750.7	15/9	2,917.9	£3,598.22
H	over	£320,000	90.2	18/9	180.4	£4,317.86
TOTAL			74,034.9		69,083.5	
Crown Properties					342.6	
Taxbase for the calculation of Council Tax					69,426.1	

The impact of Covid-19 was to reduce the Council Tax amount collectable due to an increased number of applicants for council tax support in comparison to prior to Covid. Post pandemic, this effect continues to

be seen as a result of the cost of living crisis. The in year collection rate for 2025/26 has fallen slightly to 97.04% compared to 97.20% in 2024/25. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year.

Outstanding arrears that are irrecoverable are written off against the allowance for impairment (formerly bad and doubtful debts) made in prior years, although wherever possible action continues to be taken to recover as much of these sums as possible. During the year arrears of £574k (2024/25 £722k) were written off against the impairment allowance for non-collection. An annual assessment of the level of arrears and their age and recoverability, the amount to be provided as provision for future write-offs and the value of outstanding appeals against the council tax band that has been awarded for new properties is undertaken. Following this exercise the level of provision set-aside against the impairment allowance for non-collection on the current level of arrears was increased by £1,457k (increase in 2024/25 of £933k). The impact on the balance of the impairment allowance is a slight increase, allowing for write-offs made in 2025/26. Overall, it is considered to be set at a prudent level at this stage, given the impact of the cost of living crisis as well.

3. INCOME FROM BUSINESS RATES

Under the arrangements for business rates, the Council collects NNDR for its area based on the local rateable value multiplied by a uniform rate. The rateable value at 31 March 2026 was 239,542,326 (2024/25 242,055,571) and the rate for 2025/26 was 55.5p (2024/25 54.6p), with a reduction to 49.9p (2024/25 49.9p) for small businesses. The Council has no control over these values.

The current business rates retention scheme aims to give Council's a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to a central pool, local authorities retain a proportion of the collectable rates due. In 2025/26 as a member of the Leeds City Region (LCR) Business Rates pool, the Council retains 49% and the remainder is distributed to central government (50%) and the preceptors which in the case of York is 1% to the York and North Yorkshire Mayoral Combined Authority (incl Fire) (YNYMCA).

The business rates shares payable for 2025/26 were estimated before the start of the financial year as £48.436m (£44.806m in 2024/25) to central government, £0.969m (£0.896m in 2024/25) to the YNYMCA and £47.468m (£43.909m in 2024/25) to City of York Council. These sums have been paid in 2025/26 and charged to the Collection Fund in year.

The financial year 2023/24 saw the implementation of a new valuation list for rateable properties nationally. For York the overall impact of the 2023 revaluation was a 3.7% reduction in the gross rateable value. Collectible rates have therefore reduced in comparison to 2022/23, although the government provides reducing transitional protection for 3 years to phase in the impact of the reduction.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VAO) and hence business rates outstanding as at 31 March 2026. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The increase in provision charged to the collection fund for 2024/25 has been calculated at £230k (£100k in 2025/26). The 2017 ratings list is now closed to new appeals, however the 2025/26 financial year saw a large number of open appeals settled and refunds provided to rate payers, which resulted in a reduced gross rates payable at year end in comparison to the NNDR 1 budgeted position.

In 2025/26 the government has continued to offer increased business rates reliefs to retail properties, which are reimbursed to the Council through the General Fund account through the use of S31 grants. The impact of this to the Collection Fund is a deficit, which is offset by the additional grant income on the General Fund account which is held in reserve until the deficit is fully realised.

The in year collection rate has continued to improve since the pandemic when there was a significant reduction (as low as 90% in 2020/21). In 2025/26 the collection rate remained around 98% which is similar to pre-Covid levels. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year. There has been a lower level of write offs for historic debts against the impairment allowance than in previous years, however the overall arrears level has risen and the allowance has been increased back to the required level through an increase of £350k (£741k in 2024/25).

4. DISTRIBUTION OF YEAR END (SURPLUS)/DEFICIT

As set out in note 1 the year-end (surplus)/deficit is distributed to Central Government, City of York Council, the Mayoral Police and Crime and the Mayoral General (incl Fire).

	2025/26 Business Rates £'s	2025/26 Council Tax £'s	2025/26 Total £'s	2024/25 Total £'s
Central Government	4,121,375	-	4,121,375	4,584,501
City of York Council	4,038,946	(37,942)	4,001,004	5,234,893
Mayoral Police and Crime	-	(7,777)	(7,777)	136,683
Mayoral General (incl Fire)	82,428	889	83,317	131,779
	8,242,749	(44,830)	8,197,919	10,087,856

ANNUAL GOVERNANCE STATEMENT

2025-2026 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 2025-2026 demonstrates how we have complied with our local code and reviews its effectiveness. The conclusion of this AGS is that our governance arrangements have, during the past year, met their purpose in ensuring we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Governance Outlook and areas for action

The Council is satisfied the current arrangements have adequately supported the purpose of guiding decision making which focuses on achievement of the authority’s aims and manages risk. We strive however to maintain a self awareness which facilitates continuous improvement.

The Council continues to respond positively when areas for improvement come to light. During the year, where issues have been identified these have been dealt with in an open and transparent way, often including public reports to Executive. This enables the Council to learn from any mistakes and embed lessons into future planning.

¹ The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

² An addendum to the Framework was published in January 2025. Authorities should ensure that the AGS for 2025/26 onwards comply with this amended guidance, and they are encouraged to consider it for 2024/25.

During March 2025, Children's Services was inspected by Ofsted and rated as outstanding in all areas. Ofsted particularly praised the council's "relentless drive", strong leadership and commitment to putting children first.

In February 2026, the Housing service was inspected by the Housing Regulator and gave a C2 grade for the Council. A C2 grade confirms that the Council is meeting the regulators standards overall but that improvements are required to ensure consistent, high quality services for all tenants.

Our annual review process identified areas for development around:

- Monitoring and reporting of project costs to allow for timely escalation and intervention
- Understanding the impact of staff resources on the ability to deliver projects and services
- Making better use of scrutiny.

These will be the target for action in the coming financial year, and we will reflect on our success in strengthening these aspects of governance in the 26/27 AGS.

Assessment of Effectiveness

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The Council works within this framework to deliver the Council Plan.³ This Plan sets out the Council's priorities and makes the following commitments to good governance:

"Financial Management: Ensure financial stability through a long-term financial strategy, that recognises the major unprecedented financial challenges, takes the difficult decisions needed, and ensures investment is focused upon priority areas.

Core Commitments: Embed the four Core Commitments into our decision-making, policies and programmes of work."

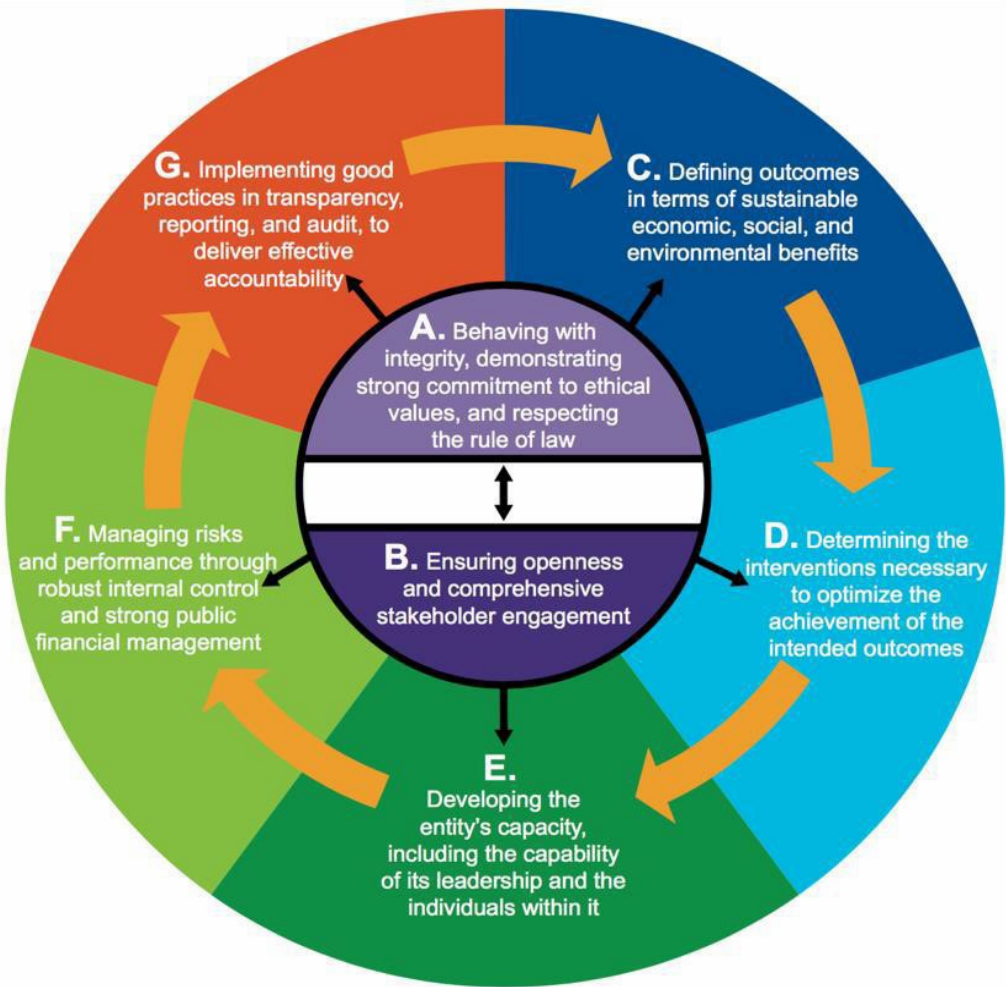
Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is designed to help us identify, prioritise and manage risks.,

Our governance arrangements can only be effective if we engage with them as an organisation honestly and consistently. Where our processes indicate a concern, we must act swiftly.

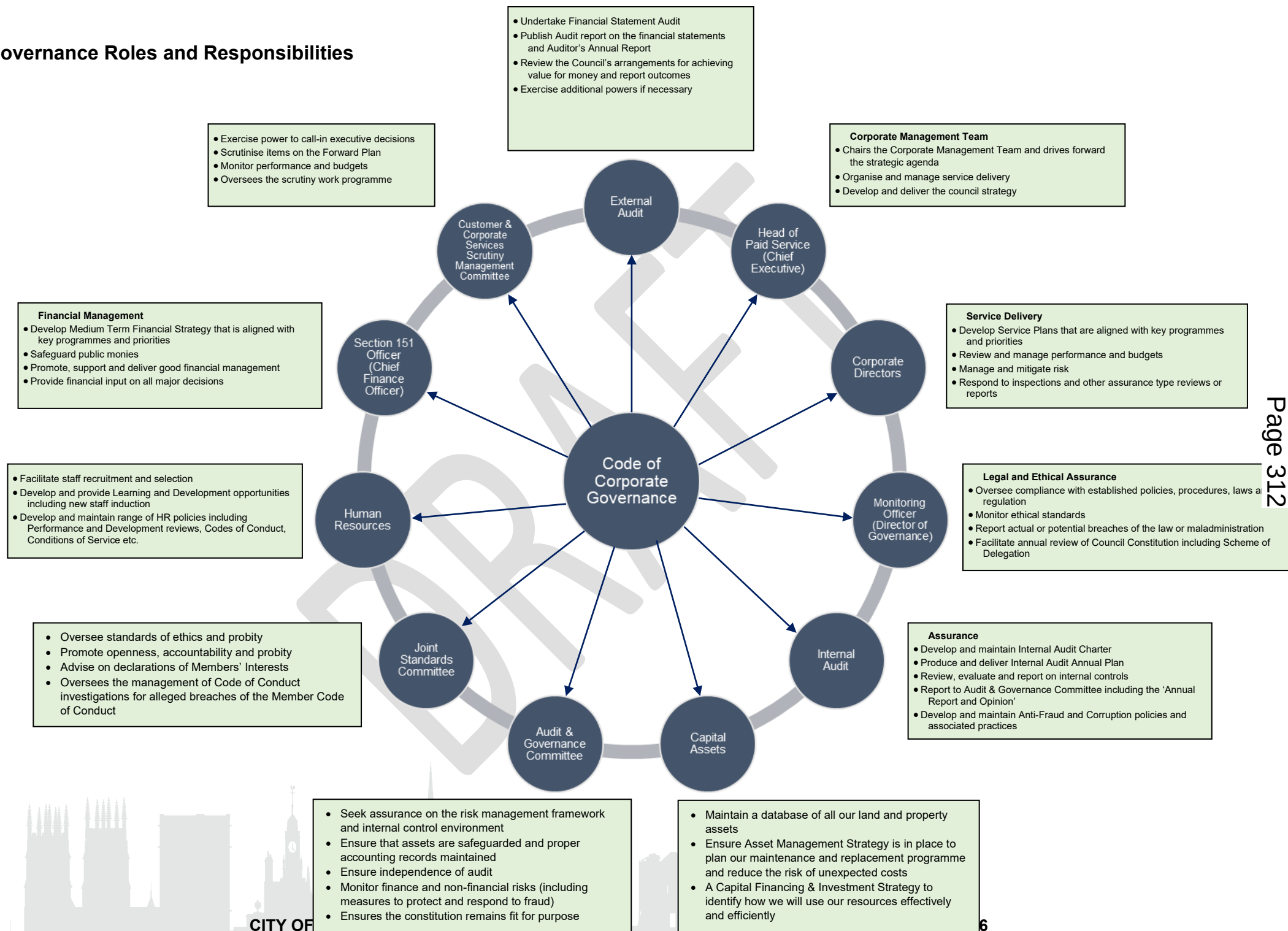
The "Delivering Good Governance" framework below envisages a continuous application of seven principles with a core of A and B being about the behaviours of integrity, demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement. These behaviours are demonstrated across the Council.

Our governance arrangements are well aligned to the delivery of the priorities in the Council Plan and are being used to track progress and costs. In some cases, delivery of a planned outcome has been highlighted as being in jeopardy. Our governance framework has successfully supported reprioritisation. It is likely however that ongoing financial pressures will mean that we need to further improve some of our governance arrangements. These are described in the section on "Where our governance needs to improve."

³ <https://www.york.gov.uk/CouncilPlan>



Our Governance Roles and Responsibilities



What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources, including:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2025-2026 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and
- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;

- 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	➤ 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).	➤ Work has commenced on the design of a full Member Induction programme for the whole Council elections scheduled for May 2027. This has been designed with both Member and senior officer input to ensure that both new and returning Members gain essential knowledge following the election and prior to the Annual Meeting. ➤ In addition, a broader Member's Training Programme is in its inception phase, with the intention that Member's training becomes an ongoing process rather than a single or ad-hoc event. Again, this training has been co-produced by Members and Officers. ➤ Joint Standards Committee procedures for dealing with Code of Conduct Complaints have been updated and approved by full Council in order that the process of dealing with such complaints is more streamlined and offers better and clearer outcomes for all involved.

ANNUAL GOVERNANCE STATEMENT

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	2. Demonstrating strong commitment to ethical values	➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA (Local Government Association) Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme.	➤ Ad-hoc training on the Code of Conduct has been provided upon request, and further training will be provided to all Members following the 2027 elections. ➤ The Joint Standards Committee and the Audit & Governance Committee have both been appraised of proposed changes to the national standards regime, which would include a new, nationally mandated Code of Conduct.
		➤ We enhanced our commitment to Equity and Diversity by adopting: ➤ 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.	➤ Training in relation to Equity, Diversity and Inclusion was provided to Senior Officers. ➤ Members and Officers were also provided with “Trauma-Informed” training, to ensure the embedding of a trauma-informed approach to dealing with individuals.

ANNUAL GOVERNANCE STATEMENT

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Respecting the rule of law	➤ 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.	➤ Constitutional amendments have been prepared and submitted to Council on a number of subjects, with the Council's Constitution Working Group considering others on an ad-hoc basis. ➤ The most significant change has been the amalgamation of the Council's two planning committees and the rationalisation of their workloads.
Principle B Ensuring openness and comprehensive stakeholder engagement	1. Openness	➤ 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.	➤ Freedom of Information, Environmental Information, and Subject Access Request performance has significantly improved over the last 12 months, with FOI response times (i.e., within the prescribed 20 working day period) now achieving 95% compliance rates. ➤ The Council's Complaints and Information Governance functions were disaggregated in June 2025, with the Communities team taking on responsibility for complaints and associated matters.

ANNUAL GOVERNANCE STATEMENT

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		➤ 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	➤ 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.	➤ During 2025 all ICBs were asked to make 50% cuts to running costs. This has resulted in significant staffing cuts. A new strategic commissioning framework could mean resources shift away from York. The

ANNUAL GOVERNANCE STATEMENT

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		➤ To shape the Climate Change plan, we engage with institutional stakeholders through the independent York Climate Commission. ➤ We regularly engage with professional leads at the Head of Communications Group, the Higher Education Group, the Bus Group and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors, examples include responding to the challenges of climate change and the cost of living.	situation will be closely monitored as it develops.
	3. Engaging with individual citizens and service users effectively	➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ Extensive budget consultation was undertaken which ran from May to December. The process was broken into phases to build understanding and gather feedback iteratively. ➤ Our Big Conversation: invites residents to participate in different on and offline engagement activities designed to inform major council strategies such as the 10-year plan, the economic development, local transport plan and climate change strategies and related action plans. This has included targeted focus groups to encourage feedback from people who don't typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc. ➤ The Council Plan was consulted on prior to	➤ 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.

ANNUAL GOVERNANCE STATEMENT

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		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 customers, residents and service users to have a more flexible manner to share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for service providers across the council. Individual members of the public can participate in the majority of meetings,	

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		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	➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond to resident feedback. This was approved by Council on 21st September 2023. The Council Plan is informed by the 10-year plan and strategies and regularly reported on, including 6-month snapshots on the Council website. An annual review is reported to Executive. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan). ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently	➤ The Social Value outcome framework has been approved by Audit and Governance and is now a part of the council's procurement process as published on the website. It was developed in consultation with NHS Yorkshire and Humber Procurement Leads, together with input from the CVS. ➤ The city's growth ambitions, known as the York Prospectus, is the high-level delivery plan for the 10-year plan and was approved at Executive on 4th November 2025. The social, economic and environmental impact of the city's growth ambitions has been independently analysed by Sewells and was approved at a Leader EMDS on 3rd February 2026. This is used to prioritise schemes, working closely with the MCA to unlock funding to deliver priorities

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		being developed.	
	2. Sustainable economic, social and environmental benefits	➤ 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	➤ Corporate Management Team (CMT) and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of the provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders. ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g., Children's Services. ➤ Regular challenge from inspectorates such as Ofsted, Care Quality Commission (CQC) and Housing Regulator. Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. Children's Services were inspected in March 2025 and achieved outstanding across all areas ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned	➤ Following approval by full Council in March 2025, the Council implemented a new structure for overview and scrutiny, reducing from four committees to three, with the aim of improving focus and depth of the input scrutiny can have in policy development. ➤ Assisted technology projects are a key part of the reviewing the ways in which council officers work and customers and residents can access council services better, with greater efficiency and effectiveness. Changes and progress are monitored by Corporate Management Team as part of dedicated themed workstream updates taking place monthly.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		work programme that they scrutinise throughout the year. A review of Scrutiny was carried out by the Centre for Governance and Scrutiny in December 2024. This made recommendations for improving effectiveness. Consequent amendments have been made to the structure and supporting staff resource.	
	2. Planning interventions	➤ 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.	➤ The capital programme strategy has been approved at Capital Programme Delivery Board and CMT. It sets out how the capital programme responds to the Council Plan and is used to help determine capital schemes going forward.
	3. Optimising achievement of intended outcomes	➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors ➤ Capital Programme Delivery Board (CPDB) has been established to provide monthly review of programme assurance. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The establishment of Capital Programme	➤ Project oversight will be further enhanced by the development of a corporate Programme Management Office to support the delivery of the Council's Capital Programme. ➤ Permanent Head of Capital Programme Management Office and Head of Capital Delivery alongside Head of Corporate PMO, will continue to raise profile and strengthen governance ➤ A review of effectiveness will be undertaken after 6 months of the new CPDB assurance process ➤ The Capital Programme Assurance Framework will be presented to EMDS in September for approval

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		Management Office (CPMO), alongside the Corporate PMO is providing an assurance framework for the management and delivery of projects and programmes within the Council. This includes the identification and monitoring of outputs and outcomes.	
Principle E Developing its capacity, including the capability of its leadership and the individuals within it	1. Developing the entity's capacity	➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded.	
	2. Developing the capability of the entity's leadership and other individuals	➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e-Learning system. ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. ➤ We support staff development using cost effective opportunities including funded apprenticeships. These have been	➤ Embedded into developing capacity, skills, talent and development of the workforce is initiatives such as apprentices, supported interns, internships, work experience, graduate recruitment and Tlevels. Within these there are different levels of supported leadership. From 2026 there is also a roll out of specific leadership and management training to enhance and develop the skills of our managers to embed the values, behaviours and standards of a high performing workforce with a positive leadership culture.

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		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	➤ 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.	➤ A capital programme risk management framework is being developed. It is designed to align with the corporate risk management framework and key corporate risks, whilst recognising the more technical delivery risks that can lead to greater financial and/or reputational risks. This will include introducing a greater severity of risk. ➤ Work is underway to ensure ongoing compliance with data protection legislation requirements, alongside ensuring opportunities from AI are compliant. Where breaches are identified, they are investigated and actioned in accordance with both the legislation and the ICO's guidance, to ensure that appropriate institutional learning is documented and implemented.

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	2. Managing performance	➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate, People and Place Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, and to Audit and Governance Committee ➤ .	➤ The capital programme delivery board provides governance controls across procurement, finance and legal on the whole capital programmes, including in education, housing, transport and regeneration. Risks from programmes are escalated to the Capital programme delivery board, which are then shared with CMT through a monthly deep dive, together with providing Executive members with oversight.
	3. Robust internal control	➤ 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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	4. Managing data	➤ 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	➤ 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	➤ Agendas for all Council meetings are publicly available on the website. ➤ The Forward Plan for Executive ensures that, as required by the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, details about forthcoming Key Decisions are published not less than 28 days before the decision-making meeting. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised.	➤ To facilitate continued compliance with the principles, additional guidance has been provided in relation to the publication of Officer Decisions in accordance with the 2014 Regulations.
	2. Implementing good practices in reporting	➤ 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.	➤ A pilot scheme to utilise existing software capabilities to provide a centralised report-writing and departmental sign-off procedure was introduced to streamline report preparation and submission.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Assurance and effective accountability	➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Council, the Executive and each of the Cabinet Members and the roles and responsibilities of other Council Members. ➤ The Constitution sets out the functions of Council, Executive and the various committees. ➤ The principal roles and responsibilities of the Chief Executive and senior officers, including the Section 151 Officer and the Monitoring Officer, are also set out in the Constitution.	➤ Following the change to the Council's overview and scrutiny committee structure, it is notable that pre-decision scrutiny has increased, and continues to increase, whilst the introduction of Task and Finish Groups has allowed additional briefings to be undertaken without impact on the committees' work programmes.

What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015 and the Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector), the Head of Internal Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw an informed conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2025/26, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2026:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion.

However, in giving his opinion, the Head of Internal Audit included one significant control weakness to be considered for inclusion in the annual governance statement. A summary of this is as follows:

Governance and management of major capital projects: in evaluating the council's arrangements for governing and managing its portfolio of major capital programmes and projects, several issues have been identified which, taken together, represent a significant control weakness.

Issues include a lack of oversight and critical appraisal in pre-delivery phases (which has led to consequences such as entering contracts at risk or of a form not optimised for the project, and incurring additional costs due to changes during delivery), inadequate financial profiling, under-developed governance and assurance arrangements, a lack of skills and support capacity, and an over-reliance on external expertise.

The Head of Internal Audit's opinion concludes by referring to the improvements made and planned but also emphasises the need for continued focus on arrangements for governing and managing major projects.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2025/26 which was presented to the Audit and Governance Committee on 6 May 2026.

Under the GIAS UK Public Sector (effective from 1 April 2025) and CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results to the Audit and Governance Committee.

An independent assessment against the GIAS UK Public Sector must be carried out every five years as a minimum. The most recent independent assessment was undertaken against the Public Sector Internal Audit Standards (PSIAS). It was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the PSIAS. This is the highest rating that could be awarded. Veritau will need to be externally assessed against the GIAS UK Public Sector before September 2028.

The Standards also require Veritau to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Head of Internal Audit Annual Report for 2025/26, demonstrates that the service provided by Veritau generally conforms to the GIAS UK Public Sector. The Council can therefore continue to place reliance on the work of the Internal Audit function and the opinions it gives.

1. External Audit

External Audit of the Council is undertaken by Forvis Mazars LLP. They presented their Audit Completion Report for the year ending 31st March 2025 to Audit & Governance Committee on 28th January 2026. At the time of writing, their work on the 2024/25 accounts was substantially complete, awaiting assurance on one area. The 2025/26 audit will commence in September/ October 2026.

Forvis Mazars also took the Auditor's Annual Report to Audit & Governance Committee on 11th March 2026 which provided conclusions on the value for money (VFM) arrangements for the Council in 2024/25. A significant weakness was identified in the 24/25 VFM arrangements relating to capital project management and governance. A review to capture lessons learnt around York Station Gateway was undertaken during the financial year and the findings were taken to Executive in July 2025. Work has begun to enhance governance arrangements for major capital project management and improve project assurance.

2. SIRO and Data Protection

The Director of Governance is the Council's Senior Information Risk Officer (SIRO) and Senior Responsible Officer (SRO) for surveillance systems such as public space CCTV and use of investigatory powers. The Information Governance Team (IGT) support these roles and is responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There has been an increase in the number of reported potential and actual personal data breaches in 2025-26 financial year from the previous year. The reporting of potential as well as actual breaches indicates the ongoing awareness that timely reporting ensures the Council can take the necessary actions in a timely way, to safeguard information, inform individuals and regulators where it has been determined appropriate to do so, conduct robust investigations and make recommendations to reduce the risk of further breaches.

The council reported one significant breach to the Information Commissioners Office (ICO) in 2025-26. They concluded from their investigation that there were no further actions for the Council to take.

The Council maintains the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Investigatory Powers Commissioner Office (IPCO) undertakes an inspection of the Council's use of its use of investigatory powers and covert surveillance every three years, and the last onsite inspection took place on 23 September 2024. The IPCO was satisfied that our ongoing compliance with RIPA and the Investigatory Powers Act 2016 will be maintained. Updates on the required work and ongoing actions from this inspection were reported in an exclusion of press and public session to Audit and Governance Committee and training was provided for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS). The next inspection is due in 2027.

The Council continues to provide mandatory data protection and information security e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted guidance and support provided for the roles of SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Ongoing work continues in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

3. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2025-26. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, no new issues have been identified for inclusion in the tables below, but the existing issues have been reviewed and additional actions identified (Equal pay and Yorhome have been included in Financial risk) to ensure progress continues to be made.

Of increasing concern, however, is the risk that, as the Council changes size in response to continuing financial pressures, it fails to adapt its operating model to ensure that it has sufficient resources to deal with the demands placed upon it. Failure to do so will likely result in new governance issues, which cannot currently be anticipated.

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CURRENT Governance issues arising from the previous 2024-25 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
1 – Existing Issue, updated	Financial Risks (i) Pressures - Impact of funding reductions - The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements and financial resilience. There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax. 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. (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.	The outturn position for 2023/24 was an overspend position and there is again an overspend in 2024/25, therefore this remains a significant risk. A balanced budget was set for 2024/25 and 2025/26. Significant provisions for growth were made as well as allocations to support the increased cost from continued inflationary pressures. 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 The uncertainty around central government funding remains an issue as the 2025/26 settlement was again just for one year. 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.	The 2025/26 outturn was improved from the Q3 forecast in all areas of the Council other than Adult Social Care where cost pressures continue. The Council was able to set a balanced budget for 2026/27 and make proper provision for growth along with a small contingency budget. The MTFS continues to be updated and regularly discussed with CMT and Executive. Whilst the Fair Funding Review announcement has removed the uncertainty around the local government funding, it has had a significant and negative impact on the Council's medium-term finances. Significant work has been done with the Director of City Development in response to an internal audit report on the governance of major projects. An action plan has been developed and is being monitored through Audit & Governance Committee. Progress includes: Permanent appointment of a Head of Capital Programme Management Office. Monthly Capital Programme Delivery Boards have been introduced, chaired by the Director of City Development with

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	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
	(iii) Equal pay There is a need to address historic equal pay matters. Failure to address has both financial and equality impacts on the Council. (iv) Yorhome Issues in relation to the internal procedures utilised in letting arrangements delivered by Yorhome were identified.	Following identification of the issue, all new Yorhome activity was paused, and a comprehensive legal review of the existing arrangements was commenced. That review remains ongoing, given the complexity of the issue, however active steps are in place to resolve any outstanding legal and liability issues.	key internal stakeholders attending, key issues are escalated to CMT. Appointment of a Corporate Contracts Manager within Procurement to improve internal processes and embed through training across the Council.
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 embed member development following the whole-council elections in 2023, and to prepare for new Member induction and training in advance of the 2027 whole-council elections.	Work continues to ensure that the Constitution, and the Council's democratic and governance mechanisms, remain up-to-date and fit for purpose. Where significant issues are identified, the Council's Executive, its Audit & Governance Committee, and the appropriate Overview and Scrutiny Committee, have received detailed updates, and will continue to do so until the historical issues have been resolved. Following constitutional amendments throughout the year, the public participation protocol was identified as requiring further consideration, and work has taken place to prepare a revised version for consideration.	Training for Scrutiny Members has been delivered by the Centre for Governance and Scrutiny, to improve the operation of the Council's scrutiny function. It has been agreed that similar training will be delivered to the Council's Corporate Management Team, supported by the development of an online learning package and process to ensure early publication of information on the Forward Plan. Early preparatory work on a comprehensive new Member induction and training programme has commenced, following discussions with the Joint Standards Working Group. In addition, consideration of a revised public participation protocol will take place by the Constitution Working Group in due course. Finally, the review of the Council's electoral arrangements by the Local Government Boundary Commission for England will conclude in mid-2026/27 and will require a number of amendments to current electoral arrangements, likely including Wards and Polling Places.

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	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
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) Building services Due to vacancies within the Repairs and Maintenance Team, it was difficult to check through the vast number of purchases made through the Jewson Contract and identify any anomalies.	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.	Following several unsuccessful attempts to recruit, a permanent post has now been created and appointed to. The new person starts on 13th April 2026. We have recruited new team leaders that begin in April 2026 to help check material purchases from the Jewson Contract and address any anomalies.
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.	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. 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 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	Discussions and exercises (functionality assessments) are ongoing regarding capacity within directorates. Where appropriate pooling and targeting key skills to meet the needs of key priorities. Cost control remains firmly in place for workforce metrics to challenge vacancies, overtime, additional hours, agency and absence. These are reviewed on an ongoing basis. Year 3 workforce strategy action plan has been devised and will be approved in April which includes new management and leadership development. The leadership and management program key objective is: • Establish a consistent baseline of leadership capability across CYC • Strengthen managers' confidence, skills and behaviours • Improve organisational culture, communication and accountability • Support workforce resilience and inclusion • Provide a structured development journey for all managers

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	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
		levels drives a positive culture to be reactionary and proactive to the competing demands.	Under the management of the new Chief Executive and the transformation programme which looks at invest and savings, there will be an opportunity to review the business operating model and future ways of working to meet priorities, this will include investment of the workforce, review of culture, ways of working and adaptive technology to assist and maximise opportunities. Terms and conditions and guidance for managers re PDR, competencies and behaviours, induction and policies have been reviewed (and will continue to be) to ensure that managers have the tools available to support good management and that CYC remains an attractive place to work.

What will our Key Governance Development Priorities be for 2026-27?

2026-27 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i> Further development and improvement of programme management arrangements across the Council to ensure delivery of the Capital Programme	Director of Finance (Section 151 Officer) Director of City Development
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to update the constitution and ensure it remains fit for purpose, and by reinforcing the need for compliance with both legislation and the constitution.	Head of Paid Service, Monitoring Officer, Section 151 Officer, Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>Existing priority</i> Improve contract management across the Council through training, effective risk management and clear change control processes.	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>Existing priority</i>	Head of Paid Service Chief Officer HR & Support Services
Preparation for the outcome of the LGBCE Review, and for the 2027 whole-council elections.	<i>New Priority</i>	Head of Paid Service (<i>as Electoral Registration Officer and Returning Officer</i>) Monitoring Officer (<i>as Deputy Electoral Registration Officer and Returning Officer</i>) Section 151 Officer (<i>as Deputy Returning Officer</i>)

Assurance Opinion of the Leader of the Council and the Chief Executive

We have been advised on the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

It is our opinion that the Council's governance arrangements in 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2026/27.

Having considered all the principles contained in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are also satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....
Councillor C Douglas
Leader of the City of York Council

.....
Richard Webb
Chief Executive

Annex A – About the Council of the City of York

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2023-2027) to represent 21 local wards. All out elections were held in May 2023 and a change of political leadership led to the Labour Group forming an Executive. Since that time the make-up of the Council has been as follows:

- 24 Labour
- 19 Liberal Democrat
- 3 Conservatives
- 1 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.

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GLOSSARY

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

Accounting Period

The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.

Accounting Policies

Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either event have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Agency

The provision of services by one body (the Agent) on behalf of, and generally reimbursed by, the responsible body.

Amortisation

The gradual elimination of a debt by periodic payments over a specified number of years.

Appropriation of Land or Buildings

The transfer of a holding of land or buildings from one service area to another, at current market value.

Asset

Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.

Assets Under Construction

This is the value of work on uncompleted tangible fixed assets at the balance sheet date.

Authorised Limit

The level of external debt that the Council may have. This limit cannot be breached in any circumstances and is set annually by the Council.

Balance Sheet

A statement of the recorded assets, liabilities and other balances of the Council at the end of the accounting period.

CDS

Credit Default Swap

Capital Charge

A charge to service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Council in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.

Capital Expenditure charged to Revenue Account (CERA)

A method of financing capital expenditure in the accounting period rather than over a number of years.

Capital Financing

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Adjustment Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts

Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

Cash Flow Statement

A statement summarising the inflows and outflows of cash, arising from transactions between the Council and third parties, for revenue and capital purposes.

Charging Council

The Council responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).

CIPFA Accounting Code of Practice

Guidance issued by CIPFA to ensure Local Authorities comply with IFRS.

Collection Fund

A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Council, and the NNDR collected is paid to the Government.

Commutation Option

This is an option available from 6 April 2006 to members of the North Yorkshire Pension Fund to take a larger lump sum on retirement in exchange for a smaller future pension payment.

Community Assets

Assets that the Council intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks, historic buildings and the bar walls.

Community Charge

A flat rate charge which was payable by all registered charge payers within the Council's area. The income from the charge was used to finance a proportion of the Council's expenditure.

Consistency

The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.

Contingent Asset

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities that the Council engages in specifically because it is an elected, multi-purpose Council. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.

Council Tax

A charge on residential property within the Council's area to finance a proportion of the Council's expenditure.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors

Amounts owed by the Council for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.

Current Liabilities

Amounts that will become due or could be called upon during the next accounting period.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailement

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Credit Default Swap (CDS)

A financial instrument used to transfer the risk of a borrower defaulting from one party to another. The buyer pays regular fees to the seller, who agrees to compensate them if a defined credit event, such as a default, occurs.

Debtors

Amounts due to the Council for goods or services provided within the accounting period but not received at the balance sheet date.

Deferred Consideration

Expenditure which is determined precisely at the time of the acquisition of an asset, but where the payment is delayed for a defined period.

Deferred Credits

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale but will be received in instalments over agreed periods of time.

Deferred Debtors

Amounts due to the Council that are not expected to be repaid in full within the next accounting period.

Deferred Liabilities

These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Pension Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Economic Infrastructure Fund (EIF)

A fund set up to deliver economic benefits for the city.

Emoluments

These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.

Exceptional Items

Material items which derive from events or transactions which fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Expected Rate of Return on Pension Assets

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items nor do they include any prior period items merely because they relate to a prior period.

Fixed Asset Register (FAR)

A system that allows the council to measure and record assets in line with International Financial Reporting Standards and the IFRS-based code of practice on local authority accounting in the United Kingdom (the code).

Fees and Charges

Income arising from the provision of services.

Financial Instruments and the Financial Instruments Adjustment Account (FIAA)

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. They refer to both financial assets and financial liabilities and includes both the straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. The FIAA is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1 April to 31 March.

Fixed Assets

Tangible and intangible assets that can be expected to be of use or benefit to the Council in providing its services for more than one accounting period.

General Fund

The main account of the Council that records the costs of service provision except those shown in the Housing Revenue Account and the Collection Fund.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Payments by central government towards the cost of Local Council services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Gross Carrying Amount (GCA)

Amount at which fixed assets are included in the notes, prior to the provision for accumulated depreciation.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)

A separate account to the General Fund recording all the transactions relating to the provision of council houses.

Impairment

A reduction in the value of a fixed asset below its current value on the Council's balance sheet.

Income and Expenditure Account

The Income and Expenditure Account combine the income and expenditure relating to all the Council's functions including the General Fund and the Housing Revenue Account.

Infrastructure Assets

These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

Intangible Fixed Asset

These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

Interest Cost

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the

investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

Investment Properties

An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Lenders Option Borrowers Option (LOBO)

A LOBO loan is a loan that permits the lender to nominate a revised interest rate payable on the debt at periodic dates and also gives the borrower the option as to whether to pay the revised rate or repay the debt in its entirety.

Liability

An account due to an individual or organisation that will be paid at some future date.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

Monitoring Officer

Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Council decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Operating Officer). In York the Monitoring Officer is Bryn Roberts, Director of Governance.

National Non-Domestic Rates (NNDR)

An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities.

Net Book Value (NBV)

Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-Operational Assets

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Council services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

Operational Assets

These are fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Operational Boundary

This is a measure of the most money the Council would normally borrow at any time during a financial year. It may be exceeded temporarily, but a regular pattern of borrowing above this level should be avoided.

PA92

These are tables of figures used by actuaries for standard mortality reflecting mortality experience in the period 1991-94, with assumptions for future rates of change. The 'mc' to 'medium cohort' which was introduced to reflect the increased life expectancy of a specific age group of retirees.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

Precept

The amount that a Precepting Council requires from a Charging Council to meet its expenditure requirements.

Precepting Council

Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities (District Councils).

Prior Year Adjustments (or Prior Period Adjustments)

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Provisions

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which Councils must set as part of their budget process. They are designed to show the affordability of the capital programme and that the Council's borrowing is prudent and sustainable.

Public Works Loan Board (PWLB)

A government agency that lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury. Councils are free to borrow as much as they like from the PWLB provided that it is prudent, affordable, sustainable and within the prudential indicators set at full council.

Realisable Value

The value of the asset at existing use, if sold between a willing buyer and a willing seller.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable because of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve

This account contains surpluses and losses arising from the periodic valuation of fixed assets.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible fixed assets.

Revenue Support Grant (RSG)

A general central government grant paid to the Income and Expenditure Account in support of the Charging Council's revenue expenditure.

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Section 151 Officer (S151)

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves. In York the Section 151 Officer is Debbie Mitchell, Chief Finance Officer.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements can include: a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Subsidiary

This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Support Services

The costs of departments that provide professional and administrative assistance to services.

Tangible Fixed Assets

These are assets with a physical substance that yield benefits to the Council and the services it provides for a period of more than one year.

Temporary Borrowing/Investment

Money borrowed or invested for an initial period of less than one year.

Trading Services

These are activities of the Council where the workers are directly employed to carry out specified tasks. Such organisations were formerly known as Direct Service Organisations (DSO). In York the work is undertaken under the name of Neighbourhood Services.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Trust Funds

Money owned by an individual or organisation that is administered by the Council.

Unapportionable Central Overheads

These are overheads from which no user benefits, therefore they cannot be allocated to a service area.

Useful Life

The period over which the Council will derive benefits from the use of an asset.

Vested Rights

In relation to a defined benefit pension scheme these are for active members, benefits to which they would unconditionally be entitled on leaving the scheme, for deferred pensioners, their preserved rights and for pensioners, pensions to which they are entitled.

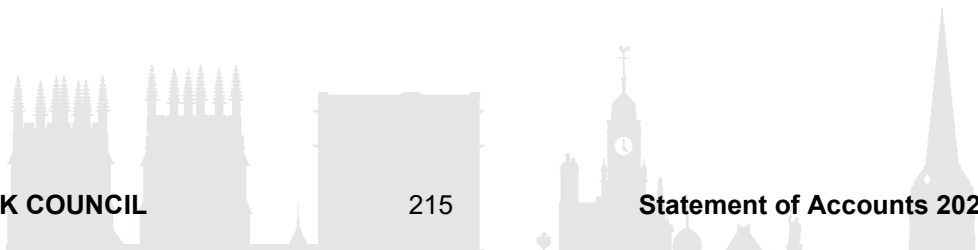
Work in Progress

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

Write Out (WO)

Removal of an Asset by charging to the CIES, or reversal of accumulated depreciation against a fixed asset on revaluation of that asset.

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Meeting:	Audit & Governance Committee
Meeting date:	22/07/2026
Report of:	Debbie Mitchell, Director of Finance
Portfolio of:	Cllr Katie Lomas, Executive Members for Finance, Performance, Major Projects, Human Rights, Equality, and Inclusion

Audit and Governance Committee Report:

Treasury Management 2025/26 Outturn report and review of Prudential Indicators

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 2025/26 approved by Full Council on 27 February 2025.
2. Attached at Annex 1 is the Treasury Management Outturn report and Review of Prudential Indicators 2025/26, which provides an update on treasury activity during the final quarter and will be considered by Executive on 7 July 2026.

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 Outturn update report detailing the activities undertaken and performance in the financial year 2025/26, 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 Outturn Report and Review of Prudential Indicators 2025/26 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:	08/06/2026

Annexes

Annex One - Treasury Management Outturn Report and Review of Prudential Indicators 2025/26

Annex to above report – Prudential Indicators 2025/26



Meeting:	Executive
Meeting date:	08/07/2026
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 2025/26.

Subject of Report

1. The purpose of this report is to provide an update on Treasury Management activity and the outturn position for the 2025/26 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 2025/26, 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.
5. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the 2025/26 financial year, the Council has operated within the Treasury and Prudential Indicators set out in the Council's Treasury Management Strategy Statement for 2025/26.
6. There are no policy changes to the Treasury Management Strategy Statement 2025/26 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.

Financial Strategy Implications

7. 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

8. Executive is asked to note:
 - The 2025/26 performance and outturn position of Treasury Management activity.
 - The 2025/26 outturn 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.

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 2025/26 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 2026.
 - A review of the Council's investment portfolio.
 - A review of the Council's borrowing strategy.
 - A review of compliance with the Treasury and Prudential Limits.
 - An update to the prudential indicators (set out at Annex A).

Economic Update

10. Financial year 2025/26 saw:
 - The Bank of England's Monetary Policy Committee (MPC) reduce base rate overall by 75 basis points from 4.5% to 3.75%. This followed the bank's narrative of making gradual cuts driven by data.
 - There were three reductions agreed during the year 4.5% to 4.25% on 8th May 2025; 4.25% to 4.0% on 7th August 2025; and 4.0% to 3.75% on 18th December 2025.
 - Consumer Price Index (CPI) Inflation rose by 3.3% in the 12 months to March 2026, down from 3.5% in April 2025. Core CPI inflation (CPI excluding energy, food, alcohol and tobacco) rose by 3.1% in the 12 months to March 2026.
 - CPIH inflation (CPI including owner occupiers housing costs) rose by 3.4% in the 12 months to March 2026, down from 4.1% in April 2025. Core CPIH inflation (CPIH excluding energy, food, alcohol and tobacco) rose by 3.3% in the 12 months to March 2026.
 - UK Gross Domestic Product (GDP) is estimated to have grown by 0.1% in the fourth quarter of 2025, covering October 2025 to December 2025.
 - UK GDP is estimated to have increased annually in 2025.

Interest Rate Forecast

11. 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.
12. Overall, borrowing has become more expensive in 2025/26, with Gilt yields rising materially in March 2026, reversing the falls that were seen earlier in the financial year. 10-year Gilt yields have been volatile in the final weeks of

2025/26 (around 4.23% in late February 2026 before rising to around 5% in March 2026). This has led to Markets reassessing Bank of England policy rate expectations with further reductions looking limited for the remainder of 2026. This is against a backdrop of recent upward pressure on energy costs giving rise to fears of higher inflation and weaker economic growth due to geopolitical uncertainty.

13. Table 1 is MUFG Corporate Markets (CYC Treasury Advisors) 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 % (including certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Jun 2026	3.75	5.00	5.50	6.00	5.80
Sep 2026	3.75	5.00	5.50	6.00	5.80
Dec 2026	3.75	4.90	5.40	5.90	5.70
Mar 2027	3.75	4.80	5.30	5.80	5.50
Jun 2027	3.75	4.60	5.10	5.60	5.40
Sep 2027	3.50	4.40	4.90	5.40	5.20
Dec 2027	3.50	4.20	4.70	5.20	5.00
Mar 2028	3.25	4.20	4.70	5.20	5.00
Jun 2028	3.25	4.10	4.60	5.20	5.00
Sep 2028	3.25	4.10	4.60	5.20	5.00
Dec 2028	3.25	4.10	4.60	5.10	4.90
Mar 2029	3.25	4.10	4.60	5.10	4.90

Table 1 – MUFG Corporate Markets interest rate forecast 25th March 2026

Treasury Management Strategy Statement 2025/26

14. Full Council approved the Treasury Management Strategy Statement for 2025/26 on 27th February 2025. Details can be viewed here (item 64) <https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> and here [https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josifte55\)\)/ielIssueDetails.aspx?Id=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josifte55))/ielIssueDetails.aspx?Id=72853&Opt=3)
15. There are no treasury management policy changes and the details in this report do not amend the Statement.

Overall Treasury position at 31st March 2026

16. Table 2 shows the Councils net Treasury debt and investment position for the period ending 31st March 2026, shown with the financial year end 2024/25 position.

	Principal	Average Rate	Principal	Average Rate
	31/03/26	31/03/26	31/03/25	31/03/25
External Debt				
General Fund Borrowing	£217.74m	3.57%	£190.59m	3.49%
Housing Revenue Account (HRA) Borrowing	£133.21m	3.38%	£140.86m	3.33%
Total Borrowing	£350.95m	3.42%	£331.45m	3.42%
Other Long-term Liabilities inc. PFI	£49.35m		£46.74m	
Total External Debt	£400.30m		£378.19m	
Investments				
Investment balance	£4.38m	4.03%	£10.88m	4.89%
Net Treasury Position				
Debt less Investments	£395.92m		£367.31m	

Table 2 Summary of Treasury position 31st March 2026

Investment Portfolio Outturn 2025/26

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

Environmental, Social & Governance (ESG) criteria, will be considered as a fourth criteria after the fulfilment of the three core investment priorities.

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 2025/26 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 which 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. The average level of cash balances available for investment purposes in the financial year 2025/26 was £27.82m compared to £29.11m for the financial year 2024/25. The average rate of return earned on cash balances in the financial year 2025/26 was 4.03%, compared to 4.89% in the financial year 2024/25.
23. Table 3 shows the current fixed term investments at 31st March 2026.

Institution Type	Principal Balance 31/03/26	Average Balance 01/04/25-31/03/26	Average Rate 01/04/25-31/03/26	Principal Balance 31/03/25	Average Balance 01/04/24-31/03/25	Average Rate 01/04/24-31/03/25
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	£3.90m	£27.29m	4.11%	£9.00m	£28.62m	4.95%
Cash in bank	£0.48m	£0.53m	0.00%	£1.88m	£0.50m	0.00%
Total Investments	£4.38m	£27.82m	4.03%	£10.88m	£29.12m	4.89%

Table 3 Investment Portfolio by type 31st March 2026

24. Figure 1 shows the investment portfolio split by cash in bank, deposits in short term call accounts, fixed term investments and Money Market Funds. Money Market Funds used have an AAAM credit rating and the cash bank account is AA- credit rating.

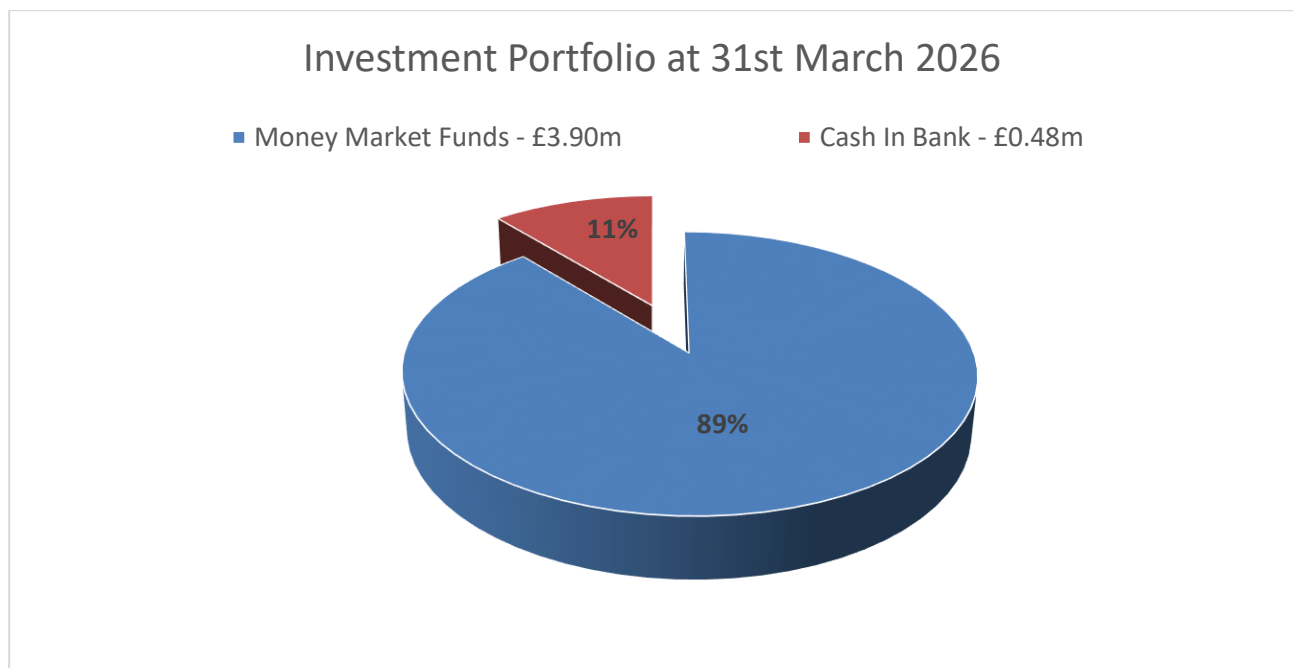


Figure 1 Investment Portfolio by type 31st March 2026

25. 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.
26. The Council's average rate of return during financial year 2025/26 is shown in table 4.

	2025/26 (01/04/2025- 31/03/2026)	2024/25 (01/04/2025 - 31/03/2026)
Average CYC Rate of Return	4.03%	4.89%
<u>Benchmarks</u>		
Average Overnight SONIA	4.01%	4.90%

Table 4: CYCs investment rate of return performance vs. SONIA benchmark

27. The average rate of return achieved for invested cash in the financial year 2025/26 has remained around the average overnight SONIA rate. The Council has kept all cash invested in highly liquid Money Market Funds throughout the year. These funds provide instant access to cash, and each fund will contain a portfolio of investments on different maturity durations and yields. There is a slight time lag between the movement in interest rates on Money Market Funds, and interest earned, when 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. In a decreasing interest rate environment, there is often a slight time lag between the decrease seen on the Money Market Fund return compared to the SONIA rate. The reverse is true in an increasing interest rate environment.

28. Figure 2 shows the average SONIA rates for several investment durations compared with the Bank of England base rate and the Council's rate of return achieved during financial year 2025/26. It shows that the Council's average rate of return is tracking broadly in line with, both Bank base rate and overnight SONIA rate. This is expected as cash has been held in liquid Money Market Funds.

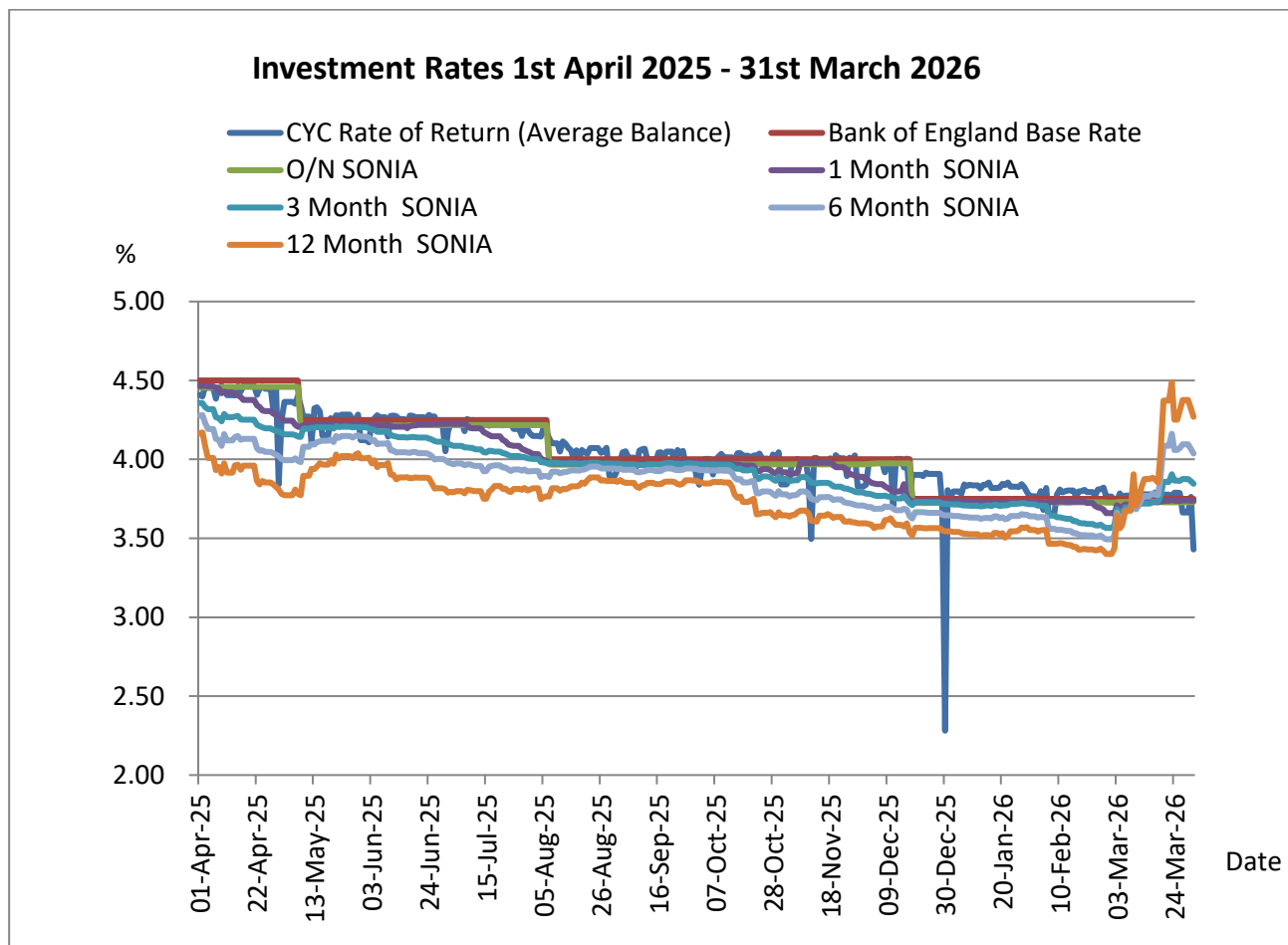


Figure 2 CYC Investments vs Bank of England base rate and SONIA

29. Throughout the financial year 2025/26, the Council has continued to use its cash balances to support internal borrowing i.e. delay taking on long-term debt, a decision made in light of continued elevated borrowing rates which serves to help reduce the cost of borrowing in year. The overall effect of using cash balances to support the Council's under borrowed CFR position is that as cash balances are used there is less cash available for longer term investment. Opportunities that arise for notice and fixed investments which could generate higher yields are considered in terms of the Council's short to medium term cash flow requirement and its under borrowed CFR position.

Borrowing Requirement and Debt at 31st March 2026

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. The level of borrowing taken by the Council is determined by the Capital Financing Requirement (the Councils underlying need to borrow for capital expenditure purposes). Borrowing needs to be affordable, sustainable and prudent.
32. 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.
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, (internally borrowed), to temporarily fund the capital programme.
34. Table 5 shows the Council's underlying need to borrow to finance capital expenditure and is termed the Capital Financing Requirement (CFR).

	31 March 2026	31 March 2026	31 March 2025
	Outturn (Actual at 31.03.26)	Budget Forecast (TMSS 25/26)	Outturn (Actual at 31.03.25)
CFR General Fund	£331.95m	£391.41m	£323.78m
CFR HRA	£133.53m	£137.20m	£139.91m
CFR Other Long-term Liabilities	£49.35m	£41.93m	£46.74m
Total CFR	£514.83m	£570.54m	£510.43m

Table 5 Capital Financing Requirement 31st March 2026

35. The borrowing strategy takes into account the borrowing requirement, the current economic and market environments and is also influenced by the interest rate forecasts. 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.
36. During the financial year 2025/26, the Council has maintained an under-borrowed position. This means that the capital borrowing need, (the Capital

Financing Requirement), has not been fully funded with loan debt, and cash supporting the Council's reserves, balances and cash flow has continued to be used as an interim measure to fund the capital programme. The under-borrowed position can be seen on the Councils Liability Benchmark graph (Prudential Indicator 3) as shown by the gap between the loans outstanding and CFR.

37. The strategy of running an under borrowed position remained prudent in 2025/26 as near-term investment rates have generally been lower than medium to long-term borrowing costs. On average long-term borrowing rates have remained elevated across the curve during financial year 2025/26 (see Table 11) and while falling during 2025/26 have, have not reduced as quickly as previous market predictions and due to the outbreak of conflict in the Middle East and have sharply increased during March 2026 (see paragraph 12).
38. During financial years 2023/24 and 2024/25 where debt has been required to either refinance maturing debt or for the capital programme the Treasury team has borrowed 1 year maturity loans from the PWLB. This has been due to a period of elevated borrowing costs across the curve. The borrowing decisions made were based on interest rate forecasts at the time showing declines in projected borrowing rates for longer maturity periods in future years.
39. During financial year 2025/26, as maturing loans came to an end and new borrowing was required to finance the capital programme and replace cash used to support the internal borrowing position, decisions were made to move away from 1 year maturity loans (which accounted for all new borrowing in 2024/25) and draw down loans with maturities in the 1-6 year periods. This was due to a combination of looking to reduce short-term refinancing risk by rebalancing the maturity profile of debt and, borrowing rates steadily falling for the 1-6 year loan periods which were on average below 5%, typically offering the best value in the current market, particularly in the last quarter of financial year 2025/26 prior to March 2026.
40. By taking out loans with differing maturity durations in the 1-6 years bracket the Treasury Team has been able to spread the loan maturities into different financial years as can be seen in the debt maturity profile in Figure 4, and to more equally distribute debt maturities within financial years so maturing debt is not overly concentrated in the last quarter of a financial year. Whilst the majority of new loans were drawn down with maturities between 1-6 years, during March 2026 refinancing some maturing loans on 1 year maturities was felt more prudent as the outbreak of war in the Middle East had a knock on impact on economic markets, Gilt yields and PWLB borrowing rates, the latter spiking upwards sharply where previously they had been steadily declining (see paragraph 12).

41. In terms of the Council's loan portfolio, this has meant that there will be a higher concentration of debt maturities come due in financial year 2026/27 than originally planned, as three loans taken out during March 2026 were done so on shorter durations up to one and a half years, and one temporary loan from another Local Authority was drawn down to avoid further borrowing at elevated rates and cover the end of year position.
42. In financial year 2025/26, the Treasury Team have tried to balance minimising the costs of long-term borrowing against refinancing and interest rate risk. In subsequent financial years as debt matures, providing the short term spike in borrowing rates seen in March 2026 subsides and borrowing rates continue to decrease on their overall downward trend as market, the Treasury Team will look at drawing down longer dated loan maturities, thereby continuing to reduce refinancing and interest rate risk and further smooth out the debt maturity profile (see figure 4). This course of action will be kept under review subject to the treasury budget, the Council's overall CFR and capital programme requirements, borrowing rates and the economic and political conditions prevalent at the time.
43. All decisions taken on new loans and maturity durations have been, and will continue to be, judged in light of circumstances prevailing at the time, with a view taken on the Council's overall CFR position and capital programme requirements, whilst also taking into account the current interest rate environment and possible future direction, the existing debt maturity profile and the budget position.
44. Treasury officers keep the overall borrowing portfolio position monitored to ensure loan maturities are within the approved maturity limits set as part of Prudential Indicator 8.
45. Where opportunities arise to draw down long term debt at more favourable rates, through either PWLB or market borrowing, these will be considered in order to try to minimise the longer-term impact of debt costs.

Borrowing Portfolio Outturn 2025/26

46. The Councils long-term borrowing started the year at a level of £331.45m. The current borrowing portfolio position as at 31st March 2026 is £350.95m.

	31 st March 2026			31 st March 2025		
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	61	£340.60m	3.50%	56	£324.10m	3.44%

Debt Management Office (HM Treasury)						
<u>Market Loans</u> LOBO Loans – Lender Option Borrower Option	0	£0.00m	n/a	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%
<u>Local Authority Loans</u> Money borrowed from other Local Authorities	1	£8.00m	4.25%	0	£0.00m	n/a
Total Borrowing (GF & HRA)	66	£350.95m	3.42%	61	£331.45m	3.42%

Table 6 Current borrowing position 31st March 2026

47. There were 10 scheduled repayments of long-term borrowing that occurred in financial year 2025/26 totalling £63.30m. These are detailed in 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	12/08/2010	05/05/2025	£3.00m	4.01%	14.73
PWLB	03/04/2001	05/11/2025	£1.00m	4.75%	24.59
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
PWLB	28/03/2012	31/03/2026	£4.50m	2.97%	14.01
PWLB	28/03/2012	31/03/2026	£5.00m	2.97%	14.01
			£63.30m		

Table 7 Scheduled maturing loans in 2025/26

48. In financial year 2025/26, there was one unscheduled loan repayment made for £5.00m on 1st October 2025 (see table 8). This was a full and final

settlement of one LOBO loan that the Council held within its loan portfolio with an original maturity date of 1st October 2077. Under the terms of the LOBO loan agreement, the lender can exercise the right to change the interest rate on the loan at various option dates should it choose to do so, while the borrower has the choice to either accept the new rate set by the lender or repay the loan in full without penalty.

49. During September 2025, the Council was notified by the lender that it would exercise its right to change the interest rate on the loan at the next agreed option date commencing on the 1st October 2025 and that this rate would increase from 3.88% if accepted. The Council decided not to accept the new increased interest rate and gave notice to the lender that it would repay the loan in full on the 1st October 2025.

Loan Type	Issue Date	Repayment Date	Amount	Rate	Duration (years)
LOBO	26/03/2008	01/10/2077	£5.00m	3.88%	69.52
			£5.00m		

Table 8 Unscheduled loan repayments in 2025/26

50. No loan rescheduling was carried out during financial year 2025/26.
51. During financial year 2025/26, sixteen new loans have been drawn down totalling £87.80m. Fifteen loans were drawn down from the PWLB, details of which are in Table 9 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
PWLB	19/09/2025	19/09/2026	£5.00m	4.53%	1.00
PWLB	08/10/2025	08/10/2026	£5.00m	4.56%	1.00
PWLB	21/10/2025	21/10/2027	£5.00m	4.59%	2.00
PWLB	27/11/2025	15/06/2029	£5.00m	4.71%	3.55
PWLB	06/02/2026	05/02/2029	£5.00m	4.57%	3.00
PWLB	11/02/2026	08/02/2030	£5.00m	4.68%	3.99
PWLB	16/02/2026	15/07/2030	£5.00m	4.71%	4.41
PWLB	17/02/2026	15/06/2028	£5.00m	4.45%	2.32
PWLB	19/02/2026	18/02/2028	£5.00m	4.40%	2.00
PWLB	20/02/2026	20/02/2027	£5.00m	4.31%	1.00
PWLB	24/02/2026	23/02/2031	£5.00m	4.64%	5.00
PWLB	04/03/2026	15/10/2031	£5.00m	4.74%	5.62
PWLB	16/03/2026	16/03/2027	£10.00m	4.80%	1.00
PWLB	23/03/2026	15/07/2027	£5.00m	4.73%	1.31
PWLB	31/03/2026	31/03/2027	£5.00m	4.64%	1.00
			£79.80m		

Table 9 New PWLB loans drawn down in 2025/26

52. One temporary loan from another Local Authority was drawn down, details of which are in Table 10 below.

Lender	Issue Date	Repayment Date	Amount	Rate	Duration (years)
Local Authority	30/03/2026	15/06/2026	£8.00m	4.25%	0.21
			£8.00m		

Table 10 New temporary Local Authority loans drawn down in 2025/26

53. The Councils £350.95m of fixed interest rate debt as at 31st March 2026, is split between £133.21m for HRA and £217.74m for General Fund as shown in Figure 3.

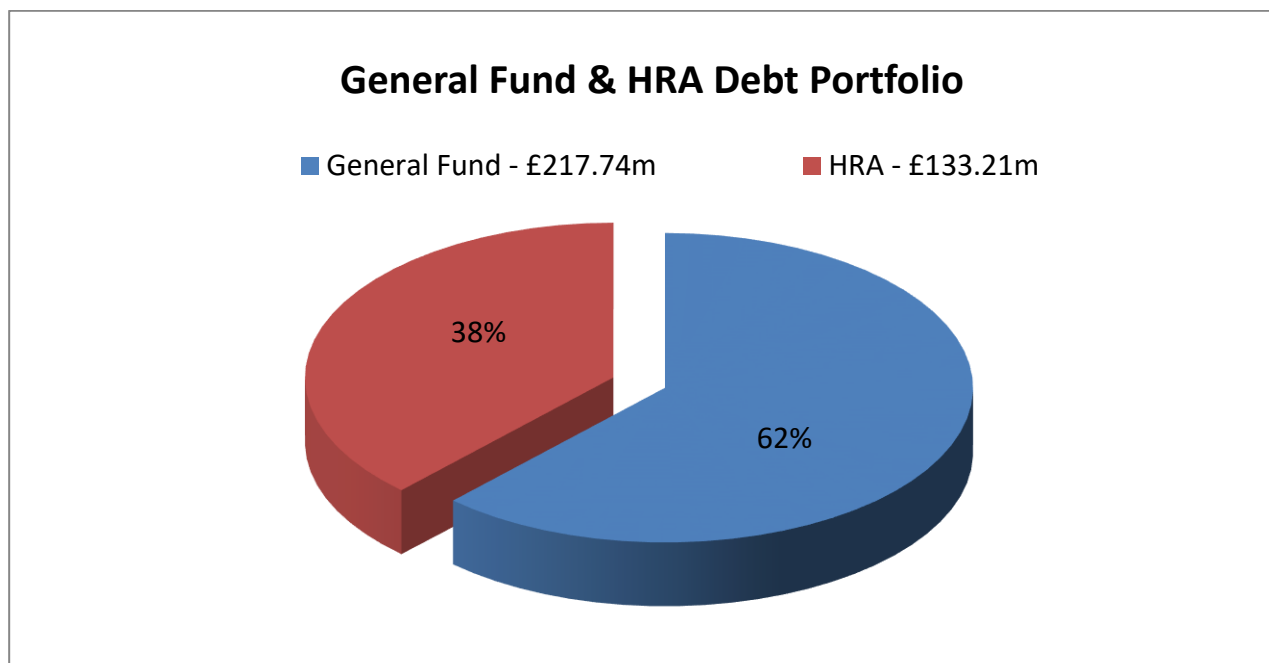


Figure 3 General Fund and HRA debt at 31st March 2026

54. Figure 4 illustrates the 2025/26 maturity profile of the Council's debt portfolio at 31st March 2026. Based on the borrowing decisions taken during financial year 2025/26 as outlined in paragraphs 37-42 the maturity profile, shows that the majority of new debt drawn down (as shown in Table 9) has been placed in the 1 – 6 year maturity periods helping to reduce the concentration of loan maturities in any one year, thereby reducing the refinancing risk and interest rate risk dependency. A total of £53.75m debt will mature in 2026/27, of which £32.80m relates to debt drawn down in 2025/26 with 1 year maturities or less (see Table 9 and 10).

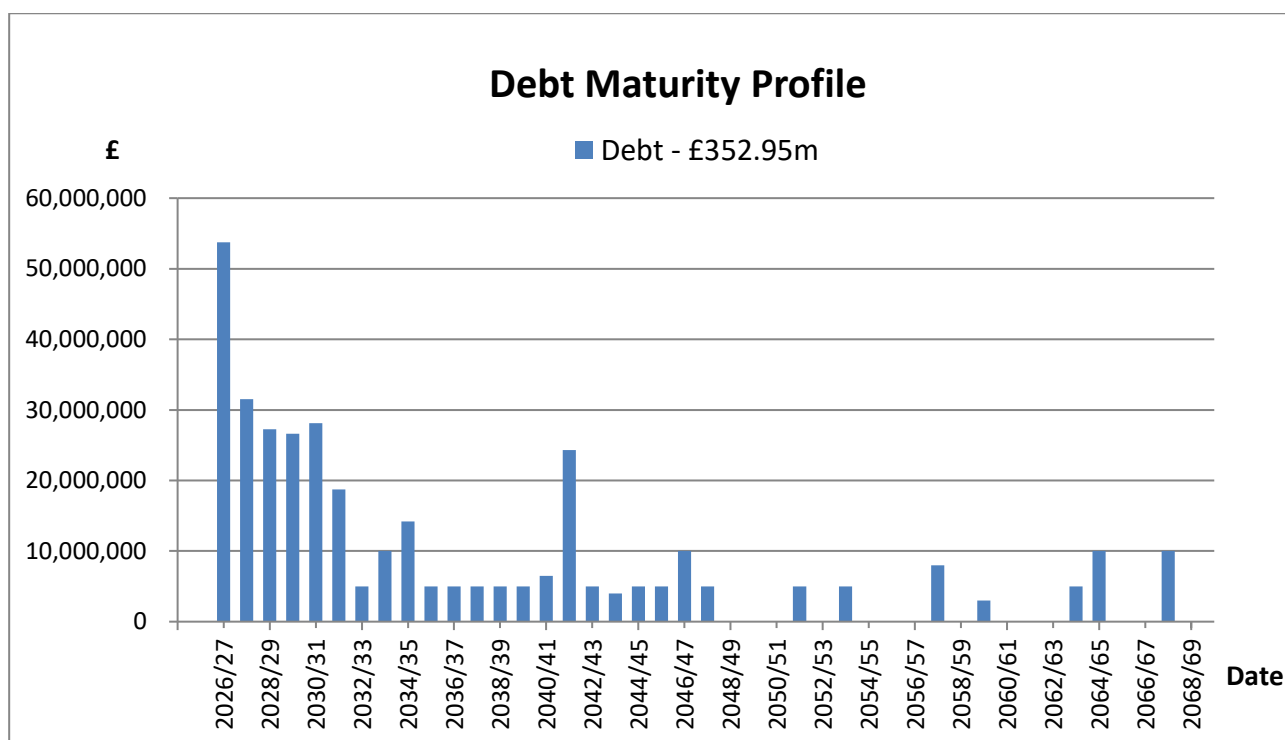


Figure 4 – Debt Maturity Profile at 31st March 2026

55. The timing of when that debt is drawn down depends on the Council's cashflow position at a point in time, the level of refinancing of maturing debt that is required and the progress of the capital programme. The level of debt overall is determined with reference to the overall CFR. Where greater value can be obtained in borrowing for shorter maturity periods the Council will assess its risk appetite in conjunction with budgetary pressures to minimise total interest costs. Temporary borrowing, including inter authority borrowing, is another borrowing option. Longer-term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for smoothing the maturity profile of debt repayments (see paragraphs 37-44).
56. Table 10 shows PWLB Certainty borrowing rates available for selected loan durations between 1st April 2025 and 31st March 2026 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	5.28%	5.47%	5.88%	6.43%	6.24%
Low	4.25%	4.56%	5.13%	5.78%	5.46%
Average	4.52%	4.82%	5.38%	6.06%	5.81%

Table 11 – PWLB Borrowing Rates 1st April 2025 to 31st March 2026

Compliance with Treasury Policy Prudential Indicators

57. The Prudential Indicators for 2025/26 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 27th February 2025 (item 64) and can be viewed here:
<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4>
58. 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 first half of financial year 2025/26 the Council has operated within the treasury limits and Prudential Indicators set out in the TMSS for 2025/26.
59. An update of the Prudential Indicators is shown in Annex A.

Consultation Analysis

60. 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.
61. 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.

Options Analysis and Evidential Basis

62. The Treasury Management annual report and Prudential Indicators details the treasury management portfolio at 31st March 2026 and is for the review of the Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion to show compliance with treasury policy and ensure the continued performance of the treasury management function.

Organisational Impact and Implications

63. 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 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

64. 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

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Background papers

- Treasury Management Strategy Statement and Prudential Indicators for 2025/26 to 2029/30 and Annexes A, B, C and D to that report.
[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josifte55\)\)/ielssueDetails.aspx?Id=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josifte55))/ielssueDetails.aspx?Id=72853&Opt=3)

Annexes

- Annex A - Prudential Indicators 2526 Outturn (31.03.26)

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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Prudential Indicators 2025/26 Outturn (31.03.26)

	Prudential Indicator		2025/26 Actual	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	
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	£50.1m £31.8m £4.8m £86.7m	£86.9m £26.1m £0.5m £113.5m	£113.4m £39.8m £0.5m £153.7m	£87.1m £30.5m £0.5m £118.1m	£42.1m £15.5m £0.5m £58.1m	
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	£332.0m £133.5m £49.3m £514.8m	£356.8m £129.8m £47.9m £534.5m	£413.5m £133.7m £46.5m £593.7m	£438.5m £144.7m £45.1m £628.3m	£448.8m £145.6m £43.6m £638.0m	
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.	Liability Benchmark						

	Prudential Indicator		2025/26 Actual	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	
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 revenue stream is the income from rents. Note that financing costs include debt and other long-term liabilities such as PFI and Leases.	GF HRA Total	12.51% 12.62% 12.53%	15.98% 11.94% 15.13%	17.94% 11.88% 16.71%	19.69% 11.82% 18.14%	20.32% 11.76% 18.69%	
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	£400.4m £4.4m £396.0m	£418.5m £5.0m £413.5m	£487.6m £5.0m £482.6m	£533.8m £5.0m £528.8m	£556.7m £5.0m £551.7m	
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. <i>Estimate for year-end outturn positions, unless stated as an actual.</i>	Borrowing CFR / Other long-term liabilities	£580.5m £30.0m £610.5m (£610.5m actual set at 2025/26 Strategy)	£590.2m £30.0m £620.2m (£620.2m actual set at 2026/27 Strategy)	£603.7m £30.0m £633.7m (Estimate based on current CFR projection)	£638.3m £30.0m £668.3m (Estimate based on current CFR projection)	£648.0m £30.0m £678.0m (Estimate based on current CFR projection)	

	Prudential Indicator		2025/26 Actual	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	
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. <i>Estimate for year-end outturn positions, unless stated as an actual.</i>	Borrowing CFR / Short Term Liquidity Requirement	£514.8m £65.7m <u>£580.5m</u> (£580.5m actual set at 2025/26 Strategy)	£534.5m £55.7m <u>£590.2m</u> (£590.2m actual set at 2026/27 Strategy)	£593.7m £10.0m <u>£603.7m</u> (Estimate based on current CFR projection)	£628.3m £10.0m <u>£638.3m</u> (Estimate based on current CFR projection)	£638.0m £10.0m <u>£648.0m</u> (Estimate based on current CFR projection)	

	Prudential Indicator		2025/26 Actual	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	
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. These approved limits are set each year in the Treasury Strategy.	Maturity profile of debt against approved limits	Maturity Profile	Debt (£)	Debt (%)	Approved Minimum Limit	Approved Maximum Limit	This is the current actual level of debt against the approved limits set at the 2025/26 Strategy.
			Less than 1 yr	£53.8m	15%	0%	30%	
			1 to 2 Yrs	£31.5m	9%	0%	30%	
			2 to 5 Yrs	£82.0m	23%	0%	40%	
			5 to 10 yrs	£53.0m	15%	0%	40%	
			10 to 20 yrs	£69.8m	20%	30%	90%	
			20 to 30 yrs	£25.0m	7%			
			30 to 40 yrs	£26.0m	8%			
			40 to 50 yrs	£10.0m	3%			
			Total	£351.0m	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. This upper limit is set each year in the Treasury Strategy.	Limit / (Current investments over 364 days maturing in each year)	£15.0m (£0.0m)	£15.0m (£0.0m)	£15.0m (£0.0m)	£15.0m (£0.0m)	£15.0m (£0.0m)	



Meeting:	Audit & Governance Committee
Meeting date:	22/07/2026
Report of:	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:

External Audit Progress Report

Subject of Report

1. The purpose of this report is to present the 2025/26 Draft Audit Strategy Memorandum 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 Strategy Memorandum 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:	Katherine Finnie
Job Title:	Principal Accountant
Service Area:	Corporate Finance
Report approved:	Yes
Date:	10/07/2026

Annexes

A – Audit Strategy Memorandum July 2026



Draft Audit Strategy Memorandum

City of York Council – Year ending 31 March 2026

July 2026

13 July 2026

I am pleased to present our Audit Strategy Memorandum (“ASM”) for City of York Council for the year ending 31 March 2026. This document will be presented at the Audit and Governance Committee meeting on 1 July 2026. If you would like to discuss any matters in more detail, please contact me on 07824 086 593.

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks and the expected key audit matters we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of City of York Council this report also summarises our considerations and conclusions on our independence.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- Sharing information to assist each of us with fulfilling our respective responsibilities,
- Providing you with constructive observations arising during our audit, and
- Ensuring that we gain an understanding of your attitude and views in respect of the risks facing City of York Council which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

This report, which we have 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.

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.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- Whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- If you are aware of any significant communications between city of York Council and its regulators.
- If there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

Subject to our prior written agreement or as required by any applicable law or regulation, this report is considered confidential and is intended solely for the Audit and Governance Committee and should not be disclosed to any other party, used or quoted for any other purpose.

Yours faithfully,

Signed by:

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Mark Outterside

Forvis Mazars LLP

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Executive Summary

Executive summary

Audit timeline (page 9)	
Initial planning and risk assessment	April 2026
Documentation and walkthrough of key financial systems	April 2026
Receipt of draft financial statements	June 2026
Completion of audit planning including documentation and walkthrough of key financial systems and initial VFM arrangements work	July 2026
Audit Strategy Memorandum to Audit and Governance Committee	July 2026
Execution of our audit strategy and completion of our VFM arrangements work	October – December 2026
Audit Completion Report to Audit and Governance Committee	January 2027
Completion of the audit, including issuing of our audit opinion and Auditor's Annual Report	January 2027

Materiality (page 14)		
Surplus/deficit on provision of services 31 March 2026: £1,058k		
Materiality	Performance materiality	Reporting threshold
£11,200k	£8,960k	£336k

Audit risks and other significant matters (page 11-12)				
Risk	Significant risk	Enhanced risk	Risk evolution	Page
Valuations of land, buildings, surplus assets and investment property	●	○	=	Page 11
Net defined benefit asset/liability valuation	●	○	=	Page 12
Management override of controls	●	○	=	Page 12

Our independence (page 19)

We are independent of the City of York Council in accordance with the ethical requirements that are relevant to our audit in the UK, including the FRC's Ethical Standard, the Code of Audit Practice and associated guidance issued by the National Audit Office.

Fees (page 16)	
PSAA Scale fees	£314,588
Non-Audit Fees	TBC
Total fees	£314,588

Your audit team

Your audit team



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An Engagement Quality Review (EQR) has been appointed for this engagement.

We will use internal/ external experts on this engagement in the following areas of our audit

- PPE (Internal)
- Pensions (External)

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline



Audit risks and other significant matters

Audit risks and other significant matters

Significant risks

In this section, we have set out the significant and enhanced audit risks we have identified, including the key audit matters we expect to report in our auditor’s report, and our planned response. If we identify additional risks or change our risk assessment during our audit, we will report this to you. Refer to Appendix A for definitions. We have also set out in this section of the report any other significant matters that we consider should be brought to your attention.

Risk	Description	Our planned response
Management override of controls	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 statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we are required by auditing standards to identify a significant risk of management override of controls on our audit.	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.
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. The Local Government Pension Scheme (LGPS) had its last triennial valuation completed as at 31 March 2025.	We will address this by: - 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 (including membership 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; and - agreeing 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.

Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
Valuations of land, buildings, surplus assets and investment property	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. Management engages an independent, suitably qualified valuer to support the determination of fair values for council dwellings and other land and buildings included in the financial statements. However, these valuations remain subject to a high level of estimation uncertainty, given the significant judgements involved and the range of assumptions and variables used. For 2025/26, the CIPFA Code has been amended such that other land and buildings are now required to be fully revalued at least once every five years, with annual indexation applied in the intervening four years. The Code does not prescribe a specific index, and as a result, the Council will apply management judgement, supported by the valuer, in selecting appropriate indices based on the nature and characteristics of each asset type. In accordance with the CIPFA Code, council dwellings are valued using Existing Use Value – Social Housing (EUV-SH), applying the beacon approach, with full valuations undertaken at intervals of no more than five years.	To address this risk we will: - liaise with management to update our understanding of the approach taken by the Council in valuing council dwellings and other land and buildings. For assets that have been revalued in the year we will: - assess the scope and terms of engagement of the valuer; - assess the competence, capabilities, and objectivity of the valuer; - For a sample of valuations, we will: - test the accuracy and completeness of the data used in the valuations; - challenge the key assumptions applied by the valuer and the Council; and - review the appropriateness of the valuation methodology adopted. For assets that have been indexed during the year we will: - gain an understanding of the approach taken by the Council; - assess the relevance of the indices applied; and - consider the reasonableness of the indices by comparing them with available market intelligence. For council dwellings not revalued during the year, we will consider the Council’s approach to obtaining assurance that the assets are materially fairly stated. We will use market intelligence to assess the material accuracy of the valuations.

05

Materiality

Materiality

We consider the gross expenditure of the City of York to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross expenditure as the benchmark.

We expect to set financial statement materiality as 2% of gross revenue expenditure at surplus/deficit level.

Based on the 2025/26 draft financial statements we anticipate setting our financial statement materiality and performance materiality at the levels set out in the table adjacent.

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

We will accumulate misstatements identified during our audit that are above the reporting threshold set out in the table adjacent, i.e., any misstatements that we identify that are above the reporting threshold will be reported to you and management. Any misstatements that we identify that are below that amount would not need to be reported because we expect that the accumulation of such amounts would not have a material effect on the financial statements. If you have any queries about our reporting threshold, please raise these with me.

Each misstatement above our reporting threshold that we identify will be classified as **adjusted** (corrected by management), or **unadjusted** (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 the financial statements and our audit opinion

Misstatements also cover qualitative misstatements and quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

We also consider whether there are any financial statement areas or disclosures where a misstatement of an amount lower than overall materiality could reasonably be expected to influence the economic decisions of users of the financial statements. Our assessment of the financial statements and/or disclosures to which this applies and the specific materiality level we have set is included in the table below.

	2025-26 £'000s	2024-25 £'000s
Overall materiality	£11,200	£10,400
Performance materiality	£8,960	£7,800
Clearly trivial	£336	£312
Specific materiality: Senior Officers' Remuneration	£10	£10
Specific materiality: Termination payments and exit packages	£20	£20

06

Fees

Fees

Audit fees and other services provided by Forvis Mazars LLP

Our fees (exclusive of VAT) for the audit of the financial statements for the year ending 31 March 2026, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined in the table adjacent.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit. The main aspects impacting the fee when compared to the prior year is the inclusion of additional fees in 2024-25 for our work in the following areas:

- letters received from the public;
- IFRS 16 implementation; and
- value for money significant weakness

The proposed fee reflects the scale fee determined by PSAA and information on how the scale fee is set can be found on PSAA's website. Where an auditor is required to undertake substantially more or less work to deliver their responsibilities a fee variation may be proposed which is subject to approval by PSAA. Examples compiled by PSAA of circumstances that may trigger a fee variation are available on the PSAA [website](#).

Any threats to our independence arising from the provision of non-audit services and the associated safeguards we have identified and/ or put in place are set out on the in the 'Our independence' section of this report.

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*'.

Nature of service	2025-26 proposed fee	2024-25 actual fee
Statutory audit work to comply with the NAO Code of Audit Practice	£314,588	£309,913
Additional fees in respect of letters received from the public	TBC if required	£44,972
Additional fees in respect of IFRS 16 implementation from 1 April 2024	N/A	£9,964
Additional fees in respect of value for money significant weakness	TBC if required	£7,584
Total audit fees	£314,588	£372,433
Other services - Housing Benefits Subsidy Assurance	TBC	£32,000
Other services - Teachers' Pensions Assurance	TBC	£10,000
Total non-audit fees	TBC	£42,000
Total fees	£314,588	£414,433

Our Independence

Our independence

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 that 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 context of 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 and complete annual ethics training,
- All new partners and staff are required to complete an independence confirmation,
- Rotation policies covering audit engagement partners and other key members of the audit team, and
- 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 Forvis Mazars LLP, the engagement team and others in the firm as appropriate are independent and comply with relevant ethical and independence 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.

We have not identified any threats to our independence in connection with the services we have provided to the Council. We will update our independence assessment if this changes and inform you of the outcome as part of subsequent reporting to you.

08

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.

We undertake our VFM work in accordance with the 2024 Code of Audit Practice (the Code). Our responsibility, under the Code, is 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 arrangements in the Auditor’s Annual Report.

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: • 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: • 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

Value for money

Identified risks of significant weaknesses in arrangements

The Code of Audit Practice and Auditor Guidance Note 03 issued by the NAO require 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.

Although we have not fully completed our planning and risk assessment work, based on the work completed to produce this Audit Strategy Memorandum we have not identified any new risks of significant weaknesses in arrangements relating to 2025/26. Our risk assessment is a continuous process, and we will update the Audit and Governance Committee should any risks arise. We will follow up on the significant weaknesses and recommendations reported in our 2024/25 audit as detailed on the following pages.

Value for money

Our work to follow-up on previous recommendations

As part of our audit work in previous years we identified significant weaknesses in the Council's arrangements. The table below sets out the significant weaknesses identified, our previous recommendations and the work we intend to carry out as part of our 2025-26 audit.

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2024-25 recommendations	Planned procedures for 2025-26
Capital project management and governance The York Station Gateway (YSG) project, approved in 2020 and started in late 2023, aims to redevelop the station frontage to improve access for all users. Originally budgeted at £26m, it is scheduled for completion in early 2027. In 2024-25 internal audit undertook a review of the contract management arrangements for delivery of major projects, which included the YSG project. This was requested by the Section 151 Officer and Monitoring Officer following an internal review that raised concerns about contract management. The internal audit review highlighted that a significant overspend in relation to the YSG project was not reported by Project Managers for two years, with monthly update briefings to Executive members for major contracts not highlighting any significant issues over the life of the project. The review identified significant weaknesses in the project management of the YSG project which has resulted in significant overspend and delay. The overspend of £18.5m as at July 2025 (71% of planned budget) required the Council to reallocate funding from the York Outer Ring Road project, which had flexibility to reduce the scope of the project as agreed with the grant funding bodies. This did not result in an increase in the Council's overall borrowing or additional financial pressure for the capital programme. The Council has carried out a review to capture lessons learned, drawing on input from finance, procurement, and legal teams, and reflecting on the YSG project alongside project managers. The review identified several significant issues in the management of major capital projects, including weaknesses in capital programme oversight, gaps in officer skills and experience, the need for a more strategic approach to procurement, and the need to strengthen internal governance arrangements. The findings were reported to the Executive in July 2025. The Council has since begun work to enhance governance arrangements for major capital project management and to improve project assurance. Major capital projects have also been acknowledged as a governance issue for 2024–25 in the Annual Governance Statement. The value of the projected overspend of £18.5m, the potential for reputational risk coupled with the weaknesses highlighted in the overall project and contract management, as well as the delays in reporting the significance of the overspend, highlights a significant weakness in the governance arrangements (specifically how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information) in place at the Council.	Governance	The Council should continue to implement the actions identified through the review of lessons learned and the Internal Audit review to strengthen the project management, governance and scrutiny arrangements in place for major contracts. This will ensure that potential project overspends and/or overruns are identified and reported at the earliest opportunity and ensure emerging risks to project delivery can be mitigated effectively.	We will: • consider the work the Council has undertaken to implement the actions identified to strengthen project management, governance and scrutiny arrangements; • discuss with management their latest assessment of the extent to which the previously identified significant weakness in arrangements and recommendation have been addressed; • consider any follow-up work undertaken by internal audit; and • review capital programme delivery for 2025-26

Value for money

Our work to follow-up on previous recommendations

As part of our audit work in previous years we identified other recommendations for improvement in the Council’s arrangements. The table below sets out the other recommendations identified, our previous recommendations. We will follow-up on the actions taken by the Council to deliver the recommendations as part of our work VFM work for 2025-26.

Previously identified significant weakness in arrangements	Relevant reporting criteria	Our 2024-25 recommendations
Savings delivery The MTFS for the period 2025/26 to 2029/30 highlights a saving requirement of £22.8m over the life of the plan, to reduce the funding gap. The Council is currently working with stakeholders to identify these savings.	Financial sustainability	The Council should ensure it continues its arrangements to identify how it will deliver un-costed efficiency savings included in the MTFS. It should also ensure that its scrutiny arrangements, to monitor and deliver its saving plans and transformation programme are effective throughout 2025/26, to mitigate overspends and reliance on the use of reserves.
Minimum Revenue Provision (MRP) Regulations require Councils to determine their MRP charge annually, and to ensure it is sufficiently prudent.	Financial sustainability	Officers should continue to ensure the MRP policy is considered by Members as part of the budget setting process. Members should consider if the MRP charge is prudent and reflective of their capital financing requirements.
YorHome In May 2025, the Director of Finance and Director of Housing and Communities requested that IA undertake an independent fact-finding review of the governance and operations of YorHome. The review carried out identified weaknesses in the arrangements in place for entering into leases and management and repair agreements and assured shorthold tenancies.	Governance	The Council should continue to respond to the findings of the internal audit report and ensure that members have appropriate oversight of the remediation work undertaken. The Council should ensure similar issues are not present within other service areas.
CQC Reporting In December 2025, the Care Quality published its Local Authority Assessment on the Council, which rate the Council as ‘Requires Improvement’. The Council have developed an improvement programme to address the findings.	Improving economy, efficiency and effectiveness	The Council should implement actions to address the areas identified in the CQC report.

Appendices

A: Other communications

- Audit scope and approach
- Responsibilities
- Required communications
- Key definitions

B: Current year updates, forthcoming accounting and other issues

Appendix A: Other communications

Audit scope and approach

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 the terms of our engagement. 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 driven primarily 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 identify.

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 if we decide that it would be more efficient, we may take a wholly substantive approach to our audit testing if, 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 by UK auditing standards 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*' section of this report.

Appendix A: Other communications

Audit scope and approach

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)	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 Waste 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.

Appendix A: Other communications

Responsibilities

We are appointed to perform the external audit of City of York Council (the Council) for the year to 31 March 2026. 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 CIPFA 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 City of York 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.

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.



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.

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.

We also report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

Appendix A: Other communications

Required communications

This section of our report sets out the matters that we are required to report to you by UK auditing standards, including which form of our communications satisfy, or will satisfy, those requirements.

Required communication	Where addressed
Our responsibilities in relation to our audit of the company’s financial statement and the responsibilities of management and those charged with governance.	Audit Strategy Memorandum and engagement letter
The planned scope and timing of our audit, including any limitations (specifically with respect to significant risks and key audit matters, if applicable).	Audit Strategy Memorandum
With respect to misstatements: • 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: • Inquiries with you to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the company, • 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 meeting, audit planning meeting, and audit clearance meeting
Significant matters arising during our audit in connection with the entity’s related parties including, when applicable: • 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

Appendix A: Other communications

Required communications

Required communication	Where addressed
Significant findings from our audit, including: • 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 our audit, • Significant matters, if any, arising from our audit that were discussed with management or were the subject of correspondence with management, • Written representations that we are seeking, • Expected modifications to our auditor’s report, and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified during our audit that we believe are relevant to those charged with governance in the context of fulfilling their responsibilities.	Audit Completion Report
Significant deficiencies in internal controls identified during our 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 you into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that you may be aware of.	Audit Completion Report and Audit and Governance Committee meeting
With respect to going concern, events or conditions identified that may cast significant doubt on the company’s ability to continue as a going concern, including: • Whether the event or condition constitutes 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

Appendix A: Other communications

Required communications

Required communication	Where addressed
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, key steps to assess and conclude on our firm’s system of quality management, including: • Ensuring there is an appropriate assignment of responsibilities, • Establishing and reviewing quality objectives each year, ensuring our firm’s quality objectives align with our strategies and priorities, • Identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.), • Identifying, designing, and implementing responses to strengthen our firm’s internal control environment and overall quality, and • Evaluating our quality responses and remediating control gaps or deficiencies. We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.	Audit Strategy Memorandum (the communication adjacent satisfies this requirement)
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: • 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 the company’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).	Audit Completion Report, discussion at Audit and Governance Committee meeting, and audit clearance meeting

Appendix A: Other communications

Definitions

Term	Definition
Materiality	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. We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to the company. 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 you (reporting threshold). 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 provide 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. 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. 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.

Appendix A: Other communications

Definitions

Term	Definition
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. A fraud risk is always assessed as a significant risk (as required by UK auditing standards), including management override of controls and revenue recognition.
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.
Key audit matter	A matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in our audit, and directing the efforts of our engagement team. It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way it is described. This report highlights which of the significant and other risks are expected, at this stage, to be determined as key audit matters. It should be noted, however, that other audit areas may be determined as key audit matters during our audit.

Appendix A: Other communications

Definitions

Term	Definition
Key audit partner	(a) An individual who is eligible for appointment as a statutory auditor and who is designated by our firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of our firm. (b) In the case of a group audit, any of the following: (i) an individual who is eligible for appointment as a statutory auditor and who is designated by our firm as being primarily responsible for carrying out the statutory audit of the consolidated accounts of the group on behalf of our firm; (ii) an individual who is eligible to conduct the audit of the accounts of any subsidiary undertaking determined by us to be a ‘material subsidiary’ and who is designated as being primarily responsible for that audit. (c) An individual who is eligible for an appointment as a statutory auditor and who signs the audit report.

Appendix B: Current year updates, forthcoming accounting & other issues

HM Treasury changes to non-investment asset valuation

Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the “Code”)

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 Code and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its current value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The Code requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.
- Revaluations carried out prior to 2025/26, in line with former requirements of the Code, remain valid throughout the transition period (being 1 April 2025 to the date the next revaluation is due for a given asset). During the transition period, the maximum period between revaluations must not exceed five years.
- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

Whilst management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate these indices are appropriate and relevant to the entity’s circumstances, and to provide this evidence to the auditor.

Appendix B: Current year updates, forthcoming accounting & other issues

Effective for accounting periods beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements

The standard was UK-adopted in December 2025, and the date of incorporation into the Code is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on City of York Council as and when detail is available as to when and how the standard is incorporated into the Code.

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.

New categories and subtotals for inclusion within the statement of profit or loss

- Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
- All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.

New reporting requirements on Management Performance Measures (MPMs)

- New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.
- All MPMs are required to be disclosed in a single note in the financial statements setting out:
 - an explanation of why the MPM is reported, and
 - a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.

Enhanced requirements for aggregation & disaggregating information

- Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
- New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

Contact

Forvis Mazars

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AUDIT AND GOVERNANCE COMMITTEE**22 July 2026**

Report of the Director of Governance

Annual Report of the Chair of Audit and Governance Committee**Summary**

1. To provide a draft version of the Chair's annual report, for members' consideration prior to its reporting to Council in September 2026.

Background

2. Members will be recall that, at its meeting of 14 May 2025, the committee considered the draft annual report of the Chair of Audit and Governance Committee, prior to its submission to Council in July 2025.
3. For the 2025-2026 annual report, it was originally intended that the draft would be presented to the Audit and Governance Committee meeting on 1 July 2026, to be subsequently presented to the Council meeting on 16 July 2026. However, in light of the revised date for the July Audit and Governance Committee meeting, the annual report will now be presented to Council at its meeting on 17 September 2026.

Implications

Financial – None directly arising from this report.

Human Resources (HR) – None directly arising from this report.

Equalities – None directly arising from this report.

Legal – None directly arising from this report.

Crime and Disorder, Information Technology and Property – None directly arising from this report.

Recommendations

4. It is recommended that Members:
- consider the contents of the draft annual report;
 - propose any changes they consider appropriate; and
 - delegate authority to the Chair and Vice-Chair of the Committee to finalise the report for submission to the meeting of full Council on 17 September 2026.

Reasons for the Recommendation

5. To finalise the annual report for Council.

Author and Chief Officer responsible for the report: Bryn Roberts, Director of Governance and Monitoring Officer

**Report
Approved**

☒

Date 9 July 2026

Wards Affected: *List wards or tick box to indicate all*

All ☒

For further information please contact the author of the report

Background Papers:

- None

Annexes:

- Annex 1 – Draft Annual Report

Audit and Governance Committee**Chair's Annual Statement****2025/26**

The past year's business for the Audit and Governance Committee has served to reinforce the importance of the audit function in maintaining good governance and proper democratic oversight of the key issues affecting the Council at the moment.

As part of its 'ordinary' work programme, the Committee has continued to receive regular updates on the Council's day-to-day activities, such as: the monitoring of Key Corporate Risks, with 'deep dives' to consider the details of individual KCRs; the Council's Treasury Management activities, through monitor reports and the Treasury Management Strategy; the Council's broader finance function, through the accounts approval process, culminating in the completion of the 2024/25 external audit of the Council's accounts; and both counter fraud and internal audit work, through regular progress reports for each. Throughout these, the Committee members have exercised unfailing challenge and independence, fulfilling their role in providing democratic oversight of the Council's operations.

Beyond this, however, the Committee has devoted substantial time, across three meetings, considering the challenges and issues arising from the internal audit report into major projects. The Committee sought reassurance on future arrangements for the monitoring and delivery of major Council projects, given the issues identified.

The Committee has also considered a number of changes to the Constitution, both those requiring full Council approval and those with delegated approval. Most notable have been: the wholesale revision of the Joint Standards Committee Procedures, approved by the Joint Standards Committee itself; and the revision of operating arrangements for Planning Committee at York, with the deletion of Planning Committee B and the clarification of call-in arrangements for planning applications, both of which were considered by Audit and Governance Committee before final approval by Council.

Once again, the committee has contributed to the Council's continuing drive for good governance, and continues to provide robust, appropriate challenge where it believes such challenge is necessary.



Meeting:	Audit and Governance Committee
Meeting date:	22/07/26
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: Counter Fraud Progress Report

Subject of Report

1. This report provides an update on counter fraud work undertaken so far in 2026/27.

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 counter fraud activity and the updated whistleblowing policy.

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 is engaged to deliver a counter fraud service for the council. The service helps mitigate fraud risk, investigates suspected fraud, and takes 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 of fraud issues and help manage fraud risks faced by the council. It details the results of investigative work completed by the team. The council's whistleblowing policy has been updated in line with new legislation, and the policy is contained in appendix B of the annex for reference.

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:	Jonathan Dodsworth
Job Title:	Director – Corporate Fraud
Service Area:	Veritau Limited
Telephone:	01904 552947
Report approved:	Yes
Date:	13/07/26

Background papers

- Counter Fraud Plan 2026/27

Annexes

- Annex 1: Counter Fraud Progress Report

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Counter Fraud Progress Report 2026/27

Date: 22 July 2026

ANNEX 1

CONTENTS

3	Background
3	Counter Fraud Management
4	Multi-Agency Work
4	Investigative Work
6	Appendix A – Summary of Investigative work
9	Appendix B – Whistleblowing Policy and Procedure (updated)



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 2026/27.



COUNTER FRAUD MANAGEMENT

- 5 The financial target for the counter fraud team has been subject to discussion with senior council managers. The target has been set at £200k for some time. In May the amount of resource for counter fraud work was set at 887 days, which represents a 10% reduction compared to previous years. A decision has been taken to maintain the financial target at the current level and re-evaluate it at the end of the financial year.
- 6 The council's whistleblowing policy has been updated in line with new legislation (appendix B). The policy, in line with the Employment Rights Act 2025 which came into force in April, now explicitly makes it clear that workers reporting sexual harassment will receive protection against detrimental treatment and dismissal as detailed by the Public Interest Disclosure Act 1998. The new policy was publicised to council employees at the end of June to mark World Whistleblowers' Day.
- 7 In May, City of York Council participated in National Blue Badge Awareness Week.³ Councils from across the country undertook verifications of blue badges found to be in use, supported by the British Parking Association and Disability Motoring UK. Officers from the Parking Department and Veritau worked together to inspect 80 badges across several locations in York. The

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

³ [Council combats Blue Badge misuse](#), City of York Council

vast majority of the badges were being used correctly, however two cases of potential misuse were identified and are currently under investigation.

- 8 The counter fraud team delivers service area specific fraud training to council teams throughout the financial year. In April, fraud awareness training was provided to the council's Procurement Team. The session covered the danger of cartels in procurement exercises, how to identify them, and how the counter fraud team can help to investigate concerns.
- 9 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 details of fraudulent applications to crisis and resilience funds and concerns about a website advertising council job vacancies which is believed to be harvesting data and not actually sending applications to the prospective employers.



MULTI-AGENCY WORK

- 10 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 2026/27 exercise will begin in October when a range of datasets will be uploaded to the PSFA for data matching. The results are expected in late 2026 and early 2027.
- 11 In line with the Local Audit and Accountability Act 2015, the PSFA has recently consulted with local government about changes to the National Fraud Initiative. They recently sought views about a proposed 50% increase in fees (from £4040 to £6045 for unitary authorities) which is in part justified by a new proactive tool which will allow councils to directly access HMRC data.



INVESTIGATIVE WORK

- 12 Between 1 April and 30 June 2026, the counter fraud team logged 119 referrals of suspected fraud. Thirty investigations have been completed and there are currently 98 cases ongoing. Three people have accepted formal cautions in lieu of prosecution. One Right to Buy application has been rejected. One person's banding has been downgraded following false information being provided in an application for housing. Eight people have received formal warnings about their conduct. Three residential parking permits have been removed from owners of holiday lets.
- 13 The team recently supported the council in a planning application appeal heard by the Planning Inspectorate. An investigation found that false documents purporting to be from local and national estate agents had been submitted as part of a planning application which sought to convert a business premise to residential use. Three people were interviewed under

caution about potential offences. While it was not possible to establish the perpetrators of this fraud to the required criminal standard, the appeal against the council's planning decision was dismissed and the false documents were acknowledged in the decision. The matter has been reported to the police.

- 14 A recent proactive exercise was undertaken to identify the misuse of residential parking permits by holiday let owners. The council keeps a log of the number of changes to vehicle registrations linked to electronic residential parking permits. The team reviewed 51 properties with more than five vehicle changes in 2025/26, and ten cases were set up for further investigation. The team will run this exercise at least annually in future.
- 15 Counter fraud savings⁴ are tracked by monitoring repayments to the council following fraud investigations and calculating the value of stopping ongoing fraud. To date, £88k of counter fraud savings have been identified.
- 16 A summary of investigative work can be found in appendix A below.

⁴ 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 2026/27

The tables below summarise the results of investigative work to date.

	2026/27 (As at 30/06/26)	2026/27 (Target: Full Yr)	2025/26 (Actual: Full Yr)
Amount of counter fraud savings (quantifiable savings, eg repayment and prevention of loss) identified through fraud investigation	£87,889	£180,000	£219,512
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	50%	30%	56%

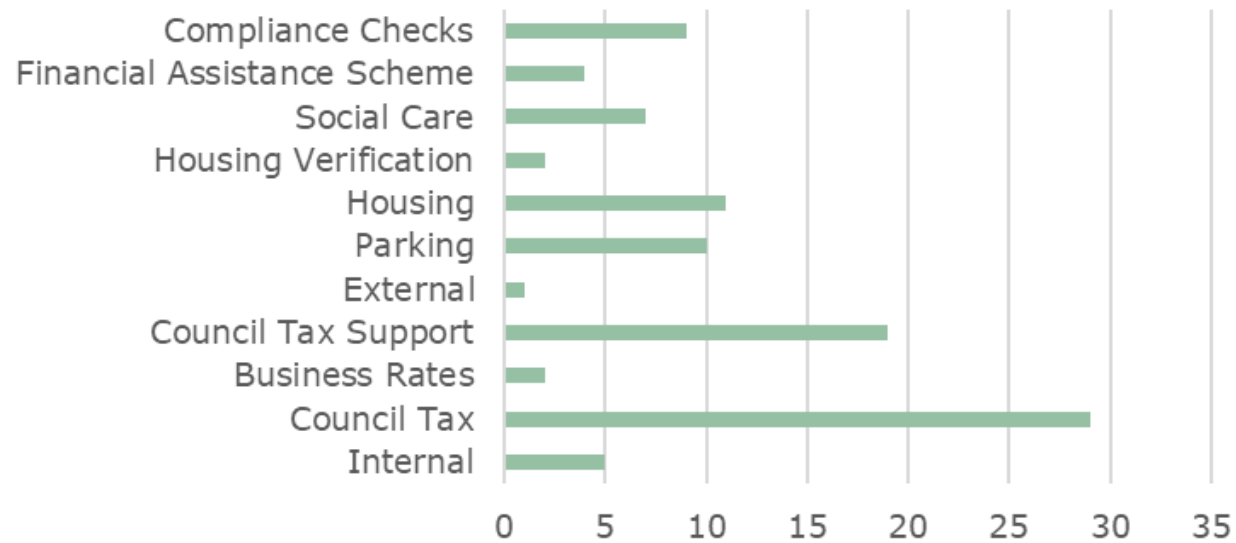
	2026/27 (As at 30/06/26)	2025/26 (Full Year)
Referrals received	119	301
Number of cases under investigation	98	79 ⁵
Number of investigations completed	30	84
Number of compliance checks completed	12	26
Number of verifications completed ⁶	2	13

⁵ As at the end of the financial year (ie 31/03/2026)

⁶ Verification cases are reviews of applications for Right to Buy and school placements.

The following chart shows the number of cases under investigation (98) by type, on 30 June 2026.

CASES UNDER INVESTIGATION



Activity	Work completed or in progress
Fraud detection and investigation	The service applies criminal investigation standards and methods to respond to fraud perpetrated against the council. Activity to date includes the following: • Housing fraud – Four housing fraud investigations have been completed. A warning has been issued to a tenant who was subletting their property whilst living abroad. One Right to Buy application has been blocked. A person who provided false information in connection with an application for housing received a warning and had their banding downgraded. There are eleven ongoing investigations. • Adult Social Care fraud – Two investigations in this area have been completed. Seven investigations are ongoing, they relate to financial abuse, direct payment fraud, undeclared capital and debt recovery. • Internal fraud – One investigation has been completed and five investigations ongoing in this area. • Council Tax and business rates fraud – Four investigations have been completed. One person has accepted a caution in lieu of prosecution and one person has received a formal warning. • Parking fraud – Parking fraud often relates to blue badge abuse, however the team also investigates the misuse of residential parking permits by landlords of holiday lets. Twelve investigations have been completed – seven relating to blue badges, five to parking permits. Two people accepted cautions in lieu of prosecution and four have been issued formal warnings about their conduct. Three residents parking permits have been removed from people as they were being used commercially, eg guest houses and holiday lets. Ten investigations are ongoing. • Council Tax Support fraud – Two Council Tax Support (CTS) cases have been completed and there are 19 under investigation. One person has been issued a formal warning. • Financial Assistance Scheme fraud – Three investigations have been completed, and four are under investigation.

Appendix B: Whistleblowing Policy and Procedure



City of York Council

WHISTLEBLOWING POLICY



Current Document Status			
Version	1.2	Approving Body	
Issue Date	1/06/2026	Date of Formal Approval	
Responsible Officer		Director – Corporate Fraud (Veritau)	
Document Location (e.g. network drive)			

Version History			
Date	Version	Reviser	Comments
08/11/2019	1.1	Jonathan Dodsworth	Full rewrite of previous iteration from 2016.
15/06/2026	1.2	Jonathan Dodsworth	Updated to reflect changes to legislation (Employment Rights Act 2025) and employment tribunal rulings.

Review History			
Review Period:		Annual review by Veritau. Updates as required by employment law and tribunal decisions.	
Date Reviewed	Reviewed By	Next Review Date	Comments

Document Retention	
Document Retention Period	Old versions to be retained for 6 years



1 INTRODUCTION

- 1.1 City of York Council is committed to maintaining high standards of integrity and accountability. It aims to create an open environment in which employees and those working on behalf of the council can raise issues and be confident that they will be acted upon. The council's message to anyone working for the organisation is straightforward - if in doubt, raise it!
- 1.2 The whistleblowing policy provides a framework for council workers to raise concerns about issues happening at the council. For example, health and safety risks, criminal or unlawful activity, or activities that could damage the environment. It sets out how concerns can be raised and the protection that people working for the council have if they raise an issue.
- 1.3 The policy covers concerns raised by employees, workers, and contractors. It reflects the specific protections they have in law when making a protected disclosure. This is also known as raising a whistleblowing concern or blowing the whistle. Further information on what a protected disclosure is, and who the law protects is set out below.
- 1.4 The Public Interest Disclosure Act 1998 (PIDA) is the law that protects people against detrimental treatment or dismissal if they make a protected disclosure. It is part of the Employment Rights Acts 1996 and 2025. This policy is designed to reflect the legislation⁷ as well as guidance from the government and other organisations⁸.
- 1.5 A guide for managers and other employees on what to do if they receive a whistleblowing report is contained in appendix A of this policy. Training packages for both staff and managers on whistleblowing can be found on the council's e-learning system which provides further information on the principles set out in this policy.

2 AIMS AND SCOPE OF THE POLICY

- 2.1 This policy aims to:
 - encourage workers to raise concerns they have about their workplace or working practices
 - make sure managers know what a whistleblowing concern is and how they must address it

⁷ PIDA 1998 was updated by the Enterprise and Regulatory Reform Act 2013 and the Employment Rights Act 2025.

⁸ Whistleblowing guidance has been issued by the Department for Business and Trade, the National Audit Office and the charity, PROTECT.



- ensure that workers receive a response to any concerns raised
- inform workers about how they can pursue an issue further if they are not satisfied with the action taken by the council
- reassure workers that they will be protected from dismissal or negative treatment if they raise concerns.

2.2 This policy applies to most people working for the council. This includes employees, workers, staff in maintained schools, agency personnel, contractors and staff seconded to or from a third party. Throughout the rest of the policy, the terms worker, or workers is used to mean anyone covered by the policy and the protections of PIDA.

2.3 PIDA does not currently provide protection under the law for job applicants, genuinely self-employed workers, or volunteers.

Definitions

2.4 Protected disclosures are concerns raised that are protected under PIDA. To be a protected disclosure, anyone raising a concern must:

- reasonably believe that their concern is in the public interest – this is explained in paragraph 2.6;
- reasonably believe their concern is a type of wrongdoing covered by the law – a list of the types is included in paragraph 2.7; and
- raise it in a way that that is in accordance with the law – further information on this is provided in section 7.

2.5 A reasonable belief is one where the whistleblower has some reasonable grounds or basis for believing there has been wrongdoing. It does not actually have to be true. For example, it does not matter if it turns out they were mistaken, providing they had reasonable grounds for believing it when they originally raised the concern.

2.6 An issue in the public interest means that it will usually affect people other than just the person raising it. Something that relates only to an individual's own employment may not be covered by whistleblowing legislation, although there are some circumstances when this could still be in the public interest (for example, an issue about bullying or sexual harassment usually reflects a wider cultural issue in a team). This policy is intended to cover workers raising an issue in the public interest. If a person needs to address a problem that relates only to their own employment, then they should refer to the Grievance Procedure. However, any concern related to alleged sexual harassment



should be considered under the whistleblowing policy and with reference to the Dignity at Work Policy.

- 2.7 The list below sets out the types of concerns that qualify for protection under the law if they are raised.
- A criminal offence – for example corruption, theft, or fraud.
 - Failure to comply with a legal obligation such as a statutory requirement, a contract, or common law obligations (eg negligence).
 - A miscarriage of justice.
 - Health and safety risks. This includes risks to anyone, not just workers – for example risks to customers and service users.
 - Sexual harassment⁹ has occurred, is occurring, or is likely to occur.
 - Environmental damage. Any wrongdoing that endangers or damages the environment.
 - Cover-up. This includes anything where wrongdoing in any of the above areas has been deliberately concealed.

3 SAFEGUARDS

- 3.1 The council recognises that a decision to report a concern can be a difficult one. In many cases it is workers who are best placed to learn of wrongdoing within service areas and schools or to hear about issues where standards have fallen below those that the council and public expect. The council is grateful to everyone who reports their concerns.
- 3.2 Workers should have nothing to fear by reporting their concerns if they have grounds for believing what they are reporting is true. Even if it is later found to be incorrect, no action will be taken against anyone genuinely reporting a concern.
- 3.3 While rare, deliberately false reports are sometimes made. If false or deliberately misleading information is provided, then this would be considered a serious matter. It could result in action being taken under the council's disciplinary policy. Equally, deterring another worker from reporting a genuine concern is also a serious matter and may also result in disciplinary action being taken.
- 3.4 The council will not tolerate any negative treatment (including harassment or victimisation) of a worker who has raised a whistleblowing concern, by anyone (including colleagues and managers). Any allegations of negative treatment of

⁹ As defined by the Equality Act 2010, [section 26](#) and the council's Dignity at Work Policy.



someone raising a concern will be investigated. Where evidence of mistreatment is found then this could result in disciplinary action being taken.

- 3.5 The council recognises that workers may want to raise a concern in confidence under this policy. If a worker asks the council to protect their anonymity, then efforts will be made to protect their identity from being disclosed. However, this cannot be guaranteed, for example, if evidence needs to be presented in court, or revealed as part of a subsequent investigation. Equally, the council cannot guarantee that the worker's colleagues will not deduce, or simply guess, their identity. If it becomes clear that a whistleblower's anonymity cannot be protected, then this will be discussed with them before any disclosure is made.
- 3.6 The council encourages workers to put their names to information they disclose. Concerns expressed anonymously will be considered by the council. However, they can be harder to investigate. This may make it more difficult to gather evidence to confirm wrongdoing. It will also not be possible to provide feedback to an anonymous whistleblower during or following an investigation. Anonymous reports are, however, preferred to silence.

4 HOW TO RAISE A CONCERN

- 4.1 Many whistleblowing concerns are raised and properly addressed within individual service areas. In most cases, workers are therefore encouraged to raise concerns with their line manager in the first instance¹⁰. Line managers will provide feedback to the whistleblower about the action they are taking. Contractors should report issues to the council's designated contract or client manager.
- 4.2 Concerns do not have to be made in writing. Any issues raised verbally will be treated just as seriously.
- 4.3 If a worker raises an issue with their line manager but it is not adequately addressed or if the concern involves the line manager, then they should speak to a more senior officer. School-based workers can escalate issues to the chair of governors.
- 4.4 The council recognises that there may be times when whistleblowers feel unable to speak to anyone in their own service area. For example, if they

¹⁰ People raising a concern may not directly say they are whistleblowing or making a protected disclosure. It is therefore essential that managers understand when an issue raised with them would be considered whistleblowing. Further information is available in the guidance notes included with this policy. Training is also available through the MYLO. Managers can also contact Veritau for advice on any issues raised.



believe the issue involves more senior officers or if the issue has already been raised through the normal channels but has not been addressed. In this situation workers can contact the council's whistleblowing hotline on 0800 9179 247, which is overseen by Veritau. Veritau is not independent from the council, rather it provides another route to raise whistleblowing concerns.

- 4.5 If anonymous concerns are raised through social media, then they will be considered under the more general counter fraud or complaints policies unless it is beyond doubt that the person raising the concern would fall under the whistleblowing policy.

5 HOW THE COUNCIL WILL RESPOND

- 5.1 All whistleblowing reports will be carefully considered. Initial enquiries will be made to help decide whether an investigation is needed or what action may be required.
- 5.2 The council aims to acknowledge all whistleblowing reports within five working days. The line manager or other officer dealing with a whistleblowing issue will try to write or speak to the whistleblower promptly, to provide additional information on what is being done. For example, whether an investigation is needed or if specific action is to be taken.
- 5.3 If an investigation is undertaken, the line manager or investigating officer will provide feedback on the outcome, and details of action to be taken as far as possible. Although it may not always be possible to provide full details. For example, it would not be appropriate to share personal data about other people.

6 INVESTIGATION AND REPORTING PROCESS

- 6.1 The steps line managers need to take will depend on the nature, complexity, and seriousness of the issue raised. An outline of the process managers should follow is set out below. Further information for managers on who they need to inform about whistleblowing issues is set out in the guidance at appendix A.
- 6.2 Straightforward whistleblowing issues may be dealt with directly by line managers. The manager must ensure the requirements for acknowledging concerns and providing feedback are followed (see section 5 above). When the issue has been dealt with, the line manager must provide details to Veritau of the concern raised and the outcomes (Veritau keeps a record of all whistleblowing concerns raised, on behalf of the council).



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- 6.3 For more complex cases, and any case involving suspected fraud, corruption, or theft, managers must refer the issue to Veritau at the outset. Veritau will liaise with the manager to decide how the issue should be investigated. The officers assigned to investigate each case will depend on the nature of the issue. For example, safety issues may be investigated by the Health & Safety Team, alleged fraud or criminality by the Counter Fraud Team, or employment issues by the manager or a manager from another team, with support from Human Resources.
 - 6.4 For sexual harassment cases the principles and processes documented in the Dignity at Work Policy should be followed.
 - 6.5 The amount of contact between officers investigating whistleblowing concerns and the whistleblower will depend on the nature of the matters raised and the clarity of the information provided. If necessary, further information may be sought from the whistleblower.
 - 6.6 If a face-to-face meeting is necessary or desirable the whistleblower has the right, if they so wish, to be accompanied by a Union representative or a colleague who is not involved in the area of work to which the concern relates.
 - 6.7 The council will take steps to support whistleblowers during an investigation, where possible. For example, if they are required to give evidence in any proceedings, the council will provide advice and support with the process as far as appropriate. Whistleblowers should contact HR if they suffer any negative treatment as a result of raising an issue. Investigating managers should be alert to the possibility of a whistleblower being mistreated and should liaise with the Head of HR or relevant HR manager if they have concerns.
 - 6.8 All whistleblowing issues raised will be logged centrally by Veritau. The Chief Executive, Section 151 Officer, and the Monitoring Officer will be notified of relevant whistleblowing issues. Numbers of whistleblowing concerns raised, and significant trends, will also be reported annually to the Audit and Governance Committee.

7 HOW MATTERS CAN BE TAKEN FURTHER

- 7.1 This policy aims to provide workers with the means to raise concerns within the council. If workers have reported an issue in accordance with the policy, but are not satisfied that it has been addressed then they may contact the following prescribed bodies:



- the council's External Auditor – Forvis Mazars¹¹
- the NSPCC or Ofsted (for concerns about children at risk of abuse)¹²
- relevant professional bodies or regulatory organisations¹³, for example, the Information Commissioner's Office, Care and Quality Commission (CQC), and the Health and Safety Executive.

7.2 Disclosure of issues to a non-prescribed body (such as a newspaper or through social media) do not usually provide whistleblowers with protection under PIDA. Workers who are considering making a disclosure, other than to the prescribed bodies, should obtain specialist legal advice before doing so.

8 INDEPENDENT ADVICE

8.1 Free confidential advice on how to raise a concern about malpractice at work can be sought from the independent charity PROTECT. They can be found at www.protect-advice.org.uk, or contacted by email at info@protect-advice.org.uk. The charity's lawyers can give free confidential advice about how to raise a concern about serious malpractice at work.

9 DATA PROTECTION

9.1 When managing whistleblowing reports, the council processes personal data collected in accordance with its employee privacy notice. Data collected from the point at which a report is made is held securely and accessed by, and disclosed to, individuals only for the purposes of managing the whistleblowing concern.

9.2 Inappropriate access or disclosure of employee data constitutes a data breach and should be reported in accordance with the council's Breach Management policy immediately. It may also constitute a disciplinary offence, which will be dealt with under the council's Disciplinary policy

¹¹ Forvis Mazars act as the council's external auditor (see their [website](#) for further details).

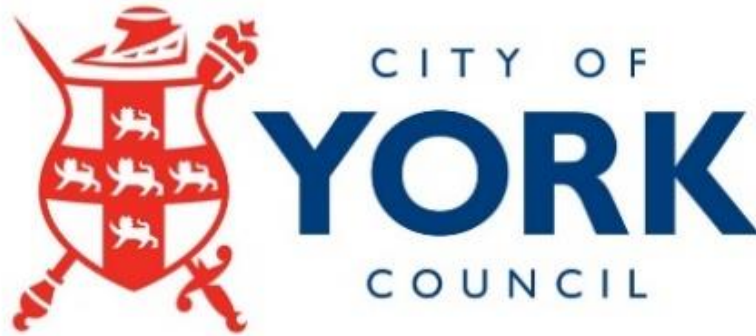
¹² The NSPCC and Ofsted offer dedicated national whistleblowing hotlines (see www.nspcc.org.uk and www.gov.uk/government/organisations/ofsted for further details).

¹³ The Department for Business, Innovations and Skills maintains a list of prescribed persons and organisations who may be contacted, www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies.



10 REVIEW OF THE POLICY

- 10.1 This policy will be reviewed at least every three years or when any significant changes to whistleblowing legislation, guidance or employment law occurs.



Managers' Guidance on Whistleblowing



1 Introduction

- 1.1 The council's whistleblowing policy aims to encourage employees, workers, and contractors¹⁴ to raise concerns about activities in the workplace. It contains further information about what whistleblowing is and should be read alongside this guidance.
- 1.2 All managers are expected to take concerns raised by workers seriously and to follow the process set out in this guidance. Further training on whistleblowing is available through the council's e-learning platform - MYLO.

2 What is a whistleblowing complaint?

- 2.1 Managers need to consider any concern raised by a worker about working practices or malpractice, to assess whether it is a whistleblowing issue.
- 2.2 The concern does not have to be raised in writing. Issues raised verbally should be treated as seriously as those raised in writing. You should carefully document anything raised verbally with you.
- 2.3 It is not necessary for the term "whistleblowing" or "protected disclosure" to be used for an issue to be considered whistleblowing. Any concern that falls under the types of issues covered by the policy (see paragraph 2.7 of the main policy) may be a whistleblowing issue. The range of issues that could qualify is very broad and could include problems that may not initially appear very serious. For example, relatively minor breaches of health and safety processes or issues concerning a breach of contract. Care must therefore be taken to assess any issue raised with you, to consider whether it is whistleblowing.
- 2.4 Whistleblowing will generally be about issues that relate to more people than the individual who raised it. If it is clear that a concern relates only to an individual worker, other than in cases of potential sexual harassment which should always be considered under the whistleblowing policy (along with the Dignity at Work policy), then it should be considered under the Grievance Procedure. However, care is needed when deciding this. For example, a report of bullying could just be about one worker. However, it could also reflect a culture of bullying and harassment in a service area. In this case the concern may be whistleblowing.
- 2.5 Whistleblowing reports can only come from people who work for the council (including contractors). Further detail about who can report a concern is set out in paragraphs 2.2 and 2.3 of the policy. Concerns raised by members of

¹⁴ Throughout the rest of the guidance, the terms worker, or workers is used to mean anyone covered by the whistleblowing policy and the protections of PIDA.



the public or other groups would not be considered as whistleblowing. They should still be taken seriously though and directed to the relevant team. For example, the council's complaints, feedback and compliance team or counter fraud team.

- 2.6 Whistleblowing reports are often made anonymously. Where an anonymous report is made, you should try to encourage (but not pressure) the person to give their name. For example, if you are taking information by phone or have an email address you can respond to. Make it clear that it can be more difficult to investigate concerns if contact with the whistleblower is not maintained.
- 2.7 Concerns or complaints about councillors are not covered by the whistleblowing policy. They come under the council's Standards procedures. Any issues relating to councillors should be referred to the Monitoring Officer for advice.
- 2.8 If you are not sure whether an issue should be classed as whistleblowing then advice should be sought from Human Resources or Veritau¹⁵.

3 Reporting the receipt of a whistleblowing concern

- 3.1 Section 6 of the policy sets out what managers should do when they receive a whistleblowing concern. Managers should also notify their director or assistant director (or the chair of governors, for schools). They should also inform the Head of HR or HR manager responsible for their area.
- 3.2 If the issue involves any of the people named above then you should tell a more senior officer such as the Monitoring Officer, Section 151 officer, the Head of Internal Audit, the Corporate Director the Corporate Director, Adults and Safeguarding, or the Corporate Director, Children's and Education (in the case of schools).
- 3.3 Veritau maintains a central log of all whistleblowing reports received. Where a whistleblowing issue is handled within a service area or directorate, the outcome of any investigation and action taken should be reported to Veritau once the matter is completed.
- 3.4 If you are unsure about how to deal with a whistleblowing issue then you can seek advice from Veritau. Any complex issues, or any case involving fraud, corruption or theft should be reported to Veritau immediately. Veritau will determine how the issue should be investigated, in consultation with other relevant officers.

¹⁵ Veritau can be contacted by email on whistleblowing@veritau.co.uk



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- 3.5 If you receive details of a whistleblowing concern raised with an external body (one of the prescribed persons and organisations set out in section 7 of the policy), the information should be forwarded to Veritau.

4 Initial response

- 4.1 If you are notified of a concern, you should acknowledge it immediately. Unless it was raised anonymously (with no way of responding) then this should usually be done by email. If you are notified verbally, you should try to find out as much information as possible and document it. Try to obtain contact details if possible. Where information is received in writing you should usually try to arrange a meeting with the whistleblower to gather further information.
- 4.2 This initial meeting can be done in person, in or outside of the council's offices, or by telephone. It is important to find an environment that the whistleblower feels comfortable with. They may be supported by a trade union representative or colleague. A note taker can be brought to the meeting with prior agreement from the whistleblower.
- 4.3 If anonymity is requested then every effort should be made to keep the whistleblower's identity concealed. However, anonymity cannot be guaranteed, and you should not promise this. If it becomes apparent that a whistleblower's identity may become known, then they should be told about this as soon as possible.
- 4.4 All information relating to a whistleblowing report or gathered during a subsequent investigation should be kept confidential. Information should only be shared on a strictly need to know basis.
- 4.5 A record of any meetings with the whistleblower should be made either contemporaneously or as soon as possible afterwards. These notes must be kept securely.
- 4.6 No commitments should be made about the process or outcome of a whistleblowing investigation. However, the whistleblower should be reassured that their concerns will be taken seriously.
- 4.7 Any additional information you obtain should be shared with the people you have already notified (paragraphs 3.1 and 3.2 above) or with Veritau, if the issue is to be referred to them.

5 Conducting an investigation



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- 5.1 At the start of an investigation, the person looking into the issue should inform the whistleblower that they are investigating the matter.
 - 5.2 It is best practice to provide updates to the whistleblower on the status of the investigation while investigating. However, only limited information can be shared. The findings of an investigation and personal data about other people must not be shared. Nor can any information that may prejudice the investigation. In some cases, it may be better to wait until the end of the investigation before sharing any details (although personal data cannot be shared at any point).
 - 5.3 Notes should be made throughout the investigation about the action being taken and evidence collected. Conclusions should also be documented.
 - 5.4 The investigator should consider whether any action to be taken during the investigation is likely to lead to the identity of the whistleblower becoming known. If it becomes apparent that the investigation cannot be pursued without the whistleblower's identity becoming known, then they should be made aware of this before further action is taken. The whistleblower's name should only be made known to other people on a need-to-know basis.
 - 5.5 Investigations should be completed as quickly as possible. Where a whistleblowing investigation leads to other council processes being considered or commencing (such as a pre-disciplinary investigation) then relevant officers should be made aware at an early stage.
 - 5.6 At the conclusion of an investigation a report should be prepared setting out all of the evidence gathered and stating whether it confirms or contradicts the original issue raised. It should also set out the conclusions reached, and recommendations. The report should be shared with those notified of the issue originally (paragraphs 3.1 and 3.2 above). A copy should also be sent to Veritau to be logged.

6 Special circumstances

Safeguarding concerns

- 6.1 If a concern raised includes issues relating to safeguarding, then the manager notified should ensure that it is raised immediately through normal council safeguarding arrangements.

Anonymous concerns

- 6.2 If a concern has been made anonymously then it must still be treated as credible and dealt with through the procedure detailed in this guidance.



Negative treatment of the whistleblower

- 6.3 The council will not tolerate any negative treatment of whistleblowers. If any manager becomes aware of any mistreatment of a whistleblower, they should report this to the Head of HR or relevant HR manager as soon as possible. The council may be in contravention of whistleblowing legislation if action is not taken to address this behaviour.

Vexatious or malicious reports

- 6.4 If a whistleblower acts in bad faith or raises malicious, vexatious, or knowingly untrue concerns then they may be subject to disciplinary action. If you have reasonable grounds to suspect that this may be the case, then the matter should be reported to the Head of HR or relevant HR manager.

External disclosures

- 6.5 It is important to be supportive and encouraging to those raising a concern. However, if a worker indicates that they are considering taking their concerns outside of the council, for example to the media or social networking sites, you should advise them of the following:
- You may not be able to support them if they take this action
 - Their disclosure may not be covered by the whistleblowing policy and relevant legislation
 - Their action may represent an unauthorised disclosure
 - They could jeopardise any legal protection that they may have in law
 - They could be subject to disciplinary action themselves.
 - They should take specialist advice before doing so, eg from PROTECT.
- 6.6 If a whistleblower makes an external disclosure, then this should be reported to Veritau as soon as possible. Some types of disclosure are covered by legislation. However, consideration of whether the action taken is appropriate or not will need to be considered on a case-by-case basis.

Support

- 6.7 If you have any queries or issues about the investigation of a whistleblowing concern then you can seek further advice from Veritau.

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
4th November 2026			
Risk	Key Corporate Risk Monitor 2	<u>CYC</u> <u>David Walker</u>	
Finance	Treasury Management 2026/27 Quarter 2	<u>CYC</u> <u>Debbie Mitchell</u>	
Veritau (internal audit / counter fraud)	Internal Audit Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
Risk	Key Corporate Risk Monitor 3	<u>CYC</u> <u>David Walker</u>	
Finance	Treasury Management 2026/27 Quarter 2	<u>Debbie Mitchell</u>	
Finance	2025/26 statement of accounts – final	<u>CYC</u> <u>Debbie Mitchell</u>	
27th January 2027			

Veritau (internal audit)	Internal Audit Work Programme Consultation Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
3 rd March 2027			
Risk	Key Corporate Risk Monitor 4	<u>CYC</u> <u>David Walker</u>	
Veritau (internal audit / counter fraud)	Internal Audit Work Programme 2027/28	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Plan 2027/28	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
Veritau (internal audit / counter fraud)	Counter Fraud Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Jonathan</u> <u>Dodsworth</u>	
Veritau (internal audit / counter fraud)	Internal Audit Progress Report 2026/27	<u>Veritau</u> <u>Max</u> <u>Thomas/Connor</u> <u>Munro</u>	



Meeting:	Audit and Governance Committee
Meeting date:	22/07/2026
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 2026/27

Subject of Report

1. This report provides an update on the delivery of the internal audit work programme for 2026/27, and plans for delivery over the remainder of the year.
2. It also updates the committee on the final outcome from Veritau's quality assurance and improvement programme (QAIP), following completion of the conformance self-assessment in May 2026.

Policy Basis

3. The work of internal audit in local government is governed by the Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector). The GIAS UK Public Sector are 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.
4. In accordance with these standards, periodic reports on internal audit work are presented to the Audit and Governance Committee.
5. The GIAS UK Public Sector also require the Head of Internal Audit to report on the outcomes of the internal audit service's QAIP. This is to provide the committee with the necessary assurance that

work continues to be conform to professional standards. Interim outcomes from the QAIP were provided to the committee as part of the Annual Report of the Head of Internal Audit, presented in May 2026. This report provides the final outcome from Veritau's self-assessment of conformance to the GIAS UK Public Sector.

Recommendation and Reasons

6. The Audit and Governance Committee is asked to:

- Note the progress made in delivering the 2026/27 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 2026/27.

- Note the final outcome from Veritau's self-assessment of conformance to the GIAS UK Public Sector for 2026.

Reason

To acknowledge the reassurance members can have in the continued professional conformance of the council's internal audit service.

Background

7. The 2026/27 internal audit work programme was approved by the Audit and Governance Committee at its meeting on 11 March 2026.
8. 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.

9. 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 currently prioritised for delivery during the remainder of 2026/27. It also reports on outcomes from the follow-up of actions agreed in previous audit reports.
10. In addition, Annex 1 contains the final outcome following completion of CIPFA's GIAS UK Public Sector conformance self-assessment for 2026. At the time Veritau's QAIP was presented to the committee (May 2026), the self-assessment had not been finalised. A commitment was made to present the outcome at the next meeting of the committee.

Consultation Analysis

11. Senior council officers and this committee were consulted during the development of the 2026/27 work programme on which this progress report is based. However, no consultation was required in the preparation of this report.
12. No consultation was required during completion of the conformance self-assessment.

Risks and Mitigations

13. 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.

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Report approved:	Yes
Date:	13/07/2026

Background papers

- 61. Internal Audit Work Programme

Annexes

- Annex 1: Internal audit progress report 2026/27
- Exempt annex 2: Home to school transport final audit report
- Exempt annex 3: Flexitime and annual leave final audit report
- Exempt annex 4: St Mary's CE Primary School final audit report

Internal Audit Progress Report 2026/27

Date: 22 July 2026

ANNEX 1

CONTENTS

3	Background
3	Internal audit progress
4	Follow up
4	GIAS UK Public Sector self-assessment outcome
6	Appendix A: Internal audit work in 2026/27
8	Appendix B: Current priorities for internal audit work
12	Appendix C: Summary of key issues from finalised audits
15	Appendix D: Assurance audit opinions and finding priorities
16	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 2026.
- 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 16 June 2026, and to outline current plans for delivery over the remainder of the year.
- 7 Another purpose of this report is to provide the committee with the final outcome from Veritau's Global Internal Audit Standards (UK Public Sector) conformance self-assessment for 2026, undertaken using CIPFA's conformance assessment toolkit.



INTERNAL AUDIT PROGRESS

- 8 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.
- 9 Since our last report to this committee, three audits have been finalised. A further three internal audit engagements have reached draft report stage. These will be finalised over the coming weeks.
- 10 A total of nine audits are in progress at the time of reporting. A further four audits are at the background planning stage and will be commencing shortly.
- 11 The 2026/27 work programme, showing current priorities for internal audit work, is shown in appendix B.

- 12 The three 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.
- 13 Appendix D provides the definitions for our audit opinions and finding ratings.

FOLLOW UP

- 14 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.
- 15 A summary of the current status of follow up activity is included at appendix E.

GIAS UK PUBLIC SECTOR: SELF-ASSESSMENT OUTCOME

- 16 In order to conform to professional standards, the Head of Internal Audit is required to develop and maintain a quality assurance and improvement programme (QAIP). Veritau maintains a QAIP designed to ensure that internal audit work is undertaken in accordance with the Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector).
- 17 In accordance with professional standards, Veritau presented the outcomes from its QAIP as part of the Head of Internal Audit annual report in May 2026. However, at that time, the self-assessment part of the QAIP had not been finalised.
- 18 The 2026 self-assessment, undertaken using CIPFA's recently launched conformance assessment toolkit, has now been completed. As anticipated, no areas of non-conformance were identified.
- 19 Across the 91 assertions made using the toolkit, only two indicate that Veritau is achieving partial conformance¹. Both arise from requirements in the Application Note: Global Internal Audit Standards in the UK Public Sector. Specifically, these are the requirements to:
 - ▲ promote awareness and support understanding of value for money, including development of evaluation criteria

¹ Conformance assertions are made on a three-point scale: does not conform; partially conforms; generally conforms.

- ▲ have a methodology in place to risk-assess areas covered by a Topical Requirement² and, where required, to perform work in accordance with it.

20 Three 'conformance actions' have been developed to address the partial conformance identified, as follows:

Ref.	Title	Action	Timescale
CA01	Auditing value for money: definition and evaluation criteria	Update the audit manual and create a new appendix which defines value for money, provides example evaluation criteria, and documents an approach to evaluation.	December 2026
CA02	Auditing value for money: training	Develop and provide training to the internal audit service on value for money in the public sector, and on suggested approaches for evaluation.	December 2026
CA03	Managing Topical Requirements	Update the audit manual to include a methodology for how Topical Requirements will be managed, including the rationale for inclusion or exclusion of relevant audits based on an assessment of risk (using the IIA's Topical Requirements Application Guidance to support with design and implementation).	December 2026

- 21 These three actions will be brought into Veritau's QAIP via the 'conformance and continuous improvement action plan'.
- 22 The action plan will also contain a further 24 'continuous improvement actions' arising from domains 2-5 of the Global Internal Audit Standards and the Code of Practice for the Governance of Internal Audit in UK Local Government. All 24 actions are designed to support Veritau's ability to evidence conformance in areas already assessed as 'generally conforms'.
- 23 The conformance and continuous improvement action plan will be owned and delivered by Veritau's audit management team. We expect that all actions will be completed in time for the 2027 self-assessment.

² Topical Requirements provide a minimum baseline and relevant criteria for a consistent, comprehensive approach to assessing the design and implementation of governance, risk management, and control processes in particular risk areas (the topics).

APPENDIX A: INTERNAL AUDIT WORK IN 2026/27

Final reports issued

Audit	Reported to Committee	Opinion
Children and Education local scheme of delegation	May 2026	Reasonable Assurance
Children's residential care: overtime and procurement cards	May 2026	Reasonable Assurance
Key financials: Westfield Primary	May 2026	Substantial Assurance
Information access request management	May 2026	Reasonable Assurance
Absence management	May 2026	Reasonable Assurance
Travel and subsistence	May 2026	Reasonable Assurance
Home to school transport	July 2026	Substantial Assurance
Flexitime and annual leave	July 2026	Reasonable Assurance
St Mary's CE Primary School	July 2026	Reasonable Assurance

Audits in progress

Audit	Status
Unaccompanied asylum seeker children	In draft
Data quality and security: applications	In draft
Payroll	In draft
Cybersecurity: user account management	In progress
Children's direct payments	In progress
Section 106 agreements	In progress
Blue Badge applications	In progress
Ordering and creditor payments	In progress
Right to Buy	In progress
All-age commissioning	In progress

Audit	Status
Early years provider checks	In progress
School attendance and fixed penalty notices	In progress
Highways maintenance	Planning
Procurement compliance	Planning
Housing management system: data integrity	Planning
Housing safety compliance (fire safety)	Planning

Other work completed in 2026/27

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ Follow up of agreed actions

APPENDIX B: CURRENT AUDIT PRIORITIES

Audit / Engagement	Rationale
Strategic / corporate & cross cutting	
Do now	
Data quality and security: applications	Provides coverage of more than one key assurance area.
Procurement compliance	Risks / controls are changing. Changes to government policy.
Do next	
Contract management: major project delivery (follow-up)	To verify whether issues identified in the previous audit have been resolved.
Savings delivery	Provides coverage of more than one key assurance area.
Purchase cards, online accounts, and petty cash	No recent coverage. Provides broader assurance.
Do later	
Procurement forward planning	
Contract management	
Health surveillance	
Corporate complaints	
Incident management and business continuity	
Building security (West Offices and Hazel Court)	
Data quality	

Performance management framework

Financial maturity and culture

Financial systems

Do now

Payroll	Key financial system. Risks / controls are changing.
Ordering and creditor payments	To verify progress made in implementing improvements to control.
Right to Buy	Risks / controls are changing. Changes to government policy.

Do next

Housing rents	Risks / controls are changing.

Do later

Sundry debtors
Council tax and NNDR

Service areas

Do now

Section 106 agreements	Being undertaken at the request of the committee.
Blue Badge applications	Identified in consultation with officers.
Highways maintenance	Risks / controls are changing.
Housing management system: data integrity	Emerging risk area. Provides broader assurance.
Housing safety compliance (fire safety)	No recent coverage. Provides broader assurance.

All-age commissioning	Risks / controls are changing. Provides coverage of a key assurance area.
School attendance and fixed penalty notices	Identified in consultation with officers.
Early years provider checks	Risks / controls are changing due to changes being implemented by the DfE.
Children's direct payments	Risks / controls are changing.
Unaccompanied asylum seeker children	Emerging risk area.

Do next

Housing safety compliance (gas safety)	Identified in consultation with officers.
Foster carer payments (follow-up)	To verify whether issues identified in the previous audit have been resolved.
Children's continuing care	Risks / controls are changing. Known area of pressure.

Do later

Building control
 Environmental health
 Licensing
 Homelessness and housing options
 Housing allocations
 Housing repairs
 YorHome (phase 3)
 Adult social care strategies
 Front door service (adult social care)
 Telecare service

High-cost placements

School themed audit: procurement

Huntington School

St Oswald's CE Primary School

Technical / projects

Do now

Cybersecurity: user account management

Key attack vector. Provides coverage of a key assurance area.

Do next

Cybersecurity: user awareness

Key attack vector. Provides coverage of a key assurance area.

Transformation programme governance

Relates to council priority. Provides broader assurance.

Do later

Database and application security

Cloud and third-party security

Capital programme governance

Highways and transportation capital programme management

Local Net Zero Accelerator (LNZA): City Leap Accelerator Project

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
Home to school transport (June 2026)	Substantial Assurance	This audit reviewed the council's arrangements for coordinating its home to school transport offer.	The council's home to school transport arrangements are mostly consistent with statutory guidance, with sound policies, procedures, and fair, well-documented decision-making. The service applies policies consistently while considering individual circumstances, and makes effective, value-for-money use of personal travel budgets and travel training services. Some issues were identified, including there being no sustainable travel strategy, a lack of clarity in provider contracts, and weaknesses in the monitoring of passenger journey information.	A sustainable modes of transport strategy will be produced for the academic year 2026-27, in line with statutory requirements. A number of minor amendments will also be made to existing policies. When provider contracts are next due for review/renewal, the service will work with Legal to ensure that contradictory clauses are amended and that monitoring arrangements reflect actual practice. The service will introduce regular route reasonableness testing to limit the risk of larger discrepancies going unnoticed.
Flexitime and annual leave	No Opinion Given	The purpose of this audit was to review the council's	Annual leave records were consistently available and the correct entitlement had been calculated.	The HR advisory note on annual leave will be updated and reissued to managers, making

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
(June 2026)		arrangements for managing annual leave and flexitime entitlements.	However, errors in the recording and calculation of annual leave requests were found in most of the leave cards reviewed. Available guidance lacks clarity on how line managers are expected to demonstrate approval of leave requests and on how to confirm correct utilisation of annual leave entitlement. There is no consistent mechanism in place to ensure flexi sheet records are routinely reviewed and to confirm that flexi leave taken has been approved by the employee's line manager.	clear the duty to keep holiday records as per the employment law changes which came into effect from April 2026. Induction materials will be reviewed to guide both employees and line managers to annual leave pages on the intranet and to encourage use of the annual leave calculator to calculate entitlement. The flexi sheet template will be reviewed. This will include ensuring that macros are accurate and work. A HR advisory bulletin will be issued, reminding managers where the flexi time guidance can be found and the need to ensure accurate records are kept, reviewed and authorised when flexi leave is taken which must then be recorded on the leave record sheet.

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
St Mary's CE Primary School (June 2026)	Reasonable Assurance	This audit reviewed the governance and financial management arrangements at St Mary's CE Primary School.	While there were several areas in which controls were in place and generally operating effectively, a number of weaknesses were also identified. These included inconsistent application of purchasing and expenditure controls, an incomplete contract register, lack of a formal asset inventory, inconsistencies in debt recovery processes, outdated policies, no staff register of interests, and incomplete records of governor training.	A number of actions were agreed with management to address the identified control weaknesses.

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.

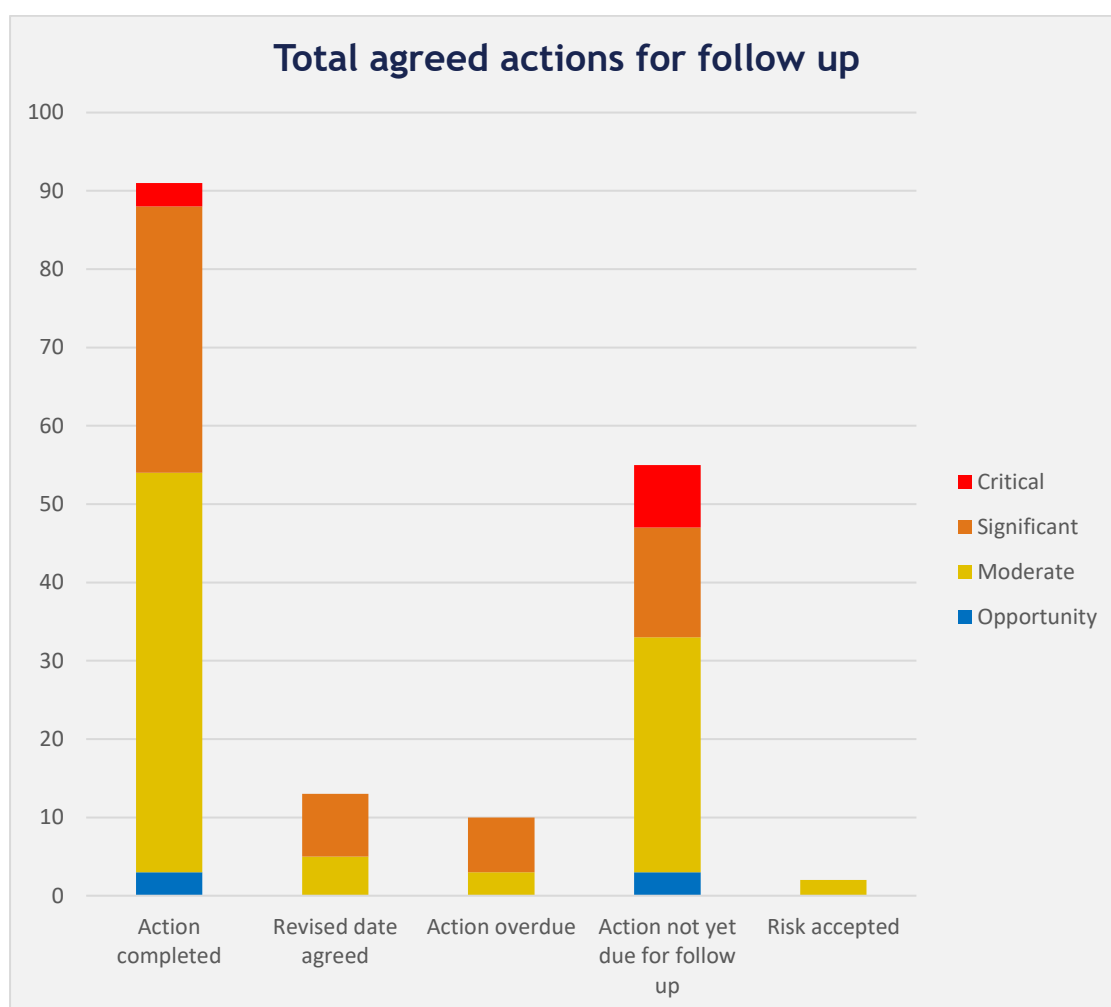
Finding ratings

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 & 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 last twelve months is shown³. 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 over twelve months ago but which are still being followed up).
- 4 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



³ Effective 1 April 2025, follow-up data has been reported on a rolling 12-month basis.

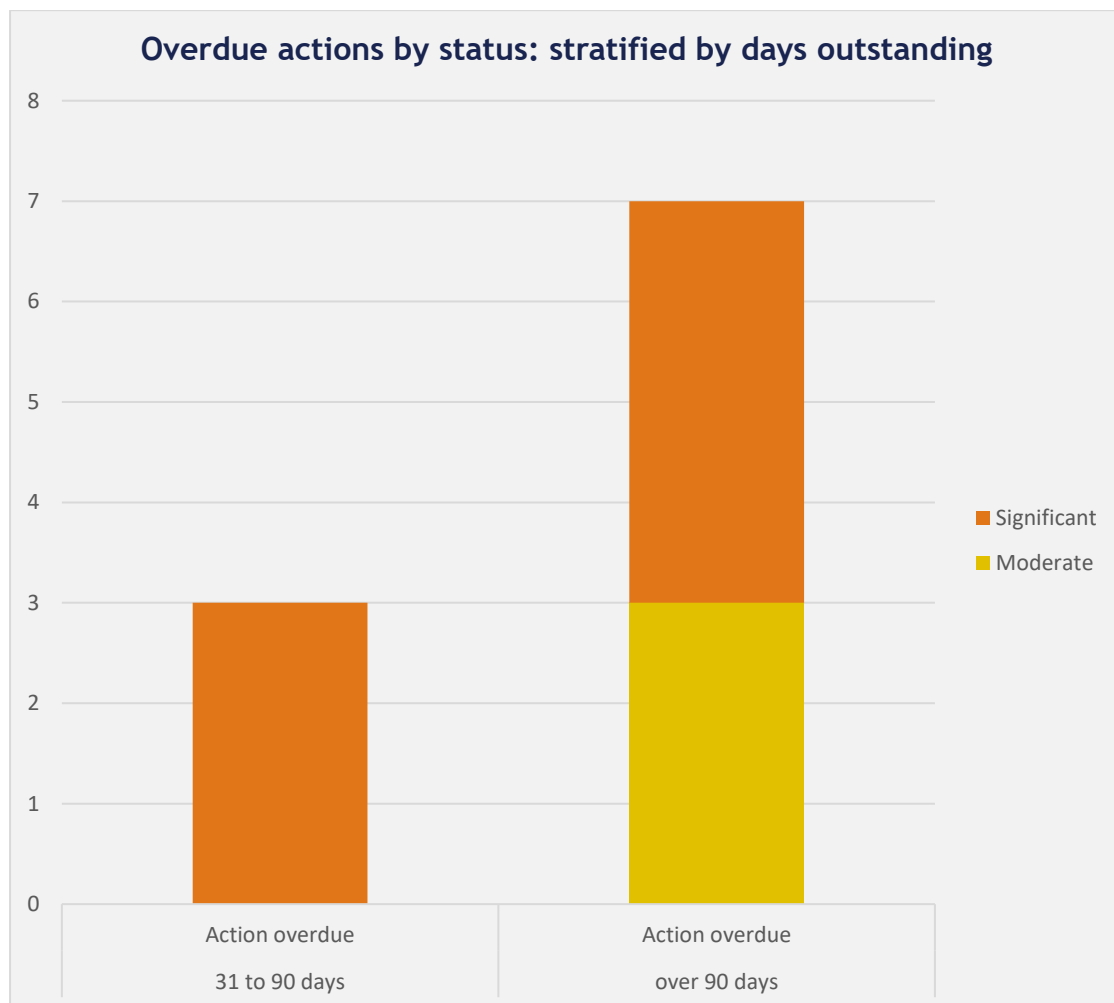
- 5 A total of 116 actions have been followed up in the last twelve months. Of these, 91 have been satisfactorily implemented. 55 actions are not yet due for follow-up as their original implementation date has not passed at the time of reporting.
- 6 A total of 13 actions have had their original implementation 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.
- 7 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



- 8 At the time of reporting, 10 actions are overdue. This is shown in figure 3, on the following page.

Figure 3: Length of time actions have been overdue



- 9 For nine of the 10 actions that are overdue we have received a response from officers. In these cases, the process of following up the action and drawing conclusions is ongoing.
- 10 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.
- 11 Four of the 10 overdue actions are currently being escalated with officers. 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.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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