



People



Place



Partnerships



Better Public Services

Statement of Accounts and Annual Governance Statement 2020-21

RUSHMOOR
BOROUGH COUNCIL

Narrative Statement	1
Statement of Responsibilities	12
Statement of Accounts	
Core Financial Statements	
Movement in Reserves Statement	13
Comprehensive Income and Expenditure Statement	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Core Financial Statements	17
Other Accounting Statements and Associated Notes	
Collection Fund	70
Auditor's Report	73
Annual Governance Statement	77
Glossary of Terms	92

Narrative Statement from the Chief Financial Officer

ORGANISATIONAL OVERVIEW AND ENVIRONMENT

1. An introduction to Rushmoor

The Borough of Rushmoor, with an estimated population of around 94,400, covers an area of 3,905 hectares at the northeast corner of Hampshire, with its eastern boundary with Surrey being formed by the River Blackwater. London is some thirty miles away and the Borough is served by direct road and rail links to the capital and the south coast. Rushmoor includes the towns of Aldershot, with its world famous military history and Farnborough, long noted as the birthplace of aeronautical research and development and served by Farnborough Airport.



The urban area extends the full length of the Borough from the southern boundary with Farnham to the towns of Frimley and Camberley across the River Blackwater in the north.

The military area and Farnborough Airport occupy the land between Aldershot and Farnborough and to the west of those towns, works continue on Wellesley, a major redevelopment of an area of former Ministry of Defence land north of Aldershot, which will provide an additional 3,850 properties over the next fourteen years.

2. Council services and purpose

Rushmoor Borough Council (RBC) delivers more than 100 local services to the communities of Aldershot and Farnborough, including core services such as rubbish and recycling collection, street cleaning, planning, environmental health, housing, parks and leisure facilities.

The Council is more complex than ever before and plays an essential role in broad areas like engaging with and where necessary, supporting local communities and business, helping the most vulnerable in society and making sure our Borough continues to develop and thrive economically with an extensive regeneration programme.

3. COVID-19 Pandemic

The 2020/21 financial year has been an exceptional one for the UK economy, Local Government sector and Rushmoor Borough Council. Facing the first global pandemic in 100 years the Council has had to make appropriate budget plans to manage the economic conditions and uncertainty over future funding.

The Council's Medium-Term Financial Strategy (MTFS) presented to Cabinet on 16 February took into the account the uncertainty surrounding the impact of the COVID-19 pandemic. Due to the Council's reliance on commercial income and fees and charges and consequently its exposure to the economic cycle, the Council has in recent years built up reserves to ensure the Council is financially resilient in a recession. The Council has maintained its 2020/21 General Fund balance at pre-COVID-19 levels.

Financial Impact/Outlook

The Council set its 2021/22 budget and Medium-Term Financial Strategy (MTFS) in February 2021.

The COVID-19 crisis has meant that the Council has had to review its ways of working and is currently undertaking a Cost Reduction and Efficiency Programme (CREP) to identify changes in working. The continuing economic and funding uncertainty will require the Council to continually review service provision, its delivery models and budget forecast. Details of the Council's MTFS can be found on the following link:

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=138&MId=802&Ver=4>

4. Resource Allocation

Rushmoor Borough Council manages cash flows of £94m and assets of £274m by:

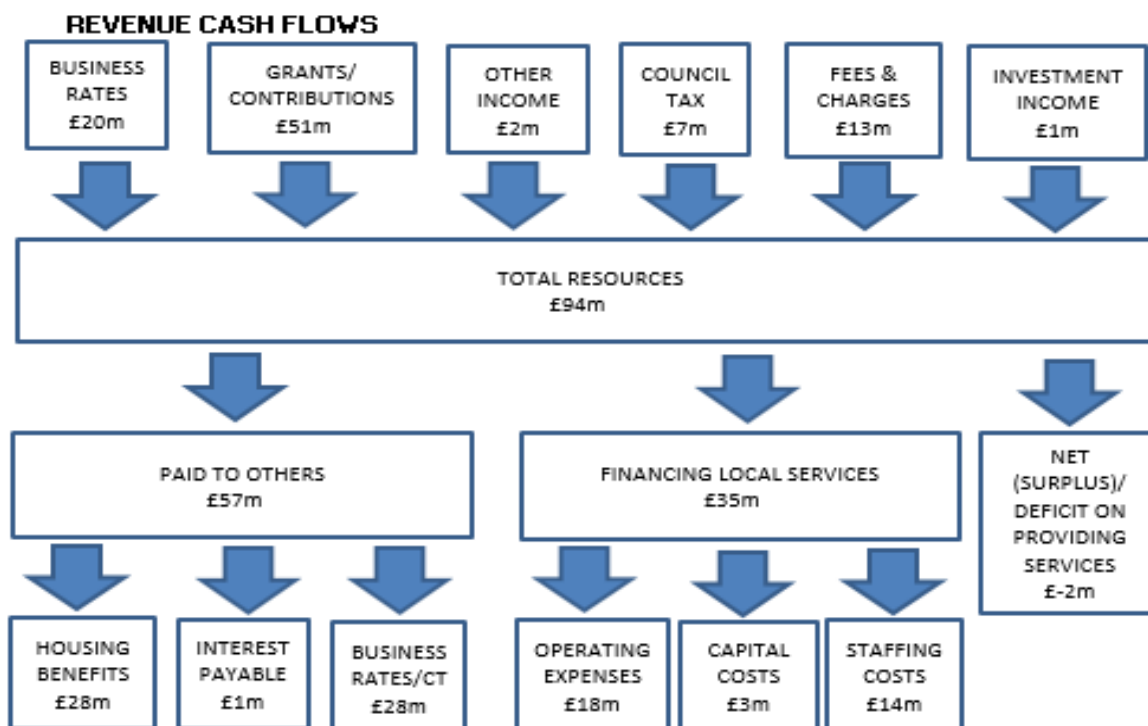
- Holding a General fund balance of £2m
- Collecting £25.5m of business rates. 60% of the business rates collected is passed onto central government, Hampshire County Council and Fire and Rescue Authority. The Council retains £19.9m
- Collecting £57m of Council tax payments. 88% of Council Tax collected is passed onto central government, Hampshire County Council, Fire and Rescue Authority and Police and Crime Commissioner. The Council retains £6.4m
- Managing a £225m portfolio of land, building and other assets that generates £7.0m of income.
- Managing a £29m portfolio of loans and investments that generates £1.1m of income
- Receiving grants and contribution of £56.9m mainly from central government.

Total capital cash flows through the Council are shown below:

CAPITAL MOVEMENTS

TOTAL ASSETS BROUGHT FORWARD £244m			
NET ADDITIONS/ (DISPOSALS) £20m	DEPRECIATION £(2)m	CHANGE IN CURRENT ASSET £9m	OTHER CHANGES £3m
PPE £101m	INVESTMENT PROPERTY £124m	OTHER LONG TERM ASSETS £29m	CURRENT ASSETS £20m
TOTAL ASSETS CARRIED FORWARD £274m			

Total revenue cash flows through the Council are shown below:

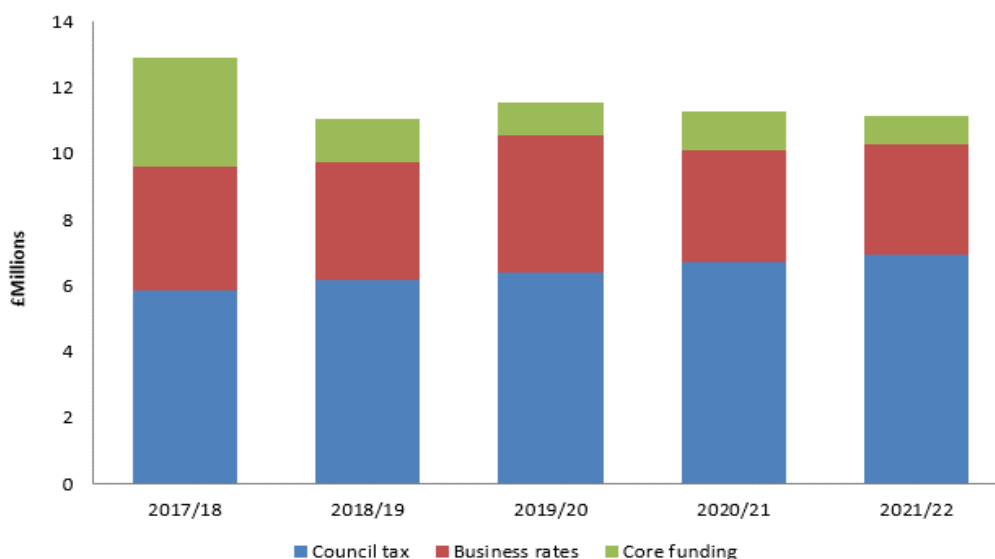


FINANCIAL PERFORMANCE

5. Core Funding

The Council, in line with other shire districts continues to experience an increasing reduction in core government funding. The Government’s planned to phase out non-specific grant funding, instead allowing local authorities to retain a higher proportion of business rates collected locally from 2020/21 financial year. This will not be implemented as originally planned. The Council will continue to work with Government during the next financial year and beyond.

Core funding trend:

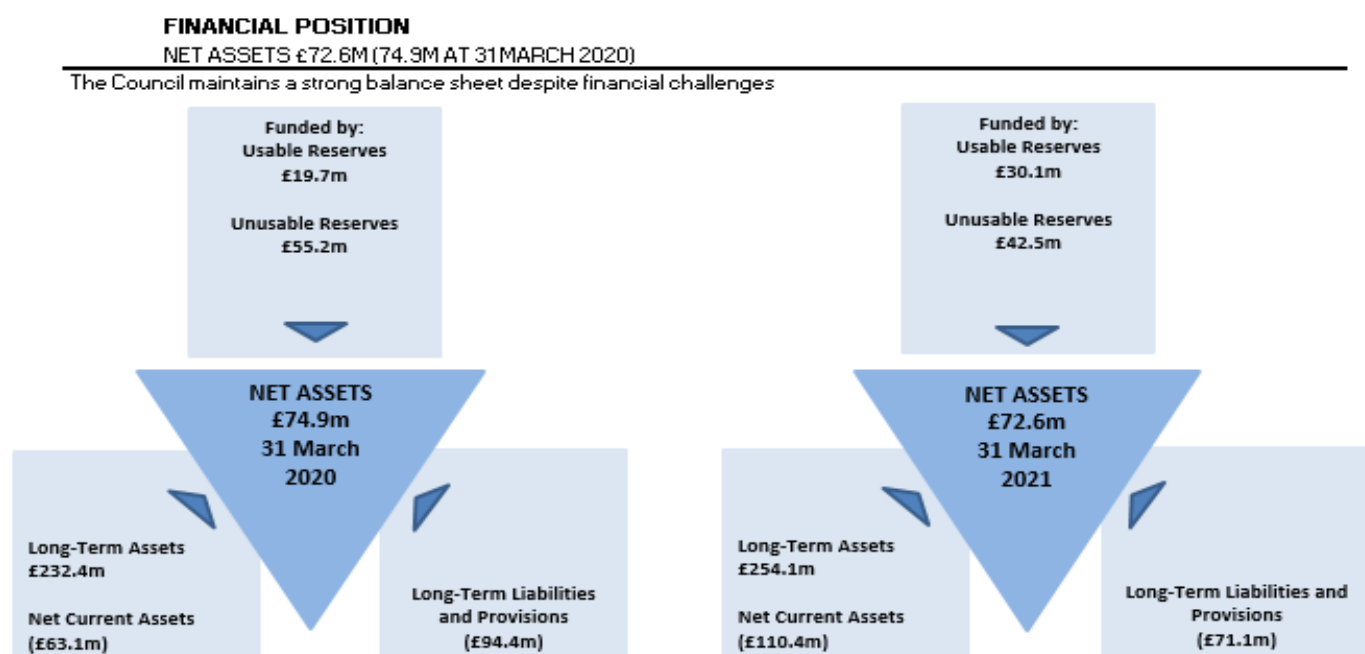


The increase in business rates marginally offsets the reduction in Council Tax. To address future challenges and reinvest in the Borough, Council Tax has increased by 2.45% in 2020/21 from 2019/20 for an equivalent Band D property, raising an additional £314k for the Council.

6. Financial position

The Council has maintained a strong financial position against the backdrop of reduced government funding by £284k between 2019/20 and 2020/21.

Liquidity ratio (a measure of the Councils' ability to cover short term obligations) has remained at 0.15 in 2020/21 compared to 0.15 in 2019/20.



7. Capital Strategy

The Council has an ambitious five-year capital programme of £73.4m. The Capital Programme for 2020/21 to 2024/25 is detailed with the Council's budget book linked below:

<https://www.rushmoor.gov.uk/CHttpHandler.ashx?id=21652&p=0>

The table below shows the revised capital programme for 2020/21 and the indicative programme for following four year period 2021/22 to 2024/25:

	FIVE YEAR PLAN							Total
	Revised Estimate 2020/21	Outturn 2020/21	Carry forward 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	
	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE								
Corporate and Democratic Services	86	11	74	-	-	-	-	85
Customer Experience and Improvement	38	38	-	148	-	-	-	186
Major Projects and Property	21,131	20,572	-	34	36,518	6,062	854	64,088
Operational Services	3,376	1,481	1,858	1,844	1,216	1,216	1,216	8,831
Planning and Economy	-	-	-	-	-	-	-	-
ICE Programme	233	155	78	-	-	-	-	233
Total Expenditure	24,864	22,257	1,976	38,510	7,278	2,070	1,332	73,423
FUNDING								
Grants and other Contributions	4,023	2,244	1,818	10,296	2,281	1,081	1,081	18,801
Developers' Contributions	315	183	150	51	-	-	-	384
Capital Receipts/Borrowing	20,526	19,830	8	28,163	4,997	989	251	54,238
Total Funding	24,864	22,257	1,976	38,510	7,278	2,070	1,332	73,423

ORGANISATIONAL MODEL

8. Political Structure of the Council in the 2020/21 Municipal Year

Rushmoor has 13 wards and the Council consists of 37 elected Members. The political make-up of the Council during 2020/21 was as stated below:

Party	Councillors
Conservative	26
Labour	10
Liberal Democrat	1
Total number of elected members	37

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions.

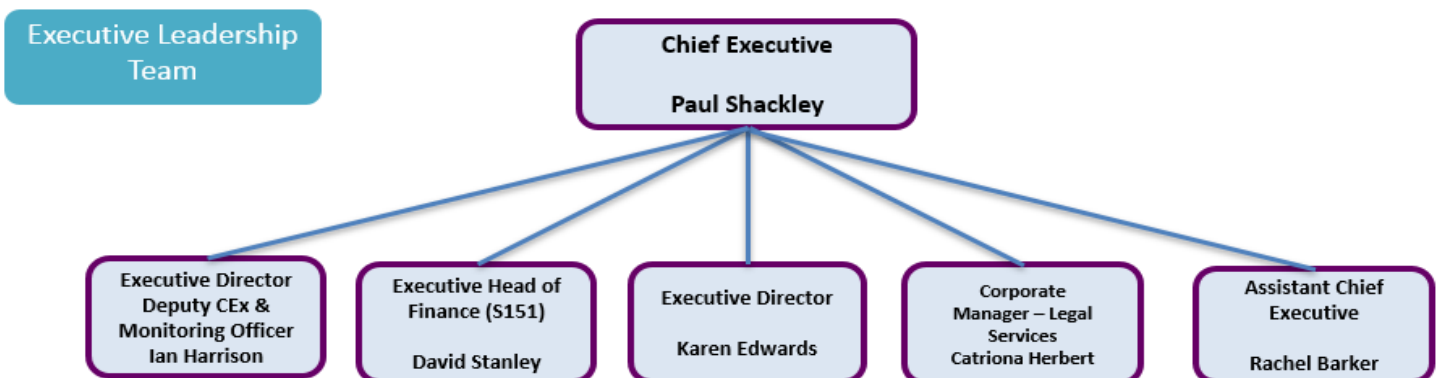
9. Management Structure of the Council

The Council has two senior management boards. Executive Leadership team (ELT), which consists of the Chief Executive, two Executive Directors, Executive Head of Finance, Assistant Chief Executive and Corporate Legal Services Manager. ELT consider and co-ordinates the strategic direction of the Council. The second board is the Corporate Management Team (CMT), consisting of the Chief Executive, two Executive Directors and Heads of Service. The CMT considers and co-ordinates the management and future plans of the Council, providing operational leadership and support to elected Members alongside the delivery of Council services.

The Executive Head of Finance (Chief Financial Officer) and Executive Director of Operations, as Monitoring Officer, are both members of CMT and ELT, ensuring that these key statutory roles have on-going access to the most senior level of the Council.

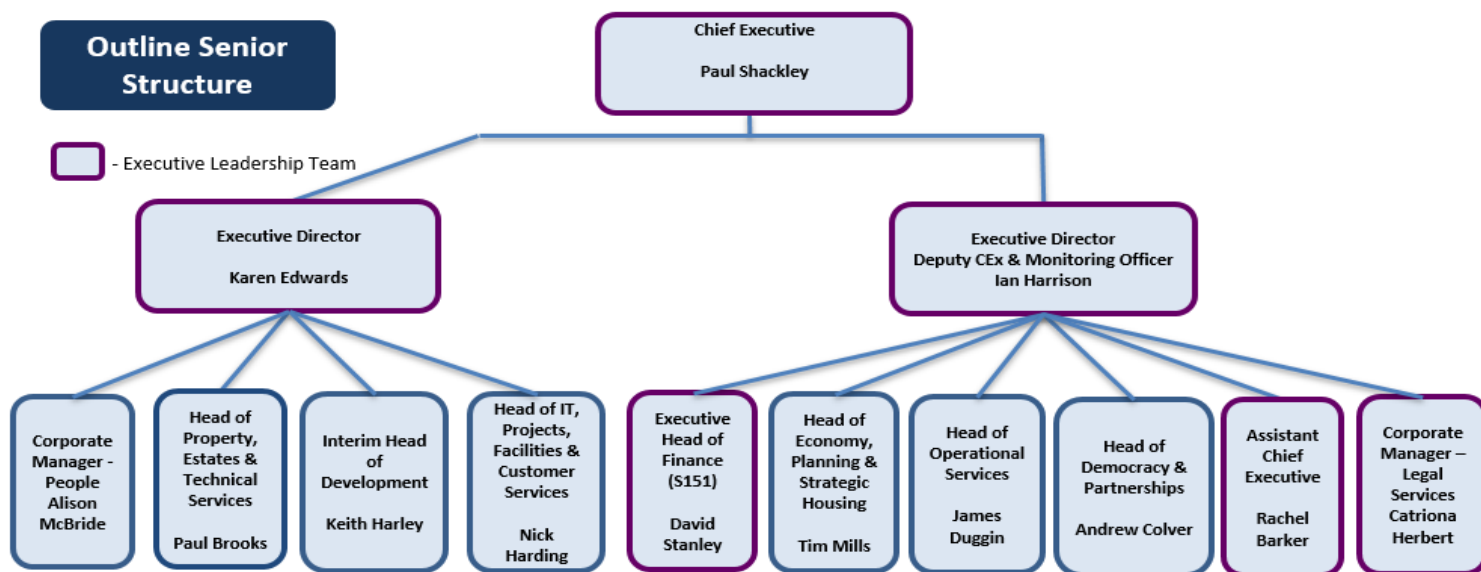
An outline of the structure is as follows:

Executive Leadership Team (ELT)



10. Management Structure of the Council (continued)

Corporate Management Team (CMT)



STRATEGY AND RESOURCE ALLOCATION

11. The Council Plan – “People, Place, Partnership, Better Public Services”

One of the key strategic documents that frame the actions of the Council is the Council’s Corporate Plan. This document exists to help elected Members, staff and partners work together to deliver the vision for Rushmoor. It sets out our priorities – what we are doing and why.

The Cabinet reviews progress against the Corporate Plan on a quarterly basis. This acts as the key corporate performance monitoring process for the Council. The document combines both informative data about the Rushmoor area and some more specific data about the Council as a whole and about individual services. It is provided to give an enhanced overview to inform Cabinet’s priorities and its monitoring of performance.

The Corporate Plan can be found on the Council's website at:

<https://www.rushmoor.gov.uk/CHttpHandler.ashx?id=20372&p=0>

GOVERNANCE

12. Governance arrangements

Governance arrangements are outlined within the Annual Governance Statement on page 77 of this document.

RISK AND OPPORTUNITIES

13. Risks Management

A risk management strategy is in place to evaluate and identify risk. There are clearly defined processes to support robust decision making through the understanding of risk, whether an opportunity or threat exists and the likely impact. The Council believes that its performance monitoring, both financial and non-financial, its governance arrangements and its focus on the sustainability of the organisation, mitigates the risks the Council is facing and it is well placed to respond to the ever-changing environment.

Set out on the following page are the key risks from the Council’s Corporate risk register:

13. Risks Management (continued)

<p>Changing external policy context which could arise as a result of levelling up approach or devolution or other unforeseen reasons.</p>	<p>Significant fast track change which can have significant impact on services, levels of available resources or the Council's financial position.</p> <p>Impact of Government response to Covid-19 creates uncertainty and the long-term picture with regard to recovery remains uncertain,</p> <p>Reputational risk if the Council is unable to sufficiently adapt to the changing environment.</p>
<p>Mitigation:</p> <ul style="list-style-type: none"> ● Service level risk assessments to consider impacts of potential policy changes on individual Council services. ● Policy and Communications service to support ELT and CMT with 'horizon scanning' which will assist the Council in identifying and where possible responding to some changes. 	
<p>Securing infrastructure investment</p>	<p>Inability to attract infrastructure investment through the public and private sector to support plans. Failure to secure investment in the area could lead to a decrease in Rushmoor's competitiveness and attractiveness.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> ● Work with public and private sector infrastructure providers and funders. ● Horizon scanning in relation to the levelling up agenda and its implications for Rushmoor.
<p>Decline in the retail sector/town centre uses and subsequent impact on town centres</p>	<p>Economic and social changes have a negative impact on Farnborough and Aldershot Town Centres.</p> <p>This could result in empty retail units, a loss of facilities and amenities for residents and a possible increase in crime and anti-social behaviour.</p> <p>A decline in retail will also have an impact on Business Rates income for the Council.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> ● Programmes of town centre regeneration in both Aldershot and Farnborough which give consideration to future economic and social trends. ● Dedicated resource within economy team, working with retail sector and other town centre uses. ● Ensuring that relevant Government support for business is distributed as swiftly as possible.
<p>Deteriorating economic conditions</p>	<p>Adverse changes to the economy could result in the loss of major employers within the Borough and/or impacts on particular sectors of the economy. This could result in increasing levels of unemployment and higher levels of deprivation and inequality.</p> <p>Changes of this nature have potential implications for the Council in terms of increased demand for services and adverse financial impact. There is also a reputational risk if the Council is not seen to be adequately responding to economic changes or shocks.</p> <p>Mitigation:</p> <ul style="list-style-type: none"> ● Partnership working with other organisations around support for the economy and local businesses. ● Engagement with Ward Councillors. ● Maintaining an understanding of local economic conditions – tracking economic indicators at a local level. ● Ensuring that key issues/events are escalated to CMT/ELT at the appropriate time. ● Ensuring that relevant Government support for business is distributed as swiftly as possible

13. Risks Management (continued)

Demographic change	<p>Changes in Rushmoor's demography could impact on services required or expected by residents as well as how they engage with the economy or society more generally.</p> <p>Any sudden shifts in demography may not be visible to the Council for a period of time which could result in services not being delivered effectively or efficiently or potentially having a negative impact.</p>
<p>Mitigation:</p> <ul style="list-style-type: none"> ● Community engagement work may identify some changes ahead of them being reported in data sets. ● Review and analyse publicly available datasets, alongside those held by the ● Work with partners to understand trends that exist at a larger geography and potential implications (e.g. aging populations) 	
Educational Attainment Secondary schools	<p>Educational attainment at secondary education level continues to present challenges. This may have an impact on deprivation, unemployment etc. Impact on the area's local reputation. May impact on service demand. C19 impact – predicted grades, lost academic time may exacerbate existing patterns.</p>
<p>Mitigation:</p> <ul style="list-style-type: none"> ● HCC responsible for Education. RBC supporting role - Priorities set out in the Supporting Communities Action Plan – focus on increasing aspirations. Joint work on supporting families with Hampshire Children's Services Educational Improvement Group established under the Overview and Scrutiny Committee 	
Poor Health Outcomes within Borough (e.g. obesity, mental health etc)	<p>Rushmoor has areas where there are health inequalities and health deprivation.</p> <p>Additional stress and burden on local services – including partner agencies. Aging population. Areas of deprivation have poorer health outcomes and higher demands associated.</p> <p>Diabetes, highest smoking rate in Hampshire, high instance of obesity and inactive adults.</p>
<p>Mitigation:</p> <ul style="list-style-type: none"> ● Supporting Communities Strategy and Action Plan adopted. ● Joint working with partners, particularly with the CCG, HCC, with a range of initiatives and plans in place. ● Projects to increase activity and inclusion in the Borough. ● CPE response group established. ● New recovery and service structure to be put in place. 	
Further waves of Covid 19 and lockdowns	<p>Increases to infection levels (either locally or nationally) could lead to a further period of lockdown.</p> <p>Implications of this would be far-reaching and could include adverse impacts for health, wellbeing and the economy.</p> <p>Potential for disruption to Council services due to illness, periods of self-isolation and/or caring responsibilities during a period of lockdown, particularly where schools are closed.</p> <p>A cycle of lockdowns and short periods of recovery also have the potential to cause disruption economically – creating uncertainty for businesses and making it challenging to</p>

13. Risks Management (continued)

	<p>Mitigation:</p> <ul style="list-style-type: none"> ● Existing control mechanisms now well understood and utilised and could be redeployed if required. ● Business continuity measures have been tested throughout 2020/21 and enhanced where needed ● Recovery Plans in place and could be revised/adapted where required. ● Step 4 to be implemented on July 19th. Expected rise in infections but not mirrored by hospitalisation and deaths. ● Continue weekly management Covid meetings to ensure awareness of any changing circumstances.
Financial sustainability of public sector partners	<p>The financial sustainability of a wide group of public sector partners is negatively impacted, resulting in reduced service provision by all.</p> <p>In this scenario, the range and quality of services available to residents could be affected. This could have negative repercussions for health, education, social and economic outcomes.</p> <p>It is possible that the Council would be expected to meet some of this 'gap' in provision</p> <p>Mitigation:</p> <ul style="list-style-type: none"> ● Close partnership working at a senior officer and political level with the Council's public sector partners.

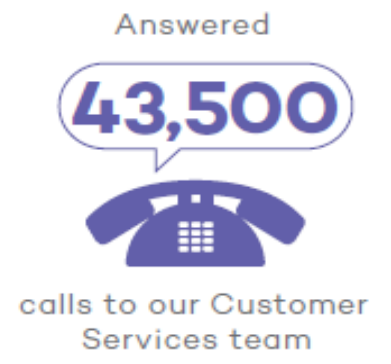
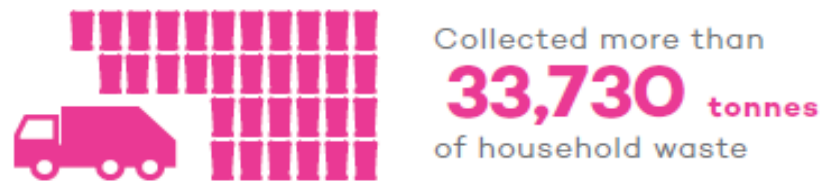
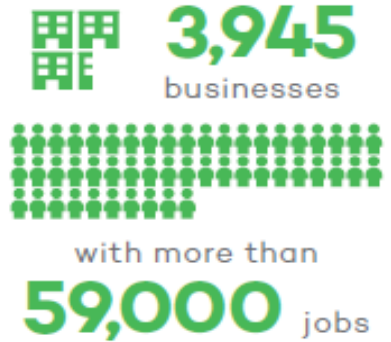
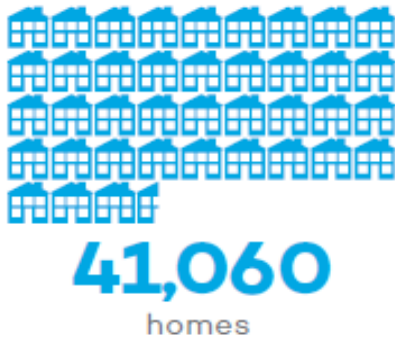
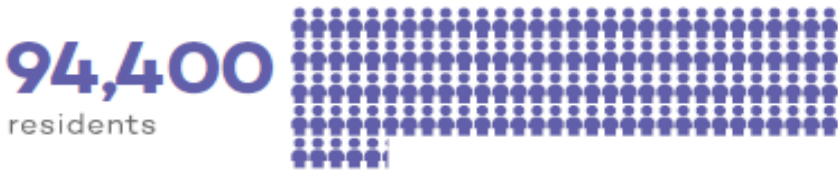
14. Non-Financial Performance of the Council

During 2020/21, Rushmoor Borough Council has continued its drive towards a sustainable future, developing plans for a workforce fit for the future, continuing its improvement and efficiency work using System Thinking principles and continuing to deliver high quality services to its residents while seeking to reduce costs. As the financial statements demonstrate, the Council continues to maintain a sound financial position.

The Council has established good financial management processes and procedures and, recognising that it operates in an environment of continuous change, it will pursue its drive for on-going improvement, working collaboratively across the Council, and with partners where appropriate, to deliver effective end-to-end processes.

The graphic below provides some useful quantitative information about the Council:

14. Non-Financial Performance of the Council (Continued)



BASIS OF PREPARATION AND PRESENTATION

15. Explanation of accounting statements

The Statement of Accounts set out the Council's income and expenditure for the year, and its financial position at 31st March 2021.

The format and content of the financial statements is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2020/21, in turn underpinned by International Financial Reporting Standards.

The Core statements are:

- The **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the financial year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable", which must be set aside for specific purposes. Page 13
- The **Comprehensive Income and Expenditure Statement** records all the Council's income and expenditure for the financial year. The upper element of the statement provides an analysis by service area. The lower half of the statement shows corporate transactions and financing. Page 14
- The **Balance Sheet** is a "snap shot" of the Council's assets, liabilities, cash balances and reserves at the end of the financial year. Page 15
- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the financial year and whether those changes are due to operating activities, new investment or financing activities. Page 16

The supplementary financial statements are:

- The **Expenditure and Funding Analysis** shows the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement. Page 28
- The **Collection Fund Statement** is a statutory fund maintained by a Billing Authority summarising local taxes and non-domestic rates collected by the Council, along with redistribution payments to Precepting Authorities, Central Government and its own General Fund. Page 70
- The **Independent Auditor's Report** provides the auditor's opinion on the financial statements and the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources. Page 72
- The **Annual Governance Statement** sets out the governance structure of the Council and its key internal controls. Page 77

Receipt of further information

Further information about the statements is available from the Executive Head of Finance, Council Offices, Farnborough Road, Farnborough, Hampshire GU14 7JU. The statements are also available on the Council's website – www.rushmoor.gov.uk

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work and dedication of staff across the Council. I would like to thank my colleagues both in Financial Services and from other departments, who have played a role in the preparation of this document.



David Stanley
Executive Head of Finance and Chief Financial Officer

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority'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).

In preparing this statement of accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Rushmoor Borough Council and its income and expenditure for the year ended 31st March 2021.



David Stanley
Chief Financial Officer
Date:

Movement in Reserves Statement

This Movement in Reserves Statement shows the movement from the start of the year to the end 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 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
31 March 2019	14,065	776	1,461	16,302	65,195	81,497
Total Comprehensive Income and Expenditure	(10,093)	-	-	(10,093)	3,516	(6,577)
Adjustments between accounting basis and funding basis under regulations (Note 8) on Page 34	14,987	(161)	(1,338)	13,488	(13,488)	-
Net increase/(decrease)	4,894	(161)	(1,338)	3,395	(9,972)	(6,577)
31 March 2020	18,959	615	123	19,697	55,223	74,920
Total Comprehensive Income and Expenditure	2,573	-	-	2,573	(4,859)	(2,286)
Adjustments between accounting basis and funding basis under regulations (Note 8) on Page 35	7,624	(204)	452	7,872	(7,872)	-
Net increase/(decrease)	10,197	(204)	452	10,445	(12,731)	(2,286)
31 March 2021	29,156	411	575	30,142	42,492	72,634

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2019/20			Comprehensive Income and Expenditure Statement	2020/21		
Restated Gross Exp £000	Restated Gross Income £000	Restated Net Exp £000		Gross Exp £000	Gross Income £000	Net Exp £000
36,873	(31,642)	5,231	Corporate & Democratic Services	35,124	(30,077)	5,047
12	-	12	Customer Experience & Improvement	9	-	9
5,577	(7,461)	(1,884)	Major Projects & Property	3,353	(7,527)	(4,174)
16,675	(10,040)	6,635	Operational Services	16,176	(6,150)	10,026
2,975	(632)	2,343	Planning & Economy	3,059	(826)	2,233
388	-	388	ICE Programme	585	-	585
62,500	(49,775)	12,725	Cost of services - continuing operations	58,306	(44,580)	13,726
49	(1,695)	(1,646)	Other Operating Expenditure (Note 10)	2,973	(137)	2,836
13,094	(1,920)	11,174	Financing and Investment Income and Expenditure (Note 11)	2,522	(2,965)	(443)
17,255	(29,415)	(12,160)	Taxation and Non-Specific Grant Income and Expenditure (Note 12)	27,602	(46,294)	(18,692)
92,898	(82,805)	10,093	(Surplus) or Deficit on the Provision of Services	91,403	(93,976)	(2,573)
	(5,089)		(Surplus) or deficit on revaluation of Property, Plant and Equipment (Note 24)		-	
	1,573		Remeasurement of the net defined benefit liability/(asset) (Note 24)		4,859	
		(3,516)	Other Comprehensive Income and Expenditure			4,859
		6,577	Total Comprehensive Income and Expenditure			2,286

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of 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. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020	Balance Sheet	31 March 2021	Notes
£000		£000	
98,966	Property, Plant & Equipment	100,639	13
258	Heritage Assets	258	
106,605	Investment Property	123,740	14
437	Intangible Assets	255	15
19,184	Long-Term Investments	21,281	17
6,999	Long-Term Debtors	7,902	17
232,449	Long-Term Assets	254,075	
-	Short-Term Investments	-	17
7	Inventories	-	
5,630	Short-Term Debtors	15,652	18
5,575	Cash and Cash Equivalents	4,371	19
11,212	Current Assets	20,023	
60,000	Short-Term Borrowing	102,000	20
13,942	Short-Term Creditors	27,996	21
364	Other Short-Term Liabilities	369	17
74,306	Current Liabilities	130,365	
4,812	Long-Term Provisions	4,480	22
30,000	Long-Term Borrowing	-	23
54,266	Other-Long Term Liabilities	61,338	23
5,357	Capital Grants Receipts in Advance	5,281	32
94,435	Long-Term Liabilities	71,099	
74,920	Net Assets	72,634	
19,697	Usable Reserves	30,142	MIRS
55,223	Unusable Reserves	42,492	24
74,920	Total Reserves	72,634	

Cash Flow Statement

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

2019/20 £000	Cash Flow Statement	2020/21 £000
(10,093)	Net surplus or (deficit) on the provision of services	2,573
24,115	Adjustments to net surplus or deficit on the provision of services for non cash movements - see Note 25	3,470
-	- Adjustments for items that are included in the net surplus or deficit on the provision of services that are investing and financing activities - see Note 26	-
14,022	Net cash flows from Operating Activities	6,043
(41,482)	Investing Activities - see Note 28	(21,475)
31,680	Financing Activities - see Note 29	14,228
4,220	Net increase or (decrease) in cash and cash equivalents	(1,204)
1,355	Cash and cash equivalents at the beginning of the reporting period	5,575
5,575	Cash and cash equivalents at the end of the reporting period	4,371

The Council's cash flow statement has been compiled using the indirect method whereby the statement is prepared using the Surplus or Deficit on the Provision of Services and cash flows are derived by adjusting for non-cash items, removing the effect of accruals and extracting transactions relating to investing or financing activities.

1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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. In accordance with application accounting framework, these accounts are prepared on a going concern basis.

ii. Accruals of Income and Expenditure

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

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

iii. Cash and Cash Equivalents

Cash and cash equivalents includes all bank accounts including overdrafts that are an integral part of the Authority's cash management.

Cash is represented by cash in hand and deposits with financial institutions repayable without any penalty on notice of not more than 24 hours.

Cash equivalents are deposits held with financial institutions that mature in no more than one month or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value

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

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.

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding 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 fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations.

vi. 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 salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. These costs are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement.

Post Employment Benefits

The Council participates in the Local Government Pensions Scheme, administered by Hampshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The liabilities of the Hampshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees. The assets of Hampshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value. The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest cost on the net defined benefit liability (asset) - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Hampshire County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits:

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

vii. Events After the Reporting Period

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

Two types of events can be identified:

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

viii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument, 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.

The Council borrowed funds for the purposes of capital expenditure in 2020/21, and therefore has a capital financing requirement in excess of zero at 31st March 2021. Other financial liabilities were trade creditors that occur in the normal course of business and a liability arising from an embedded lease in the Council’s contract for Waste, Recycling and Grounds Maintenance. The amount presented in the Balance Sheet in respect of the embedded finance lease is the outstanding principal repayable. Interest payable in the year is calculated and charged to the Comprehensive Income and Expenditure Statement. Financial liabilities entered into with a duration of less than 12 months, such as trade creditors, are recognised at their nominal value.

Financial Assets

Financial assets are classified based on the classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

The Council'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 payment are not solely payment of principle and interest.

Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

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 Council 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 in the Surplus or Deficit on the Provision of Services.

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

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

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

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement data.
- 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 de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES and are balanced by entries in the Pooled Investment Fund Adjustment Account (PIFAA)

IFRS 9 Financial Instruments sets out that investments in equity should be classified as FVPL unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council has not elected equity instrument and therefore all equity investments are recorded as FVPL instruments.

Expected Credit Loss Model

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

No impairment losses are recognised for pooled funds.

ix. 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.

x. Heritage Assets

The Council's heritage assets largely comprise items of civic regalia as well as a memorial and a statue. They are all held in support of their primary objective of contributing to knowledge and culture and appreciation of the Council's history and local area.

xi. 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.

The Council does not have any internally generated intangible assets. 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.

xii. 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 amount at which the asset could be exchanged between knowledgeable parties at arms-length. The 2020/21 external valuation report on all the investment properties and a selection of the other assets was prepared by GSC Harbord MA MRICS IRRV (Hons) RICS Registered Valuer of Wilkes Head and Eve LLP. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xiii. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. 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.

xiv. Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Operating leases

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

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council as Lessor

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 either the Financing and Investment Income line in the CIES or the relevant service line in the net cost of services. 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.

xv. Overheads and Support Services

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

xvi. 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 have an expected useful life of 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 (subject to a de-minimis capitalisation threshold of £10,000 for plant vehicles and equipment and £20,000 for land and buildings). Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, 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 material Property, Plant and Equipment 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 remaining useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the remaining useful life of the asset.

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

Componentisation is considered where the carrying value of the asset is greater than £500,000 and the value of the component is at least 20% of the carrying value.

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 CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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 CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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. Capital receipts are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xvii. Provisions and Contingent Liabilities

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 or Other Operating Expenditure line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

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

xviii. 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 CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

xix. 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 CIES 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.

xx. VAT

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

xxi. Borrowing Costs Eligible for Capitalisation

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset (as defined within IAS 23) had not been made. The Council recognises the accounting requirements of IAS 23 and determines the amount of borrowing costs that are eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset. The capitalisation rate is the total borrowing costs related to the spend on the specific asset based on the average cost of the Council's total debt.

The Council only applies a process of capitalisation of borrowing costs for qualifying assets, in the following circumstances:

- Scheme capital expenditure exceeds £1m,
- Scheme capital expenditure results in an asset or revenue income stream,
- Duration of scheme creation is more than one financial year.

2 Accounting standards that have been issued but have not yet been adopted

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued, but has not yet been adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

For 2020/21 the following accounting standard changes that need to be reported relate to:

- Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7 have an impact on hedge accounting if interest rates change. The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.
- Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relate to issues that arise if an existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied. In addition, financial instruments are valued in the accounts at amortised cost rather than fair value.

The Council does not presently expect these standards to have a material effect on the presentation of future financial information or transactions.

3 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (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 the Council 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 Council's portfolios. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20 Net Expenditure chargeable to the General Fund	2019/20 Adjustments between Accounting and Funding Basis	2019/20 Net Expenditure charged in the CIES		2020/21 Net Expenditure chargeable to the General Fund	2020/21 Adjustments between Accounting and Funding Basis	2020/21 Net Expenditure charged in the CIES
Restated £000	Restated £000	Restated £000		£000	£000	£000
5,607	(376)	5,231	Corporate & Democratic Services	4,721	326	5,047
(362)	374	12	Customer Experience & Improvement	(496)	505	9
(4,750)	2,866	(1,884)	Major Projects & Property	(4,358)	184	(4,174)
4,861	1,774	6,635	Operational Services	8,702	1,324	10,026
2,071	272	2,343	Planning & Economy	2,001	232	2,233
382	6	388	ICE Programme	551	34	585
7,809	4,916	12,725	Net cost of services	11,121	2,605	13,726
(12,703)	10,071	(2,632)	Other income and expenditure not charged to services but is chargeable to the General Fund	(21,318)	5,019	(16,299)
(4,894)	14,987	10,093	(Surplus)/Deficit on the Provision of Services	(10,197)	7,624	(2,573)
(14,065)			General Fund opening balance for the year	(18,959)		
(18,959)			General Fund closing balance for the year	(29,156)		

* The General Fund closing balances for each financial year stated in the above table are composed of the following sources:

£000		£000
(2,000)	General Fund Reserve	(2,000)
(16,959)	Earmarked Reserves	(27,156)
(18,959)		(29,156)

Further notes on the Expenditure and Funding Analysis continue on the following page.

Notes to the Expenditure and Funding Analysis

The adjustment between Accounting and Funding Basis on Page 28 comprises the following amounts:

	2019/20			
	Adjustments for Capital Purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
	Restated £000	Restated £000	Restated £000	Restated £000
Corporate & Democratic Services	29	(404)	(1)	(376)
Customer Experience & Improvement	101	273	0	374
Major Projects & Property	2,734	132	0	2,866
Operational Services	1,157	618	(1)	1,774
Planning & Economy	1	271	0	272
ICE Programme	0	6	0	6
Net cost of services	4,022	896	(2)	4,916
Other income and expenditure from the Expenditure and Funding Analysis	5,441	1,136	3,494	10,071
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	9,463	2,032	3,492	14,987

	2020/21			
	Adjustments for Capital Purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
	£000	£000	£000	£000
Corporate & Democratic Services	34	268	24	326
Customer Experience & Improvement	266	227	12	505
Major Projects & Property	47	131	6	184
Operational Services	775	525	24	1,324
Planning & Economy	1	220	11	232
ICE Programme	0	34	0	34
Net cost of services	1,123	1,405	77	2,605
Other income and expenditure from the Expenditure and Funding Analysis	(3,492)	1,177	7,334	5,019
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(2,369)	2,582	7,411	7,624

Notes

Note a - Adjustments for Capital Purposes

This column contains a range of adjustments all related to capital. Each category of adjustment is described in the continuation of this note on the following page:

Note a - Adjustments for Capital Purposes continued

Adjustments for capital purposes - adds in depreciation and impairment and revaluation gains and losses in the service line

Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

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 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.

Note b - Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

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

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

Note c - Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and Non-Domestic Rates (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.

Segmental Income - Income received on a segmental basis is analysed below:

2019/20 Revenues from external customers (excluding grants & contributions) Restated £000		2020/21 Revenues from external customers (excluding grants & contributions) £000
(630)	Corporate & Democratic Services	(611)
-	- Customer Experience & Improvement	-
(7,411)	Major Projects & Property	(7,506)
(6,892)	Operational Services	(3,883)
(589)	Planning & Economy	(707)
-	- ICE Programme	-
(15,522)	Total	(12,707)

4 Expenditure and Income Analysed by Nature

This note breaks down the Income and Expenditure as reported in the Comprehensive Income and Expenditure Statement by nature including employees' expenses, Investment income and expenditure and all capital charges adjustments applied in year.

2019/20 £000	Expenditure and Income Analysed by Nature	2020/21 £000
	Expenditure	
12,679	Employee Benefit Expenses	14,022
7,655	Changes in the fair value of Investment Properties	-
5,474	Depreciation, amortisation, impairment	2,718
17,255	Expenditure from Council Tax, Non-Domestic Rates	27,602
954	Interest Payments	870
47,745	Other Service Expenses	45,014
1,136	Net Interest on the net defined benefit liability (asset)	1,177
92,898	Total Expenditure	91,403
Restated (233)	Income	
(15,523)	Changes in the fair value of Investment Properties	-
(37,267)	Fees, Charges and Other Service Income	(12,707)
(26,401)	Grants and Contributions	(51,468)
(1,686)	Income From Council Tax, Non-Domestic Rates	(26,699)
(1,695)	Interest and investment Income	(835)
(1,695)	Other Income	(2,267)
(82,805)	Total Income	(93,976)
10,093	(Surplus) or Deficit on the Provision of Services	(2,573)

5 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. The critical judgements made in the Statement of Accounts are provided as follows:

- **Future Funding for Local Government.** There is an element of risk about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. In addition, as mentioned in the Narrative Statement, the Council has made judgements about the adequacy of its balances and has also put in place processes to achieve savings that will mitigate or counteract any future changes in its levels of funding or other income.
- **Asset Classifications.** The Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on an understanding of the main purpose that the Council is holding the asset. If the asset is used in delivering services, or is occupied by third parties who are subsidised by the Council, the asset is deemed to be Property, Plant and Equipment. A non-current asset used solely to earn rentals and/or for capital appreciation is classified as an Investment Property.
- **Property, Plant and Equipment.** Non-current assets are depreciated over their useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to them. If the useful life of a non-current asset is reduced, depreciation increases and the carrying amount of the non-current asset falls. Annual depreciation charge for buildings would increase proportionately for every year that an asset useful life has to be reduced.
- **Lease Classification.** The Council has made judgments on whether its lease arrangements are operating leases or finance leases. These judgements are based on a series of tests to assess whether the risks and rewards of ownership have been transferred from the lessor to the lessee. The accounting treatment for operating and finance leases is significantly different.
- **Contractual Arrangements.** The Council has made judgements on whether its contractual arrangements contain embedded leases i.e. arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment where fulfilment of the arrangement is dependent on the use of specific assets.
- **Potential Liabilities.** The Council has made judgements about the likelihood of potential liabilities and whether a provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact.
- **Bad or Doubtful Debts.** The Council has made judgements about the level of bad or doubtful debts and the level of provision that it may need to provide for. These judgements are based on historical experience of debtor defaults and current economic conditions.
- **Business Rate Appeals.** The Council has made judgements about the number of successful appeals under the Business Rates Retention Scheme.

All of these judgements are the responsibility of the Chief Financial Officer as set out in the Statement of Responsibilities for the Statement of Accounts on page 12.

6 Assumptions made about the future and major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31st March 2021 for which there is a risk of adjustment in the forthcoming financial year are provided below:

Item and Uncertainties	Effect if actual results differ from assumptions
<p>Pensions liability</p> <p>At 31st March 2021, the net Pensions Liability was £59.6 million. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured (the impact of changes in assumptions are outlined in note 37). For example, a 0.1% increase in the discount rate assumption would result in a reduction of £3.24m on the projected service cost. However, the assumptions interact in complex ways.</p> <p>During 2020/21, the Council's actuaries advised that the net pensions liability for funded LGPS benefits had increased by £7.4 million due to changes in financial assumptions.</p> <p>Many of the financial assumptions are linked to current market conditions. Conversely, the same measurement increased by £3.6 million in the previous year.</p>

7 Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on the 30th July 2021.

There have been no adjusting or unadjusting events occurring after the reporting date that would have a material impact on these financial statements.

8 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 adjustment detail is given in tables on the following two pages.

8	Adjustments between accounting basis and funding basis under regulations	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
	For the year 2019/20				
	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 (Property, Plant and Equipment)	1,875			(1,875)
	Revaluation gains/losses on Property, Plant and Equipment	398			(398)
	Movements in the market value of Investment Property	7,421			(7,421)
	Amortisation of Intangible Assets	228			(228)
	Capital grants and contributions received/applied	(1,608)		(1,338)	2,946
	Revenue expenditure funded from capital under statute	2,973			(2,973)
	<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>				
	Statutory provision for the financing of capital investment	(1,769)			1,769
	Capital expenditure charged against the General Fund	(55)			55
	Adjustments primarily involving the Capital Receipts Reserve				
	Use of the Capital Receipts Reserve to finance new capital expenditure		(161)		161
	Adjustments involving the Pooled Financial Instrument Fund Adjustment Account:				
	Unrealised Fair Value gains/losses on financial investments	3,128			(3,128)
	Fair Value gains/losses on financial investments				
	Adjustments primarily involving the Pensions Reserve				
	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37)	4,542			(4,542)
	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,510)			2,510
	Adjustments primarily involving the Collection Fund Adjustment Account				
	Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	366			(366)
	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	(2)			2
	Total Adjustments	14,987	(161)	(1,338)	(13,488)

8 Adjustments between accounting basis and funding basis under regulations	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
For the year 2020/21				
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 (Property, Plant and Equipment)	1,762			(1,762)
Revaluation gains/losses on Property, Plant and Equipment				
Movements in the market value of Investment Property				
Amortisation of Intangible Assets	181			(181)
Capital grants and contributions applied	(2,608)		452	2,156
Revenue expenditure funded from capital under statute	775			(775)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Statutory provision for the financing of capital investment	(2,208)			2,208
Capital expenditure charged against the General Fund	(271)			271
Adjustments primarily involving the Capital Receipts Reserve				
Use of the Capital Receipts Reserve to finance new capital expenditure		(204)		204
Adjustments involving the Pooled Financial Instrument Fund Adjustment Account:				
Unrealised Fair Value gains/losses on financial investments	(2,097)			2,097
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37)	4,594			(4,594)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,012)			2,012
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	9,431			(9,431)
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	77			(77)
Total Adjustments	7,624	(204)	452	(7,872)

9 Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

Earmarked Reserves	Balance as at 31 March 2019 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance as at 31 March 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance as at 31 March 2021 £000
COVID BRR Earmarked Reserve	-	-	-	-	-	10,812	10,812
Stability and Resilience Reserve	4,869	-	1,001	5,870	(1,293)	-	4,577
Commuted Sums/Amenity Areas	3,088	(100)	1,455	4,443	(480)	10	3,973
Commercial Reserve	475	-	1,525	2,000	(250)	-	1,750
Pension Reserve	-	-	-	-	-	669	669
Flexible Housing Grant	398	(51)	163	510	(128)	252	634
Mercury Abatement	619	(43)	41	617	(251)	42	408
Treasury Earmarked Reserve	-	-	-	-	(180)	580	400
Affordable Housing Reserve	-	-	400	400	-	-	400
Budget Carry Forwards	318	(318)	301	301	(301)	390	390
Regeneration Reserve	-	-	450	450	(93)	-	357
Civil Parking Enforcement Surplus	246	(3)	102	345	(71)	7	281
Insurance Reserve	253	-	-	253	-	-	253
A331 Air Quality Project	-	-	256	256	(10)	-	246
Climate Emergency Reserve	-	-	-	-	(11)	250	239
Other Grants (Individually below £45k)	245	(138)	104	211	(48)	62	225
Workforce Reserve	-	-	200	200	-	-	200
Service Improvement Fund	1,001	(872)	0	129	-	-	129
Commercial Property Reserve	-	-	-	-	-	121	121
Feasibility for Victoria Road	-	-	-	-	-	110	110
COVID C/Tax Hardship Earmarked Reserve	-	-	-	-	-	108	108
Cyber Security Reserve	-	-	-	-	-	100	100
TAG Environmental Fund	97	-	13	110	(14)	-	96
Deprivation Reserve	-	-	-	-	(6)	100	94
COVID19 Test & Trace Reserve	-	-	-	-	-	89	89
Local Election Reserve	-	-	-	-	-	87	87
Control Outbreak Management Fund Reserve	-	-	-	-	-	85	85
Custom Build Reserve	60	-	15	75	-	-	75
Cohesion/Migration Impact/Gurkha Settlement	75	(5)	-	70	(4)	-	66
Emergency Assistance Grant	-	-	-	-	-	64	64
Cultural Recovery Earmarked Reserve	-	-	-	-	-	47	47

9 Transfers to/from earmarked reserves (continued)

Earmarked Reserves	Balance as at 31 March 2019 £000	Transfer Out 2019/20 £000	Transfers In 2019/20 £000	Balance as at 31 March 2020 £000	Transfer Out 2020/21 £000	Transfers In 2020/21 £000	Balance as at 31 March 2021 £000
Land Charges	45	-	-	45	-	-	45
Ward Reserve	-	-	-	-	-	26	26
ICE Programme	-	(321)	618	297	(297)	-	-
Due Diligence Reserve	-	-	250	250	(250)	-	-
Planning Delivery Fund	222	(95)	-	127	(127)	-	-
Planning Service Improvement	53	(53)	-	-	-	-	-
Total of all Earmarked General Fund Reserves	12,064	(1,999)	6,894	16,959	(3,814)	14,011	27,156

10 Other Operating Expenditure

2019/20 Gross Exp £000	2019/20 Gross Inc £000	2019/20 Net Exp £000	Other Operating Expenditure	2020/21 Gross Exp £000	2020/21 Gross Inc £000	2020/21 Net Exp £000
-	(10)	(10)	Photovoltaic Cells Feed In Tariff	-	(15)	(15)
49	(1,685)	(1,636)	Other Corporate Income & Expenditure	2,973	(122)	2,851
49	(1,695)	(1,646)	Total	2,973	(137)	2,836

11 Financing and Investment Income and Expenditure

2019/20 Gross Exp £000	2019/20 Gross Inc £000	2019/20 Net Exp £000	Financing and Investment Income and Expenditure	2020/21 Gross Exp £000	2020/21 Gross Inc £000	2020/21 Net Exp £000
953	-	953	Interest payable and similar charges	870	-	870
1,136	-	1,136	Net interest on the net defined benefit liability/(asset)	1,177	-	1,177
-	(1,686)	(1,686)	Interest receivable and similar income	-	(835)	(835)
7,655	(234)	7,421	Changes in the fair value of Investment Property	-	-	-
3,128	-	3,128	Unrealised Fair Value gains/losses on financial investments	33	(2,130)	(2,097)
-	-	-	Fair value (gains)/losses on financial investments	-	-	-
222	-	222	Impairment losses (including reversals of impairment losses or impairment gains)	442	-	442
13,094	(1,920)	11,174	Total	2,522	(2,965)	(443)

12 Taxation and Non-specific Grant Income and Expenditure

2019/20 Gross Exp £000	2019/20 Gross Inc £000	2019/20 Net Exp £000	Taxation and Non-specific Grant Income and Expenditure	2020/21 Gross Exp £000	2020/21 Gross Inc £000	2020/21 Net Exp £000
-	(6,409)	(6,409)	Council Tax income	-	(6,705)	(6,705)
-	(83)	(83)	Collection Fund (Surplus)/Deficit - Council Tax	39	-	39
53	-	53	Collection Fund (Surplus)/Deficit - NDR	9,662	-	9,662
16,070	(19,909)	(3,839)	Non Domestic Rates (Income) and Expenditure	16,332	(19,994)	(3,662)
1,132	-	1,132	Non Domestic Rates (Safety net)/Levy Payment	1,569	-	1,569
-	-	-	Other COVID Related Grants	-	(5,564)	(5,564)
-	(2,467)	(2,467)	Non-ringfenced Government Grants	-	(12,627)	(12,627)
-	(547)	(547)	Capital Grants and Contributions	-	(1,404)	(1,404)
17,255	(29,415)	(12,160)	Total	27,602	(46,294)	(18,692)

13 Property, Plant and Equipment (PPE)

Movements on balances in 2019/20

	Assets Under Construction	Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Total PPE Assets
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2019	10	83,702	8,209	3,894	1,227	97,042
Adjustment						
Additions	259	6,641	333	447	9	7,689
Revaluation increases recognised in the Revaluation Reserve	-	13,660	-	1,654	142	15,456
Revaluation decreases recognised in the Revaluation Reserve	-	(10,359)	-	-	(8)	(10,367)
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	(1,488)	-	-	-	(1,488)
Reversal of previous revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	1,089	-	-	-	1,089
Other movements in cost or valuation	-	(6,566)	-	-	-	(6,566)
Derecognition - Disposals	-	-	(491)	-	-	(491)
Transfers and adjustments	-	(412)	-	350	62	-
As at 31 March 2020	269	86,267	8,051	6,345	1,432	102,364
Accumulated Depreciation						
As at 1 April 2019	-	(5,417)	(3,164)	-	-	(8,581)
Depreciation - annual charge	-	(1,194)	(681)	-	-	(1,875)
Depreciation charge written out and recognised in the Surplus/Deficit on the Provision of Services or Revaluation Reserve	-	6,567	-	-	-	6,567
Derecognition - Disposals	-	-	491	-	-	491
As at 31 March 2020	-	(44)	(3,354)	-	-	(3,398)
As at 31 March 2020	269	86,223	4,697	6,345	1,432	98,966
As at 31 March 2019	10	78,285	5,045	3,894	1,227	88,461

13 Property, Plant and Equipment (PPE)

Movements on balances in 2020/21

	Assets Under Construction	Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Total PPE Assets
	£000	£000	£000	£000	£000	£000
Cost or valuation						
As at 1 April 2020	269	86,267	8,051	6,345	1,432	102,364
Adjustment						
Additions	2,512	251	535	121	17	3,436
Revaluation increases recognised in the Revaluation Reserve						
Revaluation decreases recognised in the Revaluation Reserve						
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services						
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services						
Reversal of previous revaluation decreases recognised in the Surplus/Deficit on the Provision of Services						
Other movements in cost or valuation						
Derecognition - Disposals	-	-	(295)	-	-	(295)
Transfers and adjustments	9,651	(9,651)	-	-	-	-
As at 31 March 2021	12,432	76,867	8,291	6,466	1,449	105,505
Accumulated Depreciation						
As at 1 April 2020	-	(44)	(3,354)	-	-	(3,398)
Depreciation - annual charge	-	(1,078)	(685)	-	-	(1,763)
Depreciation charge written out and recognised in the Surplus/Deficit on the Provision of Services or Revaluation Reserve						
Derecognition - Disposals	-	-	295	-	-	295
As at 31 March 2021	-	(1,122)	(3,744)	-	-	(4,866)
As at 31 March 2021	12,432	75,745	4,547	6,466	1,449	100,639
As at 31 March 2020	269	86,223	4,697	6,345	1,432	98,966

Depreciation

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

- Other Land and Buildings 5 to 55 years
- Vehicles, Plant and Equipment 4 to 15 years

Capital Commitments

The Council has no material capital commitments as at 31st March 2021

Effects of Changes in Estimates

In 2020/21, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value or fair value as appropriate is revalued at least every five years. All valuations were carried out by Wilkes, Head and Eve. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations concerning vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices, with consideration given for the condition of the asset. The effective date of each revaluation is the date that the revaluation was produced.

	Assets Under Construction	Land & Buildings	Vehicles Plant & Equipment	Community Assets	Surplus Assets	Total PPE Assets
	£000	£000	£000	£000	£000	£000
Carried at historical cost	12,432	252	4,547	4,145	17	21,393
Valued at current value as at:						
31/03/2021	-	-	-	-	-	-
31/03/2020	-	62,148	-	2,321	1,432	65,901
31/03/2019	-	-	-	-	-	-
31/03/2018	-	-	-	-	-	-
31/03/2017	-	-	-	-	-	-
31/03/2016	-	13,346	-	-	-	13,346
Total Valuation	-	75,493	-	2,321	1,432	79,246
Total asset valuation	12,432	75,745	4,547	6,466	1,449	100,639

14 Investment Property

The following items of income and expenditure have been accounted for in the Major Projects & Property Services section in the Comprehensive Income and Expenditure Statement:

2019/20 £000	Investment Property	2020/21 £000
(6,555)	Rental income from investment property	(7,000)
1,159	Direct operating expenses arising from investment property	1,091
(5,396)	Net (gain)/loss	(5,909)

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. All Investment Properties were re-valued as at 31st March 2021.

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

2019/20 £000	Movements In Fair Value	2020/21 £000
79,915	Balance at the start of the year	106,605
34,111	Additions	17,135
-	- Transfers	-
(7,421)	Net gains/(losses) from fair value adjustments taken to the Comprehensive Income and Expenditure Account	-
106,605	Total	123,740

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. 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 as level 2 on the fair value hierarchy.

In estimating the fair value of the Council's investment properties, the highest and best is used as advised by the valuer. The Council has no investment properties where the fair value measurement has been carried out at Level 1 (Quoted prices in active markets for identical assets) or Level 3 (Significant unobservable inputs).

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31st March 2021 by the Wilkes, Head & Eve in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's investment properties are categorised as follows:

Categories of Investment Property	2020/21 £000
Commercial/Industrial Units	24,281
Land leased out for mixed use	4,538
Office Units	49,915
Retail	45,006
Total of all investment properties	123,740

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. Intangible assets consist of purchased licenses only. 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 is five years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £181,000 charged to revenue in 2020/21 was charged directly to service revenue accounts and is therefore included in the cost of services. No items of capitalised software are individually material to the Financial Statements. The movement on Intangible Asset balances during the year is as follows:

2019/20 £000	Intangible assets	2020/21 £000
	Balance at the start of the financial year	
2,175	Gross carrying amounts	1,838
(1,551)	Accumulated amortisation	(1,401)
624	Net carrying amount at start of year	437
57	Additional purchases	-
(378)	Disposals	(3)
(228)	Amortisation for the period	(181)
378	Reversal of past amortisation of disposal	3
(16)	Other charges	-
437	Net carrying amount at end of year	256
	Comprising:	
1,838	Gross carrying amounts	1,834
(1,401)	Accumulated amortisation	(1,579)
437	Net book value of intangible assets	255

16 Interests in Jointly Controlled Operations

Jointly Controlled Operations

Community Safety Service

On 1st November 2012 the Council entered into a jointly controlled operation with Basingstoke and Deane Borough Council and Hart District Council to deliver a shared community safety service. The Community Safety Partnership ended on 30th September 2020. Rushmoor Borough Council's element of the shared community safety service costs are included in the Operational Services line in the Cost of Services section of the Comprehensive Income and Expenditure Statement.

Below is a memorandum account of the financial activity of the shared community safety service from 1st April 2020 to 31st March 2021. (Figures for Hart District Council and Basingstoke & Deane Borough Council are up to 30th September 2020)

	Rushmoor Borough Council 2020/21 £000	Hart District Council 2020/21 £000	Basingstoke and Deane Borough Council 2020/21 £000	Total 2020/21 £000
Employee Related Expenditure	154	44	44	242
Supplies and Services	15	-	-	15
Support Services	93	-	-	93
Net Expenditure	262	44	44	350
Hosting Charge	(4)	2	2	-

The following is an extract of the Joint Community Safety Team Projects delivered on behalf of the 6 statutory agencies who work together under Section 17 of the Crime & Disorder Act 1998 (Probation, Police, Clinical Commissioning Groups, Hampshire County Council, The Local Authority and Fire Authority). The credit balance of funds of £4,056 as at 31st March 2021 is held as a creditor on Rushmoor Borough Council's balance sheet

Project	Balance as at 31st March 2019	2019/20 Project Income	2019/20 Project Exp	Balance as at 31st March 2020	2020/21 Transfer to Hart DC & Basingstoke	2020/21 Project Exp	Balance as at 31st March 2021
	£000	£000	£000	£000	£000	£000	£000
Anti Social Behaviour and Night Time Economy	1	-	-	1	(1)	-	-
Bike Project	4	-	-	4	(4)	-	-
Education Programme	2	-	-	2	(2)	-	-
LIBOR Fund	3	-	-	3	-	(4)	(1)
Community Development	12	-	(3)	9	(9)	-	-
Domestic Violence	6	5	(9)	2	-	-	2
Restorative Justice	16	-	(2)	14	(6)	(5)	3
Victim Needs Project	-	-	-	-	-	-	-
Speed watch	1	-	(1)	-	-	-	-
Other	1	-	-	1	-	(1)	-
	46	5	(15)	36	(22)	(10)	4

CCTV Service

On 1st May 2013 the Council entered into a jointly controlled operation with Hart District Council to deliver a shared CCTV service.

Rushmoor Borough Council's element of the shared CCTV service costs are shown on the Operational Services line in the Cost of Services section of the Comprehensive Income and Expenditure Statement. Below is a memorandum account of the financial activity of the shared CCTV service from 1st April 2020 to 31st March 2021.

	Rushmoor Borough Council 2020/21	Hart District Council 2020/21	Total 2020/21
	£000	£000	£000
Employee Related Expenditure	130	83	213
Premises Related Expenditure	3	2	5
Supplies and Services	65	21	86
Support Services	77	-	77
Capital Charges	20	-	20
Net Expenditure	295	106	401
Hosting Charge	(15)	15	-

Building Control Service

On 2nd July 2015 the Council entered into a jointly controlled operation with Hart District Council to deliver a shared Building Control service. Rushmoor Borough Council's element of the shared Building Control service costs are included in the Planning and Economy line in the Cost of Services section of the Comprehensive Income and Expenditure Statement. Below is a memorandum account of the financial activity of the shared Building Control service from 1st April 2020 to 31st March 2021.

	Rushmoor Borough Council 2020/21 £000	Hart District Council 2020/21 £000	Total 2020/21 £000
Employee Related Expenditure	238	279	517
Premises Related Expenditure	13	12	25
Transport Related Expenditure	2	2	4
Supplies and Services	8	8	16
Support Services	169	-	169
Capital Charges	1	-	1
Expenditure	431	301	732
Hosting Charge	(7)	7	-
Fees and Charges	(172)	-	(172)
Other Income	(19)	-	(19)

As Hart District Council receive their income directly, no figures are shown for their income.

The purpose of the jointly controlled operations is for the councils to work together in a spirit of partnering in connection with their dealings with each other in respect of these services so that, wherever possible the activities of one complement and enhance the activities of the other for the benefit of all residents, businesses and visitors to their respective administrative areas.

There is no requirement for an authority to produce Group Accounts where the authority only has an interest in a jointly controlled operation.

17 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash in hand,
- bank current and deposit accounts with Lloyds bank,
- loans to companies,
- certificates of deposit and covered bonds issued by banks and building societies, and
- trade receivables for goods and services provided.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds managed by fund managers,
- pooled bond, equity and property funds managed by fund managers,

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long-term		Current	
	31/03/20 £000	31/03/21 £000	31/03/20 £000	31/03/21 £000
Investments				
<i>At Amortised Cost</i>	-	-	-	-
<i>At Fair Value through Profit & Loss</i>	19,184	21,281	-	-
Total Investments	19,184	21,281	-	-
Debtors				
<i>At Amortised Cost</i>				
- Trade Receivables	299	431	4,162	5,341
- Loans made for service purposes	6,700	7,471	-	-
- Loss Allowance	-	-	(671)	(1,075)
Total Debtors*	6,999	7,902	3,491	4,266
Cash & Cash Equivalents				
<i>At Amortised Cost</i>	-	-	5,575	4,371
Total Cash & Cash Equivalents	-	-	5,575	4,371
Total Financial Assets	26,183	29,183	9,066	8,637

*Debtors due within 1 year excludes £9,808,000 in respect of Council Tax debtors, HMRC, Non-Domestic Rates and Housing Benefit subsidy payments, from the total of £15,652,000 reported on the Balance Sheet, as these are statutory levies not falling within the definition of financial instruments. £504,000 is also excluded in respect of Payments in Advance.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Local Enterprise Partnership,
- short-term loans from other local authorities,
- lease payables detailed in note 36, and
- trade payables for goods and services received.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long-term		Current	
	31/03/20 £000	31/03/21 £000	31/03/20 £000	31/03/21 £000
Borrowing				
<i>Loans at Amortised Cost</i>	30,000	-	60,000	102,000
Total Borrowing	30,000	-	60,000	102,000
Other Long Term Liabilities				
<i>Finance Lease Liabilities at Amortised cost</i>	2,105	1,736	364	369
Total Other Long Term Liabilities	2,105	1,736	364	369
Creditors				
<i>Liabilities at Amortised Cost</i>	-	-	5,483	18,571
Total Creditors*	-	-	5,483	18,571
Total Financial Liabilities	32,105	1,736	65,847	120,940

*The creditors lines on the Balance Sheet include £2,217,000 from the total of £27,996,000 reported on the Balance Sheet, in respect of Council Tax creditors and payments for Non-Domestic Rates. £1,568,000 is also excluded in respect of Income in Advance and £5,640,000 in relation to Revenue Grants Receipts in Advance that do not meet the definition of a financial liability as they relate to non-exchange transactions.

Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities	Financial Assets		2020/21 Total £000	2019/20 Total £000
	Amortised Cost £000	Amortised Cost £000	Fair Value PL £000		
Interest expense	870	-	-	870	953
Interest paid and similar charges	870	-	-	870	953
Interest revenue		107	(943)	(836)	(1,686)
Interest receivable and similar income	-	107	(943)	(836)	(1,686)
Losses from changes in fair value (Unrealised)			32	32	3,128
Gains from changes in fair value (Unrealised)			(2,130)	(2,130)	-
Fee income/(expense)		68		68	47
Other investment income	-	68	(2,098)	(2,030)	3,175
Net impact on Surplus/Deficit on Provision of Services	870	175	(3,041)	(1,996)	2,442

Fair Value

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans
- The fair value of all financial liabilities is equal to the carrying value reported in the balance sheet
- The fair value for all financial assets is equal to the carrying value reported in the balance sheet

Fair values are assessed against the following fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

All financial assets and liabilities apart from long term loans (assessed as a level 2) are assessed as being level 1 using an unadjusted quoted price in active markets

18 Short-Term Debtors

2019/20 £000	Short-Term Debtors	2020/21 £000
1,505	Central government bodies (excluding Business Rates)	8,611
393	Other local authorities (excluding Precepts)	2,613
203	Council Tax	259
669	NDR	690
2,264	Other entities and individuals	2,975
596	Payments in advance	504
5,630	Total Debtors	15,652

Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31/03/20 £000	31/03/21 £000
Less than three months	-	-
Three to six months	-	-
Six months to a year	749	804
More than one year	721	926
	1,470	1,730
Less provision for debts	(598)	(780)
Total	872	950

19 Cash and Cash Equivalents

2019/20 £000	Cash and Cash Equivalents	2020/21 £000
4	Cash held by the Council	4
5,571	Short-term cash deposits	4,367
5,575	Total Cash and Cash Equivalents	4,371

20 Short-Term Borrowing

2019/20 £000	Short-Term Borrowing	2020/21 £000
60,000	Borrowing from Local Authorities	102,000
60,000	Total Short-Term Borrowing	102,000

21 Short-Term Creditors

2019/20 £000	Short-Term Creditors	2020/21 £000
5,863	Central government bodies	16,054
2,766	Other local authorities	894
-	Council Tax	-
330	NDR	798
2,635	Other entities and individuals	3,042
2,348	Income in advance	7,208
13,942	Total Short-Term Creditors	27,996

The Council are the Local Trusted Organisation for the Prospect Estate Big Local Partnership. As at 31st March 2021, the Council held £102,287 for this purpose in the "Other entities and individuals" line of the creditors analysis (£48,353 at 31st March 2020)

22 Provisions

Long-Term Provisions

2019/20 £000	Long-Term Provisions	2020/21 £000
4,407	Balance at 1st April	4,812
1,932	Additional provision made in the year	163
(1,527)	Amounts used in the year	(495)
4,812	Balance at 31st March	4,480

The Council had one long-term provision as at 1st April 2020 for £4.8 million in respect of Business Rate appeals, this has decreased to £4.48 million as at 31st March 2021.

23 Other Long-Term Items

2019/20 £000	Other Long-Term Liabilities	2020/21 £000
52,161	Other Long Term Liabilities (Pension Liability)	59,602
2,105	Finance Lease Liabilities	1,736
54,266	Balance at 31st March	61,338

2019/20 £000	Long-Term Borrowing	2020/21 £000
30,000	Long-Term Borrowing	-
30,000	Balance at 31st March	-

24 Unusable Reserves

2019/20 £000	Unusable Reserves	2020/21 £000
50,936	Revaluation Reserve	50,249
60,198	Capital Adjustment Account	63,005
(2,706)	Pooled Investment Fund Adjustment Account	(609)
(52,161)	Pensions Reserve	(59,602)
(890)	Collection Fund Adjustment Account	(10,321)
(154)	Accumulated Absences Account	(231)
55,223	Total Unusable Reserves	42,492

Revaluation Reserve

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

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

The reserve contains only revaluation gains accumulated since 1st 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.

2019/20 £000	Revaluation Reserve	2020/21 £000
46,535	Balance at 1st April	50,936
15,463	Upward revaluation of assets	-
(10,374)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-
5,089		-
(688)	Difference between fair value depreciation and historical cost depreciation	(687)
(688)	Amount written off to the Capital Adjustment Account	(687)
50,936	Balance at 31st March	50,249

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 Property and gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2019/20 £000	Capital Adjustment Account	2020/21 £000
67,475	Balance at 1st April	60,198
	Amount written out of the Revaluation Reserve	
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
(1,875)	Charges for depreciation and impairment of non-current assets (Property, Plant and Equipment)	(1,763)
(398)	Net revaluation gains/(losses) on Property, Plant and Equipment	-
(228)	Amortisation of intangible assets	(181)
(2,973)	Revenue expenditure funded from capital under statute	(775)
	- Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive I&E Statement	-
(5,474)	Net of the above transactions	(2,719)
688	Adjusting amounts written out of the Revaluation Reserve to account for difference between fair value depreciation and historical cost depreciation	687
(4,786)	Net written out amount of the cost of non-current assets consumed in the year	(2,032)
	<u>Capital financing applied in the year:</u>	
161	Use of the Capital Receipts Reserve to finance new capital expenditure	204
2,946	Capital grants and contributions credited to the Comprehensive I&E Statement that have been applied to Capital financing	2,155
359	Statutory provision for the financing of capital investment charged against the General Fund balances	364
1,464	Capital expenditure charged against the General Fund	2,116
4,930	Net of the above transactions	4,839
(7,421)	Movements in the market value of Investment Property debited or credited to the Comprehensive I&E Statement	
60,198	Balance at 31st March	63,005

Pooled Investment Fund Adjustment Account

2019/20 £000	Pooled Investment Fund Adjustment Account	2020/21 £000
422	Balance at 1st April	(2,706)
-		2,130
(3,128)	Upward revaluation of investments charged to the Surplus/(Deficit) on the Provision of Services	
	Downward revaluation of investments charged to the Surplus/(Deficit) on the Provision of Services	(32)
(2,706)	Balance at 31st March	(609)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £000	Pensions Reserve	2020/21 £000
(48,556)	Balance at 1st April	(52,161)
(1,573)	Remeasurements of the net defined benefit (liability)/asset	(4,859)
(4,542)	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	(4,594)
2,510	Employer's pensions contributions and direct payments to pensioners payable in the year	2,012
(52,161)	Balance at 31st March	(59,602)

Collection Fund Adjustment Account

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

Information for the Collection Fund Adjustment Account is shown below:

2019/20 £000	Collection Fund Adjustment Account	2020/21 £000
(524)	Balance at 1st April	(890)
(366)	Amount by which council tax income and NDR income is (credited) or debited to the Comprehensive Income and Expenditure Statement is different from council tax income and NDR income calculated for the year in accordance with statutory requirements	(9,431)
(890)	Balance at 31st March	(10,321)

Accumulated Absences Account

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

2019/20 £000	Accumulated Absences Account	2020/21 £000
(157)	Balance at 1st April	(154)
157	Settlement or cancellation of accrual made at the end of the preceding year	154
(154)	Amounts accrued at the end of the current year	(231)
3	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	(77)
(154)	Balance at 31st March	(231)

25 Cash Flow Statement - Adjustment to net surplus or deficit on the provision of services for non-cash movements

2019/20 £000	Cash Flow Statement - Adjustment to net surplus or deficit on the provision of services for non-cash movements	2020/21 £000
1,875	Depreciation	1,762
398	Impairment and downward valuations	-
228	Amortisation	181
90	Increase/(decrease) in provision for doubtful debts	555
1,837	Increase/(decrease) in Creditors	13,587
8,705	(Increase)/decrease in Debtors	(10,498)
(7)	(Increase)/decrease in Inventories	7
2,032	Movement in pension liability	2,852
8,957	Other non-cash items charged to the net surplus or deficit on the provision of services	(4,706)
24,115	Total adjustment of net surplus or deficit on the provision of services for non-cash movements (as per page 16)	3,740

26 Cash Flow Statement - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities

2019/20 £000	Cash Flow Statement - Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2020/21 £000
-	Proceeds from the sale of Property, Plant and Equipment, investment property and intangible assets	-
-	Any other items for which the cash effects are investing or financing cash flows	-
-	Net adjustments to net surplus or deficit on the provision of services for financing and investment cash flows	-

27 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2019/20 £000	Cash Flow	2020/21 £000
1,104	Interest received	967
(304)	Interest paid	(955)
800	Net interest received	12

28 Cash Flow Statement – Investing Activities

2019/20 £000	Cash Flow Statement – Investing Activities	2020/21 £000
(41,858)	Purchase of Property, Plant and Equipment, investment property and intangible assets	(20,571)
(1,324)	Other payments for investing activities	(911)
1,700	Other receipts from investing activities	7
(41,482)	Net cash flows from investing activities	(21,475)

29 Cash Flow Statement – Financing Activities

2019/20 £000	Cash Flow Statement – Financing Activities	2020/21 £000
163,500	Cash receipts of short and long-term borrowing	79,000
3,296	Other receipts from financing activities	2,533
(360)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(364)
(133,000)	Repayment of short and long-term borrowing	(67,000)
(1,756)	Other payments for financing activities	59
31,680	Net cash flows from financing activities	14,228

Reconciliation of liabilities arising from financing activities

	01/04/20 £000	Financing cash flows £000	Non-cash changes £000	31/03/21 £000
Long-term borrowings	30,000	(30,000)	-	0
Short-term borrowings	60,000	42,000	-	102,000
Lease liabilities	2,469	(364)	-	2,105
Total liabilities from financing activities	92,469	11,636	-	104,105

30 Officers' Remuneration and Termination Benefits

The remuneration paid to the Council's senior employees is as follows:

Officers' Remuneration and Termination Benefits		Salary and Allowances	Expenses Allowances	Pension Contribution	Total
		£	£	£	£
Chief Executive	2020/21	125,117	-	22,771	147,888
	2019/20	135,375	-	30,201	165,576
Executive Director	2020/21	92,103	349	16,826	109,278
	2019/20	91,493	349	22,361	114,203
Executive Director	2020/21	91,559	349	16,727	108,635
	2019/20	88,598	349	21,805	110,752
Head of Financial Services and Chief Finance Officer	2020/21	74,241	-	13,512	87,753
	2019/20	72,712	-	18,018	90,730

The rate of pension contribution to the Hampshire Pension Fund is 18.2%. The number of employees whose remuneration (including taxable benefits, but excluding employers' pension contributions) was £50,000 or more, in bands of £5,000, is shown below. Data shown includes senior employees.

The number of employees whose remuneration (including benefits, but excluding employers' pension contributions) was £50,000 or more, in bands of £5,000	2019/20 No of employees	2020/21 No of employees
Remuneration Band		
£50,000 - £54,999	8	21
£55,000 - £59,999	8	5
£60,000 - £64,999	6	8
£65,000 - £69,999	2	3
£70,000 - £74,999	2	6
£75,000 - £79,999	1	-
£80,000 - £84,999	-	-
£85,000 - £89,999	1	-
£90,000 - £94,999	2	2
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	1
£130,000 - £134,999	-	-
£135,000 - £139,999	1	-

Exit Packages

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	No	No	No	No	No	No	£	£
£0-£20,000	1		2	3	3	3	20,712	52,904
£20,001-£40,000		1	2	1	2	2	63,702	59,647
£40,001-£60,000								
£60,001-£80,000				1		1		67,664
£80,001-£100,000								
£100,001-£120,000								
Total	1	1	4	5	5	6	84,414	180,215

31 External Audit Costs

Restated

2019/20 £000	External Audit Costs Restated	2020/21 £000
151	Fees payable to Ernst and Young with regard to external audit services carried out by the appointed auditor	(24)
(4)	Refund of fee payable to Ernst and Young	0
10	Fees payable to KPMG for the certification of grant claims and returns	10
157	Total	(14)

2019/20 figures restated

In the 2019/20 Statement of Accounts actual cash expenditure figures were used, this disclosure note requires an accrual basis not cash basis therefore the 2019/20 figures have been amended

32 Grant Income

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

2019/20 £000	Grant Income	2020/21 £000
Credited to Taxation and Non Specific Grant Income & Expenditure		
1,010	New Homes Bonus	1,169
1,229	Section 31 Grants in Relation to Business Rates	11,314
547	Capital Grants & Contributions	1,404
228	New Burden Grant	144
0	Other COVID Related Grants	5,564
3,014	Total	19,595
Credited to Services		
Ministry of Housing, Communities and Local Government		
287	Flexible Homelessness Grant	388
78	Localising Council Tax Admin Subsidy	78
14	Other & COVID Related Grants	506
Department for Works and Pensions		
30,276	Housing Benefit Subsidy	28,271
276	Housing Benefit Admin Subsidy	300
213	Discretionary Housing Payment	292
79	Other	33
15	Cabinet Office	6
1,649	Developers Contributions	186
Hampshire County Council		
1,061	Better Care Fund	1,203
	Other & COVID Related Grants	500
258	Department for Environment, Food & Rural Affairs	-
Other Grants and Contributions		
37	Contributions for other projects	28
-	Other COVID Related Grants	177
10	Supported through Big Local, administered by Local Trust for the Big Lottery Fund	5
34,253	Total	31,973

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies to be returned to the giver. The balances at year-end are shown in the table below:

2019/20 £000	The value of grants and contributions that have yet to be recognised as income as they have conditions attached to them	2020/21 £000
5,357	S 106/grants	5,281
39	Creditor	32
5,396	Total	5,313

33 Members' Allowances

In 2020/21 a total of £319,746 was paid out in members' allowances, compared with a total of £318,736 in 2019/20

34 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. During 2020/21, the Council provided financial assistance to 88 organisations by way of direct loans (£770,654), direct grant payments (£605,107), awards of rent relief (£400,297), awards of business rates relief (£788,525) and free parking permits (£69,582)

Within the Business Rates Retention Scheme, rate relief has been awarded to charitable and not-for-profit organisations. The cost of the rate relief is shared between central government, Rushmoor Borough Council and Hampshire County Council (including Fire Authority) in the following proportions 50:40:10. The Council did not provide material financial assistance to any organisation, being more than 50% of their funding, on terms that gave the Council effective control over their operations. However, of the 88 voluntary organisations that the Council provided financial assistance to, significant financial assistance was given to the following organisations:

	£
Rushmoor Homes Limited	770,654
Rushmoor Citizens Advice	536,421
Places for People Leisure Ltd	286,976
Airbus Defence and Space Limited	119,296
Step-by-Step	96,296
Farnborough & Cove War Memorial Trust	90,634
Rushmoor Voluntary Services	75,880
British Heart Foundation	57,274
Farnborough Football Club	51,364
Basingstoke Canal Management Committee	42,246
Dial-a-Ride	31,594
Aldershot Town and District Football in the Community Trust	30,277
Aldershot Military Museum	29,630
Farnborough Air Sciences Museum	28,160

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Details of funding transactions with government departments in the form of grants and contributions are set out in Note 35

Members

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2020/21 is shown in Note 33. During 2020/21, no works or services were commissioned from companies in which members had an interest. Financial assistance totalling £2,550,263 was awarded to voluntary organisations in which 21 members and 2 ex-members had an interest. These financial awards were made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Statement of Accounts working papers and the Register of Members interest, open to public inspection.

Officers

Financial assistance of £770,654 was awarded to organisations in which 1 chief officer of Rushmoor Borough Council had an interest

Entities Controlled or Significantly Influenced by the Council

The Council controls Rushmoor Homes Limited through its ownership of 100% of the shares in the company. The company is currently in development and will assist to develop new homes to meet the Council's regeneration priorities and desire to improve the availability of quality housing within the Borough. 2020/21 was the first full year of operation for the Company. During 2020/21 the Council invested £778,937 in setting up of the Company.

The Council holds a 50% stake in Rushmoor Development Partnership (RDP). The partnership is currently in development with the objective to redevelop sites in Farnborough and Aldershot. 2020/21 was the first full year of operation for the Partnership. During 2020/21 the Council invested £132,000 in set up of the Company.

35 Capital Expenditure and Capital Financing

As at 31st March 2021 use of borrowing for capital expenditure resulted in the Council incurring a capital financing requirement of £119.5m. Total capital expenditure in 2020/21 was £29.1m, of which £0.8m was revenue expenditure funded from capital under statute. An amount of £0.2m was drawn from available capital receipts and government grants and contributions amounted to £2.2m. A summary of this expenditure and how it was financed is shown below.

2019/20 £000	Capital Expenditure and Capital Financing	2020/21 £000
60,847	Opening Capital Financing Requirement	102,054
	<u>Capital Investment</u>	
1,324	Loans to external body	911
7,330	Property, Plant and Equipment	3,072
34,112	Investment Property	17,135
57	Intangible Assets	0
2,973	Revenue Expenditure Funded from Capital under Statute	775
45,796	Total Capital Investment	21,893
	<u>Sources of Finance</u>	
(178)	Capital receipts	(204)
(2,946)	Government grants and other contributions	(2,156)
(55)	Direct revenue contributions	(271)
(1,410)	Minimum Revenue Provision	(1,844)
(4,589)	Total sources of finance applied	(4,475)
102,054	Closing Capital Financing Requirement	119,472
	<u>Explanation of movements in year</u>	
41,567	Increase in underlying need to borrowing (unsupported by government financial assistance)	17,782
(359)	Asset acquired under finance lease	(364)
41,208	Increase/(Decrease) in Capital Financing Requirement	17,418

36 Leases

Council as lessee

Operating Leases

The Council has various operating leases related to property, vehicle and equipment. The future minimum lease payments due under non-cancellable leases in future years are:

2019/20 £000	Operating lease Minimum Lease Payments	2020/21 £000
36	Not later than one year	85
196	Later than one year and not later than five years	124
-	Later than five years	-
232	Total	209

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2019/20 £000	Minimum lease payments	2020/21 £000
55	Minimum lease payments	50
55	Total	50

Finance leases

The Council has identified an embedded finance lease under IFRIC 4 for the refuse and grounds maintenance vehicles. These assets are shown as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2019/20 £000	Finance Lease Assets	2020/21 £000
2,674	Vehicles, Plant and Equipment	2,303
3,046	Total	2,303

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles acquired by the Council and the financial cost that will be payable by the Council in future years while the liability remains outstanding. Minimum lease payments are made up of the following amounts:

2019/20 £000	Finance Lease Liability	2020/21 £000
2,469	Finance lease liability (net present value of minimum lease payments)	2,105
101	Finance costs payable in future years	73
2,570	Total	2,178

The minimum lease payments will be payable over the following periods:

2019/20 £000	Finance lease Minimum Lease Payments	2020/21 £000
392	Not later than one year	392
1,423	Later than one year and not later than five years	1,354
755	Later than five years	432
2,570	Total	2,178

Finance lease liability over the following periods:

2019/20 £000	Finance Lease Liabilities	2020/21 £000
364	Not later than one year	369
1,357	Later than one year and not later than five years	1,306
748	Later than five years	430
2,469	Total	2,105

Council as Lessor
Operating Leases

The Council leases out property under operating leases for the following purposes:

- Returns from investment property and the provision of community services, such as sports facilities, tourism services and community centres
- Economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

2019/20 £000	Leases	2020/21 £000
6,631	Not later than one year	8,232
23,572	Later than one year and not later than five years	27,976
97,645	Later than five years	100,520
127,848	Total	136,728

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21, contingent rents of £48,692.69 were receivable by the Council (£24,704.72 in 2019/20).

37 Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Hampshire County Council. This is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31st March 2014 are based on a Career Average Revalued Earnings scheme. The funded nature of the scheme requires employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post employment benefits

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

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
Cost of Services:				
Service cost comprising:				
· current service cost	3.38	3.33	-	-
· past service costs	0.04	0.08	-	-
Financing and Investment Income and Expenditure				
Net Interest Expense	1.09	1.04	0.09	0.09
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	4.51	4.45	0.09	0.09
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on Plan Assets (Excluding the amount included in the net interest expense)	(21.06)	5.91	-	-
Actuarial gains and losses arising on changes in financial assumptions	27.32	(3.53)	0.29	(0.04)
Actuarial gains and losses arising on changes in demographic assumptions	0.00	(3.62)	-	(0.07)
Actuarial gains and losses arising from liability experience	(1.64)	2.95	(0.05)	(0.03)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	9.13	6.16	0.32	(0.05)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(4.51)	(4.45)	(0.09)	(0.09)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	1.75	2.24		
Retirement benefits payable to pensioners			0.26	0.27

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
Present value of the defined benefit obligation	170.34	142.12	3.87	3.81
Fair value of plan assets	114.60	93.77	-	-
Net liability arising from defined benefit obligations	55.74	48.35	3.87	3.81

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
Opening fair value of scheme assets	93.76	97.92	-	-
Interest income	2.13	2.34	-	-
Remeasurement gain/(loss) on assets	21.06	(5.91)	-	-
Contributions from employer	1.75	2.24	0.26	0.27
Contributions from employees into the scheme	0.68	0.64	-	-
Net Benefits paid	(4.78)	(3.47)	(0.26)	(0.27)
Closing balance at 31st March	114.60	93.76	-	-

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
Opening balance at 1st April	142.12	142.35	3.81	4.13
Current service cost	3.38	3.33	-	-
Interest cost	3.22	3.38	0.09	0.09
Contributions by scheme participants	0.68	0.64	-	-
Remeasurement (gains) and losses:				
Actuarial gains and losses arising from changes in financial assumptions	27.32	(3.53)	0.29	(0.04)
Actuarial gains and losses arising from changes in demographic assumptions	-	(3.62)	0.00	(0.07)
Actuarial gains and losses arising from changes due to liability experience	(1.64)	2.96	(0.05)	(0.03)
Net Benefits paid	(4.78)	(3.47)	(0.26)	(0.27)
Past service costs	0.04	0.08	-	-
Closing balance at 31st March	170.34	142.12	3.88	3.81

The remeasurement gain on the net defined benefit liability is comprised of:

- Return on plan assets – a measure of return (income from dividends, interest etc, and gains on invested sums) on the investment assets held by the scheme for the year
- Actuarial gains and losses – arise where actual events have not coincided with actuarial assumptions made for the last valuation.

The actual return on scheme assets in the year was £23.19 million (2019/20: £3.57 million).

Scheme history

	31/03/2021 £000	31/03/2020 £000	31/03/2019 £000
Present value of liabilities: Local Government Pension Scheme	(170,337)	(142,117)	(142,350)
Fair value of assets in the Local Government Pension Scheme	114,599	93,765	97,920
Surplus/(deficit) in the scheme: Local Government Pension Scheme	(55,738)	(48,352)	(44,430)
Discretionary Benefits	(3,868)	(3,813)	(4,130)
Total Surplus/(Deficit) in the Scheme	(59,606)	(52,165)	(48,560)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £59.6 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Ltd, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

The principal assumptions used by the actuary have been:

Financial Assumptions:	31/03/2021 %	31/03/2020 %	31/03/2019 %
Rate of inflation (CPI)	2.70	2.00	2.20
Rate of increase in salaries	3.70	3.00	3.70
Rate of increase to pensions in payment	2.70	2.00	2.20
Rate for discounting scheme liabilities	2.10	2.30	2.40
Pension accounts revaluation rate	2.70	2.00	2.20

Mortality assumptions:	31/03/2021 Years	31/03/2020 Years	31/03/2019 Years
Longevity at 65 for current pensioners:			
Men	23.1	23.0	23.3
Women	25.5	25.5	26.1
Longevity at 65 for future pensioners:			
Men	24.8	24.7	24.9
Women	27.3	27.2	27.8

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31/03/2021 %	31/03/2020 %	31/03/2019 %
Equities	57.0	52.7	60.4
Property	6.1	7.3	7.6
Government Bonds	17.3	21.8	22.7
Corporate Bonds	0.0	0.0	5.2
Cash	1.4	2.0	2.3
Other assets	18.2	16.2	1.8
	100.0	100.0	100.0

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions outlined above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the present value of the funded defined benefit obligation in the Scheme	Increase in Assumption £M	Decrease in Assumption £M
Rate of inflation (adjustment to discount rate +0.1% or -0.1% pa)	(3.24)	3.41
Rate of increase in salaries (increase or decrease by 0.1% pa)	0.34	(0.34)
Rate of increase to pensions in payment and rate of revaluation of pension accounts (increase or decrease by 0.1% pa)	3.07	(2.90)
Post retirement mortality assumption (increase or decrease by 1 year)	6.13	(5.96)

38 Nature and Extent of Risks Arising from Financial Instruments

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- Credit Risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity Risk: The possibility that the Council might not have the cash available to make contracted payments on time.
- Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

Treasury Investments

The Council's credit risk management practices are set out in paragraph 6.11 of the 2020/21 Annual Treasury Management Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, and adjusted for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31 March 2021, £0 (2020: £0) of loss allowances related to treasury investments.

Trade and Lease Receivables and Contract Assets

The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	31/3/20 £000	31/3/21 £000
Neither past due or impaired	5,515	6,229
Less than two months	362	951
Two to six months	158	243
Six months to one year	825	1,110
More than one year	-	-
Total Receivables	6,860	8,533

Loss allowances on trade and lease receivables and contract assets have been calculated by reference to the Council's historic experience of default and adjusted for current and forecast economic conditions. Receivables are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due.

Receivables are written off to the Surplus or Deficit on the Provision of Services when the debtor are formally insolvent, but steps are still taken to collect sums owing. The amount written off but still subject to enforcement action at 31st March 2021 is £38,000 (2020: £25,000).

Loans, Financial Guarantees and Loan Commitments

In furtherance of the Council's service objectives, it has lent money to Farnborough International. It has also committed to lend money to Farnborough International should it be requested to do so at market rates of interest.

The amounts recognised on the balance sheet, and the Council's total exposure to credit risk from these instruments are:

Borrower	Exposure type	Balance sheet	Risk exposure	Balance sheet	Risk exposure
		31/3/2021	31/3/2021	31/3/2020	31/3/2020
		£000	£000	£000	£000
Company loan	Loans at market rate	7471	-	6700	-
Company loan	Loan commitment at market rate	-	-	-	-
Total		7471	-	6700	-

The Council manages the credit risk inherent in its loans for service purposes and loan commitments in line with its published Investment Strategy.

Loss allowances on loans for service purposes, financial guarantees and loan commitments have been calculated by reference to historic default data published by credit rating agencies and adjusted for current and forecast economic conditions. They are determined to have suffered a significant increase in credit risk where they are 30 or more days past due and they are determined to be credit-impaired where they are 90 or more days past due. Loans are written off to the Surplus or Deficit on the Provision of Services when they are two years past due, but steps are still taken to collect sums owing.

Liquidity risk

The Council manages its liquidity position through risk management procedures as referred to above, including the setting and approval of prudential indicators and the approval of the Annual Treasury Management Strategy as well as through cash flow management procedures. This seeks to ensure that cash is available as needed.

In the event of an unexpected cash requirement, the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

There is no perceived risk that the Council will be unable to raise finance to meet its commitments.

Refinancing and Maturity Risk

The Council maintains a significant 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 the maturing of longer-term financial assets. The approved limits placed on investments of 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 investments to ensure 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 Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments.

The maturity analysis of its financial assets and analysis of financial liabilities is as follows:

Maturity Analysis of Financial Assets	31/03/20	31/03/21
	£000	£000
Less than one year	9,066	8,637
Between one and two years	28	27
Between two and three years	21	18
More than three years	26,134	29,138
Total	35,249	37,820

Analysis of Financial Liabilities	31/03/20	31/03/21
	£000	£000
Less than one year	65,847	120,940
Between one and two years	30,369	369
Between two and three years	369	369
More than three years	1,367	998
Total	97,952	122,676

Market risks

Interest rate risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy and Capital Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From the strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, in periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns. At 31 March 2021, £7.47m (2020: £6.7m) of net principal borrowed (i.e. borrowing net of investments) was exposed to fixed rates and £102m (2020: £90m) to variable rates.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated.

At 31st March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	139
Impact on Surplus or Deficit on the Provision of Services	139

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

Price risk

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices at 31st March 2021 would result in a £226,000 (2020: £227,000) charge to Other Comprehensive Income and Expenditure which is then transferred to the Pooled Investment Fund Adjustment Account (PIFAA).

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. A 5% fall in share prices at 31st March 2021 would result in a £838,000 (2020: £731,000) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Collection Fund

The Collection Fund (England) 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 billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

2019/20 £000	Collection Fund Income and Expenditure Account	2020/21		
		£000	£000	£000
		Council Tax	NDR	Total
54,710	<u>Income</u> Income from Council Tax payers	57,434		57,434
51,264	Income from Non Domestic Rate payers		25,450	25,450
105,974	Income Total	57,434	25,450	82,884
	<u>Expenditure</u> Precepts			
38,779	Hampshire County Council	41,181		41,181
6,316	Police and Crime Commissioner for Hampshire	6,770		6,770
2,123	Hampshire Fire and Rescue	2,211		2,211
6,409	Rushmoor Borough Council	6,705		6,705
	Business rates:			
124	Allowance for collection		122	122
4,479	Payments to Hampshire County Council		4,498	4,498
498	Payments to Hampshire Fire and Rescue Authority		500	500
19,909	Payments to Rushmoor Borough Council		19,994	19,994
24,886	Payments to Government		24,993	24,993
	Provision for bad and doubtful debts			
341	Council Tax	811		811
489	NDR		332	332
1,011	Provision for NDR appeals		(828)	(828)
	Collection fund surplus/deficit			
839	Council Tax	841		841
747	NDR		(926)	(926)
106,950	Expenditure Total	58,519	48,685	107,204
976	Net Movement in Fund	1,085	23,235	24,320
(100)	Balance b/fwd 1 April	(1,916)	2,792	876
876	Balance c/fwd 31st March (surplus)/deficit	(831)	26,027	25,196
	The (surplus)/deficit as at 31st March allocated to:			
(1,135)	Hampshire County Council	(604)	2,342	1,738
(227)	Police and Crime Commissioner for Hampshire	(103)		(103)
(47)	Hampshire Fire and Rescue	(31)	260	229
886	Rushmoor Borough Council	(93)	10,411	10,318
1,399	Government		13,014	13,014
876		(831)	26,027	25,196

Notes to the Collection Fund

1. Council Tax

Council Tax derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hampshire County Council, Police and Crime Commissioner, Fire and Rescue Authority and the Council for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted to convert the number to a Band D equivalent and adjusted for discounts: (32,015.23 for 2020/21). This basic amount of Council Tax for a Band D property (£1776.22 for 2020/21) is multiplied by an appropriate ratio to produce the amount due for the bands A to H. Council Tax bills are based on the following dwellings and proportions.

Tax Band	Discounted Equivalent Dwellings	Weighting	Band D Equivalent
A (Disabled Relief)	0	5/9	0
A	840	6/9	560
B	6,238	7/9	4,852
C	12,623	8/9	11,220
D	7,144	1	7,144
E	3,618	11/9	4,422
F	1,102	13/9	1,592
G	282	15/9	470
H	9	18/9	16
O (Army)	1,740	-	1,740
Total			32,015

2. Income from Non-Domestic Rates

The Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate specified by the government. In 2013/14 the administration of NDR changed following the introduction of the business rates retention scheme, so instead of paying the NDR to the pool the local authority retains a share of the total collectable rates due. For Rushmoor this is 40%, Hampshire County Council 9%, Hampshire Fire and Rescue Authority 1% and the Government 50%.

The rateable value of properties at 31st March 2021 is £119,381,739 and the national non-domestic multiplier was 51.2p. This gives a potential business yield of £61.1 million. The actual business rates collectable for 2020/21 after reliefs is £25.5 million after reliefs. In addition there is an adjustment to the business rates income for the provision on appeals to the collection fund. The primary difference is due to expanded retail and nursery relief in 2020/21 of £22.81m as part of the government response to the Covid-19 pandemic

Business Rates Revaluation 2017

At revaluation, the Valuation Office Agency (VOA) adjusts the rateable value of business properties to reflect changes in the property market. The most recent revaluation came into effect in England and Wales on 1st April 2017, based on rateable values from 1st April 2015.

Across England as a whole, the revaluation was expected to lead to an 11% increase in the rateable value of the average non-domestic property, with changes unevenly distributed across the country. The business rates multiplier was adjusted so that revaluation would be revenue neutral, after accounting for a forecast of the cost of appeals against the new values.

A complex package of reliefs was introduced to phase in the biggest increase in bills to ratepayers resulting from the revaluation.

The impact of revaluation on the amount of business rates retained by individual councils has been offset by changes to the redistributive "tariffs" and "top-ups" between councils, with the aim of leaving underlying budgets unaffected by revaluation.

3. Provision for Council Tax and NDR Bad or Doubtful Debts and NDR provision for valuation appeals

Provisions for bad or doubtful debts are assessed annually and charged to the collection fund

2019/20 £000	Collection Fund - Provisions for bad or doubtful debts	2020/21 £000
	Council Tax	
1,529	Provisions at 1st April	1,731
341	Provisions made in year	811
(139)	Written off in year	(195)
1,731	Provisions at 31st March	2,347
	NDR	
504	Provisions at 1st April	986
489	Provisions made in year	331
(7)	Written off in year	(42)
986	Provisions at 31st March	1,275
	NDR Valuation Appeals	
11,015	Provisions at 1st April	12,026
1,011	Provisions made in year	(826)
12,026	Provisions at 31st March	11,200

Annual Governance Statement 2020/21

1. Scope of Responsibility

Rushmoor Borough Council (RBC) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

RBC has approved and adopted a local code of corporate governance, which is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering good governance in Local Government'. A copy of RBC's adopted Code is on the Council's website (<https://www.rushmoor.gov.uk/CHttpHandler.ashx?id=18384&p=0>)

The Annual Governance Statement (AGS) 2020/21 states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to detailed review by the Licensing, Audit and General Purposes Committee and approval in advance of them agreeing the Statement of Accounts, in which the AGS is referred to.

2. What is Governance

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

3. The purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

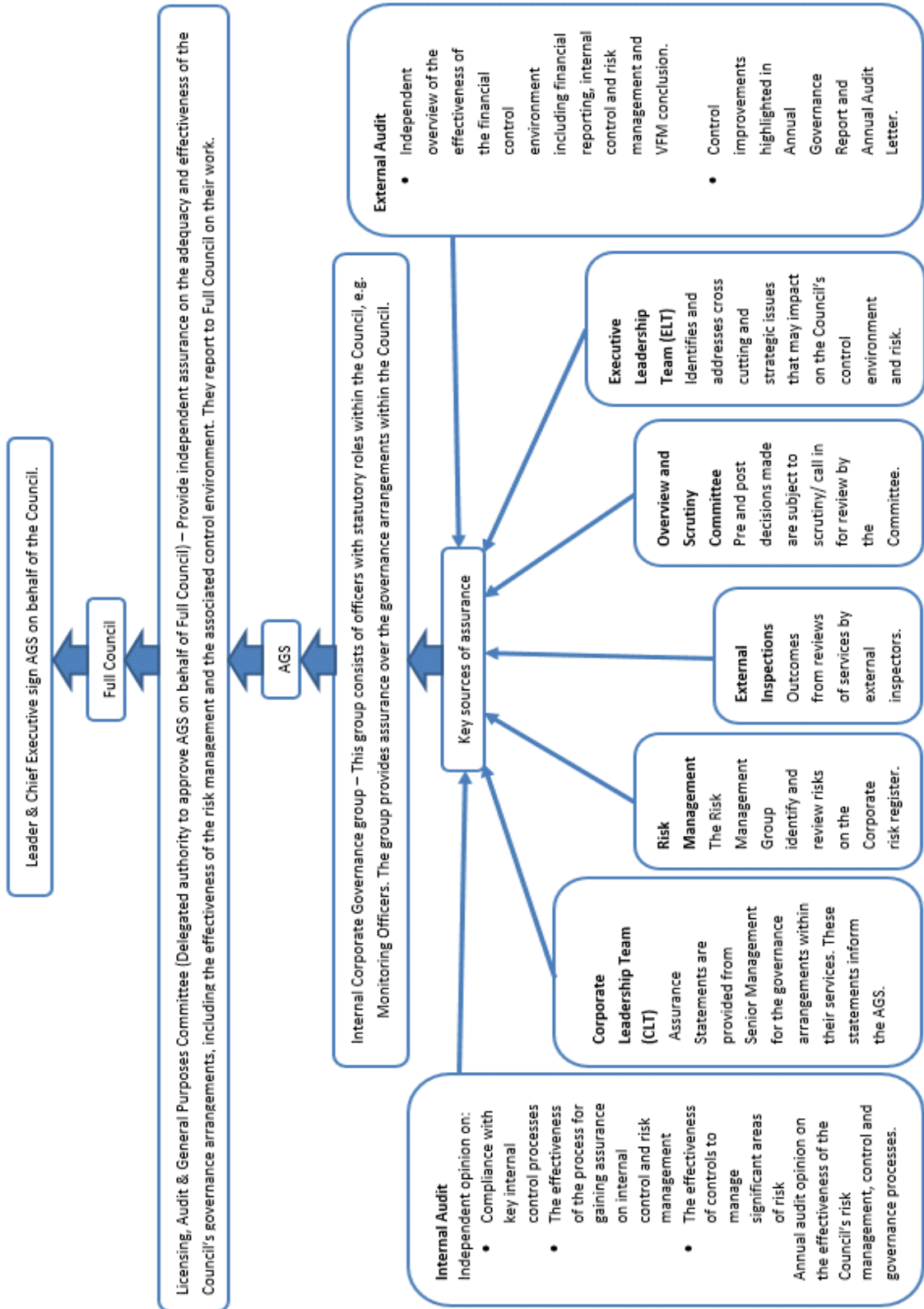
4. What is the Annual Governance Statement (AGS)?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, to report publicly on the extent to which we comply with our own local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year. In this document the Council:

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

The Council's Governance Assurance Framework, which underpins the AGS, has been in place at the Council for the year ended 31 March 2021 and up to the date of approval of the AGS and Statement of Accounts.

What is the Council's Governance Assurance Framework?



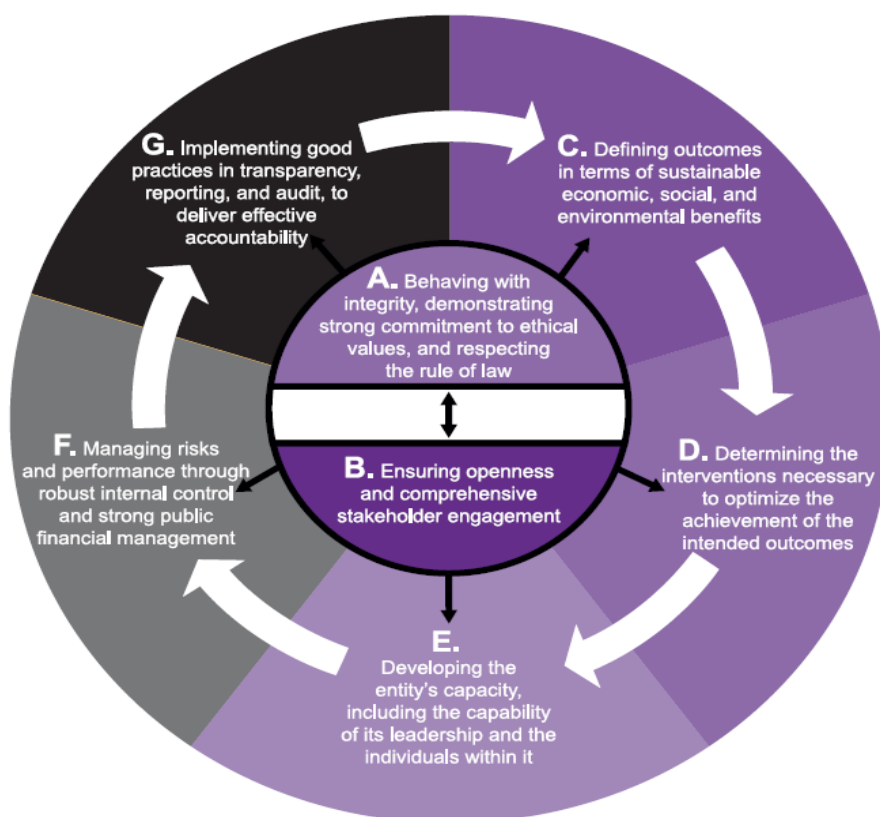
5. How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that informs this review are:

- The work of the Licensing, Audit and General Purposes Committee Members and Senior Officers of the Council who have responsibility for good governance.
- A statement of assurance is obtained from Heads of Service to confirm the governance arrangements in place within their service.
- The Audit Manager’s update reports on the internal audit activity, which provides an independent assurance that key risks are being adequately controlled and provides an opinion on the effectiveness of these arrangements.
- Any comments made by External Audit or other external reviews.
- Internal Corporate Governance Group provides assurance over the governance arrangements within the Council.

6. What are the key elements of RBC’s Governance Framework?

The Council aims to achieve good standards of governance by adhering to the seven core principles, detailed below, which form the basis of the Council’s code of Corporate Governance.



The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles and associated sub principles.

PRINCIPLE A

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

Sub principles	Demonstrated by
Behaving with integrity	<ul style="list-style-type: none"> • A code of conduct is in place for both Councillors and staff, both are contained within the Council's constitution. The codes outline the ethical standards and behaviours to be adopted and observed by elected Members and officers to ensure that Council business is conducted with fairness and integrity. There are processes in place to ensure that Members and Officers are adequately trained in matters relating to the Constitution. • A Member Constitution review group IS in place to assist with the bedding in of the Constitution. • The Council also has in place various policies, procedures and guidance including HR policies, Anti-fraud, Acceptable Use of IT, Declarations of Interest, and Gifts and Hospitality, which are regularly reviewed. All colleagues are made aware of any new policies or changes and training is provided as necessary. • Specific legal and regulatory requirements and/or Standards and Codes of Practice are maintained by staff for Membership of relevant professional bodies, including continuing professional development. • Where necessary the Council collaborates with other professionals for advice and guidance. For example, the Council has recently enlisted the assistance of Freeths for legal advice in establishing a Housing Company. • A register of Member interests is published on the Council's website to ensure that any conflicts of interests are open and transparent. Furthermore, these are reviewed by the Corporate Governance Group on an ad hoc basis. • The Corporate Leadership Team has responsibility to ensure that decisions are made properly and that these are monitored by the Governance Group and Deputy Monitoring Officers.
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • The Council has established a Governance Group, which includes the Monitoring Officer, Deputy Monitoring Officers, the Chief Financial Officer and the Audit Manager, to ensure that the Council works within its rules and that the necessary governance provisions are followed, and associated guidance, advice and training is provided. • The Council has adopted a Behaviours Framework which sets out the attitudes and behaviours expected from staff. The framework sets out seven behaviours; Customer First, excellence in service delivery, productive and efficient, commercial, modernisation, leadership and invest in people. • Rigorous procurement processes are followed to ensure high quality suppliers are selected and value for money is obtained. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development, managed by South East Employers. Re-accreditation was achieved in March 2020. Furthermore, specific training has been provided by South East Employers to the Overview and Scrutiny Committee on effective scrutiny.
Respecting the rule of law	<ul style="list-style-type: none"> • The Constitution sets out responsibilities within the Council. This is maintained by the Head of Democracy, Strategy and Partnerships in conjunction with the Governance Group, to ensure that the Council's legal requirements are met, and the provisions are up to date. A full review of the Constitution was carried out in 2019/20 with support from a cross party Member Constitution Review Group. • The Council has appointed the following officers as required: <ul style="list-style-type: none"> - The Head of Paid Service (Chief Executive) – Overall accountability for the governance arrangements operating within the Council - The Monitoring Officer – Ensures decisions taken are within the law and the Council complies with the provisions of its Constitution. - The Chief Financial Officer – Principal finance adviser to the Council and is responsible for the proper administration of the Council's financial affairs and internal control environment. • The Council's in-house legal service identifies and advises the Council on key elements of the law and their application. • The Council ensures compliance with the mandatory elements of the Local Government Transparency Code. • The Corporate Health and Safety team collate breaches and liaise with appropriate partner organisations and authorities e.g. HSE.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

Sub principles	Demonstrated by
Openness	<ul style="list-style-type: none"> • The Council's policies and governance framework are published on the Council's website – this includes: <ul style="list-style-type: none"> – The Constitution – Agenda and reports for all meetings within the Council's decision-making framework – Cabinet work programme – Annual budget – Pay Policy and Gender Pay Gap Statements – Record of Executive Decisions – Information required under the Transparency Code • The Council regularly carry out consultations on major policy initiatives which is conducted in an open way with all consultations available on the Council's website. • Equality position statement reinforces how we will publish information to demonstrate compliance with the equality duty. • The Council has an up to date Freedom of Information Act 2000 publication scheme in place on its website with links to information and guidance for stakeholders. • The Council's 3-year business plan is published on the council's website along with the monitoring of the actions towards the plan. • During 2019/20 the Council published four 'arena' magazines, to inform the community of the work and services carried out by the Council. • Contracts are managed with a partnership approach and decisions are made in an open and transparent way, including open book accounting processes.
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • The Rushmoor Strategic Partnership has been reviewed and a Rushmoor Partners Network established, which in future will focus on projects and consider multi-agency issues. • A statement of community involvement is published on the Council's website. • Formal and informal consultation is carried out with Members (e.g. Budget Strategy Working Group) • As part of delivering regeneration projects and better use of assets there are regular interactions with organisations such as Homes England, Hampshire County Council etc. • The Council has recently adopted the Local Plan 2014-2032, which involved participation from numerous stakeholders. Details are published on the Council's website. • Local Enterprise Partnership (LEP) (Enterprise M3) – The Council has established good relationships and partnership arrangements as part of the involvement with the LEP. • We have in place a relationship management approach and system. Social media is used to communicate and receive comments and increase levels of engagement through visits, meetings and working through partners. • The Council supports the Prospect Estate Big Local (PEBL)
Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> • The Council has invested in a range of traditional, digital and social media channels to enable regular contact, engagement and consultation with its key stakeholder groups, including customer feedback surveys, workshops, consultation items on the Council's website and regular citizen consultation on both Borough-wide and place specific issues. • We have effective arrangements in place to communicate and consult with relevant key stakeholders where appropriate and to fully consider/ use their feedback and/or complaints to help inform decisions. Furthermore, following a Peer Review the Council has established a process for undertaking regular citizen consultation on both Borough-wide and place specific issues. • The Council has a corporate modernisation programme (ICE) (Rushmoor 2020) in place and consultation with Members, Officers, Key stakeholders and the public is ongoing to assist and shape this programme delivery and underpin the principle of a 'one-Council' approach. • Examples of significant consultation exercises carried out during 2019/20 included: <ul style="list-style-type: none"> – Regeneration and highways functions, this included direct mailshots, public exhibitions, group meetings and presentations. – Local Council Tax Scheme – annual consultation process • A scheme is in place within the Council's Constitution to have public participation at Member meetings. Therefore, meetings of the Council and its Committees are open to members of the public to attend, with agendas and minutes being publically available on the Council's website.

PRINCIPLE C

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

Sub principles	Demonstrated by
<p>Defining outcomes</p>	<ul style="list-style-type: none"> • The Council's plan has been developed with a 10 year 'vision' and a 3-year rolling business plan with objectives to assist with the achievement of the vision. The plan is shown on the council's website along with the monitoring of the actions towards the plan. • A People Strategy is being developed for the organisation which identifies the objectives and priorities linked to the priorities within the Council plan. • Following comprehensive resident and stakeholder consultation, the Council developed its priorities and measures of success with Members in a range of ways including discussions with individual portfolio holders, the Cabinet and the Policy and Project Advisory Board. • The size of the Council's workbook may need to be reviewed over the coming year in order to review priorities, due to the impact of Covid-19 pandemic, which has resulted in the Council spending an amount of time carrying out work which had not been planned. • Service business plans have been developed and cover: <ul style="list-style-type: none"> - Linking actions to priorities - Identification of outcomes - Performance indicators - Risks and expected service changes
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> • The Council's reports to Cabinet require the consideration of business, Strategic, Economic, Legal, Financial and Equalities impact of the decisions being made. All reports requiring executive decisions (except those exempt) are accessible via the Council's website. (https://www.rushmoor.gov.uk/article/1701/Records-of-executive-decisions) • A PESTLE analysis was carried out in order to contribute to the 10-year Council vision and rolling 3-year plan. This looks at how external moves will impact on the Council's plans and objectives. The Council's Strategy and Performance team monitors place and organisational data to support the work. • Risk registers are regularly updated with links to the Corporate Risk Register. • The Council has adopted and implemented the Local Plan 2014-2032. Details are published on the Council's website. Consultation was undertaken, and a proactive role was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local plan.

PRINCIPLE D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub principles	Demonstrated by
Determining interventions	<ul style="list-style-type: none"> • Arrangements are in place to ensure all options are considered before decisions are taken and service changes implemented. External / independent expertise is often used if the decision is of a complex technical nature. An example of this being the use of external experts when making a decision on establishing a housing company. • Consideration of alternative courses of action for all decision making. • The Corporate Governance Group has been established to consider legal/constitutional issues associated with decision making.
Planning interventions	<ul style="list-style-type: none"> • At service level, priorities and objectives are encouraged to be SMART and these are underpinned by plans and, for major projects, there is significant emphasis on effective project management. The Council is investing in additional project management resources to ensure this.
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Arrangements are in place to monitor operational and financial plans, priorities, KPI's, quality and targets and to report on progress, e.g. quarterly monitoring, budget monitoring. • The Council has several key partnerships with other local authorities and stakeholders in order to optimise the achievement of the Council's corporate plan. • The Council has in place more significant arrangements for project development, both internally and through the Member decision making structure. This has been achieved through the revised Member structure to include the following: <ul style="list-style-type: none"> - Licensing, Audit and General Purposes Committee, with specific roles to ensure effective governance - The Policy Investment Advisory Group (PIAG), provides early consideration of projects prior to submission to the Cabinet. For example, Establishment of the Housing Company, re-letting of the leisure contract and the Council's 2020 transformation programme. This group is supported by Lambert Smith Hampton Investment Management (LSHIM) who provide detailed assessments of acquisition, disposal, and asset performance. - The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects.

PRINCIPLE E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Sub principles	Demonstrated by
Developing the entity's capacity	<ul style="list-style-type: none"> • The Council participated in an independent peer review during 2017/18. Recommendations from this review have been accepted and work is underway to implement the recommendations made. A follow up on the recommendations made is being prepared during 2019/20. • The Council, where possible, collaborates with other authorities to share information and best practice, e.g. Hampshire & Isle of Wight Chief Executive group and subsequent groups. • Service reviews are being carried out by the newly constituted corporate leadership team, to ensure that services are best placed to meet the overall objectives of the Council.
Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> • Arrangements are in place to ensure staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and are able to update their knowledge on a continuing basis e.g. Continuous Professional Development (CPD) through attendance at seminars/conferences, training courses etc. • Development reviews are carried out annually. Within these reviews, training needs are identified and communicated to HR in order to ensure individuals are provided with the training they require for their role and identify any Council wide training which may be required. • The Council has engaged in 'learning at work week', which has been carried out virtually during the Covid-19 pandemic and will be carried out again later in the year. • The Council has adopted a Behaviours Framework, which sets out the attitudes and behaviours expected from staff. The framework sets out seven behaviours; Customer First, excellence in service delivery, productive and efficient, commercial, modernisation, leadership and invest in people. • The Council is providing leadership programmes and apprenticeship leadership programmes to support the continued professional development of staff. • The Council has introduced an Employee Assistance Programme to support health and wellbeing. Training courses are also offered for example a recent mental health awareness course through the Council's Occupational Health provider. Wellbeing weeks have also been introduced encouraging staff to participate. This has also been carried out 'virtually' during the current Covid-19 pandemic. • Yammer has been introduced to promote staff working and includes learning and development elements. • The Council's constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to who decision making powers are delegated to. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development, managed by South East Employers. Re-accreditation was achieved in March 2020. Furthermore, specific training has been provided by South East Employers to the Overview and Scrutiny Committee on effective scrutiny.

PRINCIPLE F

Managing risks and performance through robust internal control and strong public financial management

Sub principles	Demonstrated by
Managing risk	<ul style="list-style-type: none"> • Risk management arrangements were reviewed in 2019/20 with a new process being put in place. The Corporate Risk Management Group meets quarterly to formally review risks and risk is included on the CLT agenda. Service risk registers feed into the Corporate risk register. Furthermore, risks are considered within activities and decision-making reports taken to Cabinet. • Internal audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Licensing, Audit & General Purposes Committee. • In recent years pressure has been placed on the County Council, and some of this pressure has flowed through to Districts. This poses some risks at a social level and within the budgets for the Council.
Managing performance	<ul style="list-style-type: none"> • Effective performance, financial and risk management arrangements are an integral part of all business activities, examples include: <ul style="list-style-type: none"> - Option appraisals/ risk assessment - Day to day business / performance / service business planning arrangements/ quarterly reporting - Projects and programme management - Contractual and third-party arrangements (including shared risks) - Business continuity plans are in place, tested and communicated to staff as necessary • The creation and publication of the Council's 3-year business plan. The plan is published on the council's website along with the monitoring of the actions. • The Council has in place an Overview and Scrutiny Committee to encourage debate on policies, objectives and outcomes before, during and after decisions are made. They also review the quarterly monitoring of the Council plan.
Robust internal control	<ul style="list-style-type: none"> • Internal Audit provide an annual opinion on the effectiveness of the Council internal control environment. This is based on the outcome from audit reviews carried out within the year. Details of this are reported to the Licensing, Audit & General Purposes Committee for review. • The Council has a Corporate Investigations Team who investigate potential fraud, corruption and maladministration and provide effective counter fraud arrangements within the Council.
Managing data	<ul style="list-style-type: none"> • Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with General Data Protection Regulation (GDPR) requirements. • An information Governance Officer is in place and has recently introduced an Information Security policy. • Effective arrangements are in place for the disposal, storage of legacy IT equipment: All hard disk-based systems are erased to HMG Infosec Standard 5 prior to disposal using accredited partners. IT equipment is stored in a locked storeroom when not in use\awaiting disposal. • IT Security: IT follows End User Device (EUD) guidance issued by National Cyber Security Centre when implementing security solutions and endpoint operating systems. Council IT infrastructure is audited annually, and results passed to NCSC for review and further guidance on actions to take to maintain compliance (including annual Public Services Network assessment). A bid is currently being made to NCSC for funding to support user training relating to cyber security.
Strong public financial management	<ul style="list-style-type: none"> • There are effective mechanisms in place for financial planning, budgetary control and reporting, including the management of financial risk. • External Audit review and report on the Council's financial statements providing an opinion on the accounts.

PRINCIPLE G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Sub principles	Demonstrated by
Implementing good practices in transparency	<ul style="list-style-type: none"> • Agendas and minutes of Committee meetings are publicly available on the Council's website. • An Overview and Scrutiny Committee is in place to monitor and review performance, review and/or scrutinise decisions proposed to be made, review policy and strategy with a view to securing continuous improvement. • The Council ensures compliance with the mandatory elements of the Local Government Transparency Code • On the Council's website there is a Freedom of Information Act page to enable members of the public to have access to all recorded information held by the Council. • Committee meetings are, where possible, are open to the public for contribution and attendance. • Decisions are recorded and published on the Council's website.
Implementing good practices in reporting	<ul style="list-style-type: none"> • The Annual Statement of Accounts is published on the Council's website to give clear information on the income and expenditure of the Council. • The Council publishes an Annual Governance Statement in order to report how we have monitored the effectiveness of our governance arrangements in the year and any planned changes in the coming year. • The Licensing, Audit and General Purposes Committee review and approve the Annual Statement of Accounts and the Annual Governance Statement. • Performance is reported quarterly on a range of indicators, comparing some items with other Local Authorities and public sector bodies. A new performance management framework has been established for use by both Members and Officers. Performance progress is regularly reported on and communicated at Cabinet • Reporting arrangements for RDP/Hosing Company have been put in place. Regular update seminar through the Policy and Projects Advisory Board, formal presentation to all Members at the point of submission of a planning application. Formal monitoring reports will be provided every six months to the Council's shareholder and the Chief Executive. The Chief Executive will enable consideration of these reports by the Council's Overview and Scrutiny Committee on progress and the Licencing Audit and General Purposes Committee on any governance matters.
Assurance and effective accountability	<ul style="list-style-type: none"> • The terms of reference and working arrangements of the Licensing, Audit and General Purposes Committee have been revised to ensure greater focus on ensuring transparency and effective audit of processes. • There are arrangements in place for ensuring all agreed actions from peer reviews, internal audit, external audit, or other inspectorate work are implemented by Management. Actions from the Peer Review were embedded into business as usual and monitored by the Executive Leadership Team and the Head of Democracy, Strategy and Partnerships. • Risk based internal auditing provides ongoing assurance that the key risks are being managed. • A fundamental review and update of the Constitution has been carried out in 19/20 and recently formally adopted by Council.

7. How has the Council addressed the governance improvement actions from 2018/19?

The Annual Governance Statement 2018/19 contained the following key improvement actions. Details of the issues and how they have been addressed during the year are detailed below. Please note that where actions are ongoing these have been carried forward into the 2019/20 Action plan.

Governance Issue	Action	Current status
<p>EU General Data Protection Regulation (<i>b/f from previous year</i>)</p>	<p>Ensure that the necessary resulting changes for the GDPR are finalised and embedded within a broader information governance framework following the review of the effectiveness of the current arrangements the Council has implemented.</p>	<p>The new Information Governance officer is now in post. The Information Governance Group (IGG) have met several times and an Information Governance Working Group (IGWG) is now in place and has also met several times.</p> <p>The Information Governance Framework (IGF) has been written and published on the staff Intranet. Programmes of work are being undertaken to ensure adherence to the framework and the key policies that underpin it.</p> <p>Due to Brexit there may be some changes to GDPR, so implementation of this cannot be finalised until the guidance comes out from the Information Commissioner's Office (ICO). Revised implementation date: June 2020</p>
<p>Implementing a Capital Strategy to comply with the revised Prudential Code and the Treasury Management Code of Practice (<i>b/f from previous year</i>)</p>	<p>Capital Strategy was approved by Council in February 2019 and will be reviewed on an annual basis.</p> <p>Finalise development of the Asset Management Strategy which supports the approved annual Capital Strategy</p> <p>Development of formalised reporting criteria (financial and non-financial measures) in relation to the Council's Investment Property portfolio</p>	<p>Council approved the 2020/21 Capital Strategy at their meeting in February 2020. The Capital Strategy will be reviewed during the Autumn. (Implemented)</p> <p>This has not been progressed due to other priorities regarding major projects and general management of the estate following staff changes. It will be carried out during 2020. Revised implementation date: December 2020</p> <p>The first review of the commercial investment assets has been reported to PIAG with this now programmed quarterly. Revised implementation date: December 2020</p>

Annual Governance Statement

Governance Issue	Action	Current status
Risk Management (b/f from previous year)	Formal adoption of the risk management process and work carried out to embed risk management within all Council activities. Development and adoption of an information risk policy.	<p>The Corporate Risk Management Group (CRMG) finalised the risk register in December 2019. It is available to be viewed and edited by Senior Managers on the Council's SharePoint pages.</p> <p>The CRMG will be meeting in March 2020 to formally review the risk register, so that it can be reported alongside the Council's wider Q4 Performance Management Framework.</p>
Workforce/ people strategy	Develop and adopt a longer-term workforce/ people strategy	Work is currently underway for the development of the workforce strategy and it is on target to be in place by March 2020.
Relationship Management and economic engagement plan	Develop relationship management approach and processes and economic engagement plan.	<p>Visits continue to be carried out in order to populate the data into the Relationship Management system. However, this will take time to carry out in full.</p> <p>The outline of the Economic engagement plan has been developed however it has not yet been fully developed. As part of the service changes an Economy and Growth Manager will be recruited and it will be within their remit to bring forward the plan and implement it.</p> <p>Revised implementation date: July 2021</p>
Procurement Strategy	Revision and adoption of the procurement strategy	<p>The final draft of the Procurement Strategy will be considered by the Policy and Project Advisory Board (PPAB) at their meeting in March 2020.</p> <p>Following discussion at PPAB, the Procurement Strategy will be presented to Cabinet and Council in the new civic year.</p> <p>Revised implementation date: June 2020</p>
Financial Regulations	Revision and adoption of the financial regulations	<p>The updated Financial Regulations will be considered alongside the Constitution at the LA&GP Committee on 23rd March, and Council Meeting on 23rd April 2020.</p> <p>A Members Constitution Review Group has reviewed key Constitution documents, and Executive matters considered with the Leader.</p>

Annual Governance Statement

Governance Issue	Action	Current status
Review of the entire constitution	The entire constitution will be reviewed and updated to ensure that it remains relevant.	<p>A progress report was presented to the LA&GP Committee on 27th January 2020. The full draft updated Constitution is to be considered at the LA&GP Committee on 23rd March, and Council Meeting on 23rd April 2020.</p> <p>A Members Constitution Review Group has reviewed key Constitution documents, and Executive matters considered with the Leader.</p>
Housing Company Governance	The governance arrangements in place around the Housing Company needs to be formally agreed.	<p>The governance around the housing company has been written into the updated Constitution.</p> <p>A report on the housing company went to Cabinet on the 4th February which detailed the governance arrangements in place. The report has been forwarded to Council and will be considered on 20 Feb 20. <i>(Implemented)</i></p>

8. Governance issues identified for 2019/20

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2020/21, which includes the carried forward actions from 2018/19. The progress against these actions will be reviewed by the Corporate Governance Group and regularly reported to the Licensing, Audit & General Purposes Committee.

Governance Issue	Action	Target date	Lead Officer
Due to the Covid-19 pandemic the number of staff working from home remotely has substantially increased therefore increasing the information risk exposure this creates for the Council.	The increase in information risk exposure due to home working will be reviewed by the Information Governance Group.	Dec 2020	David Stanley, Executive Head of Finance
	The information governance policy has been implemented and mandatory online training will be put in place.	Dec 2020	Catrina Herbert, Corporate Manager – Legal Services
Concerns have been raised regarding the Council's systems and procedures for recording and monitoring commercial property (rental) income.	Timetable for implementation of Property System and review of the Finance system processes (Sales Ledger) will need to be agreed.	Dec 2020	Paul Brooks, Executive Head of Regeneration and Property & David Stanley, Executive Head of Finance
The Council faces a number of significant changes that will require consideration and action as appropriate in 20/21. Covid -19	An ongoing assessment of the impact of the Covid-19 pandemic on council services and council systems will be needed to ensure good governance. This is being approached by the following workstreams, which are led by a member of Senior Management:	Ongoing <i>(due to the nature of this issue a target date cannot be assigned)</i>	Recovery workstream leads
	<p>The streams will assess the risks and develop tactical plans. Updates on the work being carried out by these workstreams will be regularly provided to the Member Task and Finish group and ELT/Gold group.</p> <p>Furthermore, Cabinet has approved the creation of the Assistant Chief Executive role to provide support at a senior level in relation to:</p> <ul style="list-style-type: none"> • Policy • Strategy • Risk <i>(Becoming the Senior Risk Officer (SRO))</i> • Emergency Planning and Business Continuity • Covid-19 Recovery • Performance 	Recruitment July/ Aug 2020	ELT
Continue to act commercially in a more uncertain economic environment which will require revised assessment analysis appraisal to be carried	Consideration will be given by the Finance and Commercial Recovery workstream to ensure there is synergy between the commercial way forward and the objectives of the recovery workstream.	Dec 2020	David Stanley, Executive Head of Finance

Annual Governance Statement

Governance Issue	Action	Target date	Lead Officer
out for the risk and return.			
External Audit have yet to provide an opinion for the 2018/19 accounts.	The Executive Head of Finance will ensure that the necessary information is provided to the external auditors to enable them to finalise their opinion on the 18/19 accounts.	July 2020	David Stanley, Executive Head of Finance

Glossary of Terms

Assets Held For Sale

An asset is classified as held for sale if its carrying amount will be recovered mainly through selling the asset rather than through usage.

Billing Authority

A local authority responsible for collecting the council tax and non-domestic rates in areas where there is a two-tier system of county and district councils.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipts

The proceeds from the disposal of land or other assets.

Collection Fund

A Statutory Fund maintained by a billing authority, which is used to record local taxes and non-domestic rates collected by the authority, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.

Community Assets

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

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs 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. There is, therefore, no logical basis for apportioning these costs to services.

Current Assets

Assets which may change in value on a day to day basis

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 whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Government Grants

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

Heritage Assets

Assets that are held and maintained by an entity principally for their contribution to knowledge and culture. The key feature of heritage assets is that they have cultural, environmental or historical associations that make their preservation for future generations important.

Intangible Assets

Intangible assets are non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights e.g. software licenses.

Inventories

Materials or supplies unused and held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investment Properties

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.

Joint Ventures

An entity established with contractual or binding arrangements whereby two or more parties are committed to undertake an activity that is subject to their joint control, with strategic, financial and operating decisions relating to the activity requiring the unanimous consent of the parties sharing the control.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year.

Long-Term Assets

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

Non-Distributed Cost

These are overheads for which no user now benefits and should not be apportioned to services.

Operating Leases

A lease other than a finance lease.

Provisions

Amounts set aside for expenditure in a future financial period as a result of an obligation arising from a past event. The obligation must be expected to result in a payment that can be reasonably estimated.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

Reserves

These are amounts set aside for specific purposes where there is no certainty about the level and timing of expenditure.

Revenue Expenditure

The operating costs incurred by the Council during the financial year in providing its day to day services.

Revenue Support Grant


Grant paid by the Government to local authorities to help them finance the cost of their services. The system is designed so that if all local authorities spend at the level determined by the Government, the Council tax would be the same across the country.

Useful Life

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

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