

Statement of Accounts and Annual Governance Statement 2023/24



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Narrative Statement from the Chief Financial Officer (CFO)

Organisational Overview and Environment

1. An introduction to Rushmoor

The Borough of Rushmoor, with an estimated population of around 95k, 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. Medium-Term Financial Strategy

The Council set its 2023/24 budget and Medium-Term Financial Strategy (MTFS) on 23rd February 2023. 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.

Details of the Council's 2023/24 MTFS can be found on the following link:

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CIId=138&MIId=1136&Ver=4>

During 2023/24 inflation and interest rates impacted the General Fund budget negatively due to the Council's level of borrowing. On 22nd February 2024 the Council set its 2024/25 budget which identified a budget gap of £5m in the 2024/25 financial year and looking forward a further £13m in the MTFS by 2027/28. A financial resilience plan was proposed and approved to support the Council's financial recovery. This involves identifying revenue savings in the 2024/25 financial year and future years, and disposing of council assets to reduce the levels of borrowing which are currently unaffordable.

Details of the Council's 2024/25 MTFS can be found on the following link:

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CIId=134&MIId=1397&Ver=4>

4. Resource Allocation

Rushmoor Borough Council manages cash flows of £148m and assets of £283m by:

- i. Holding a General Fund balance of £3.3m
- ii. Collecting £51m 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 £20.5m, then a further payment to central government of £15m is made, leaving The Council with £5m to support the General Fund budget
- iii. Collecting £62m 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 £7.4m
- iv. Managing a £256m portfolio of land, building and other assets that generates £10.1m of income
- v. Managing a £42m portfolio of loans and investments that generates £4.7m of income
- vi. Receiving grants and contribution of £32.4m mainly from central government.

Total asset cash flows through the Council are shown below:

Total Assets Brought Forward £277.6m			
Net Additions/ (Disposals) £19.9m	Depreciation (£1.6m)	Change in Current Assets £19.8m	Other Changes (£2.7m)
Property, Plant & Equipment £119.8m	Investment Property £135.8m	Other Long Term Assets £27.7m	Current Assets £28.5m
Total Assets Carried Forward £313.0m			

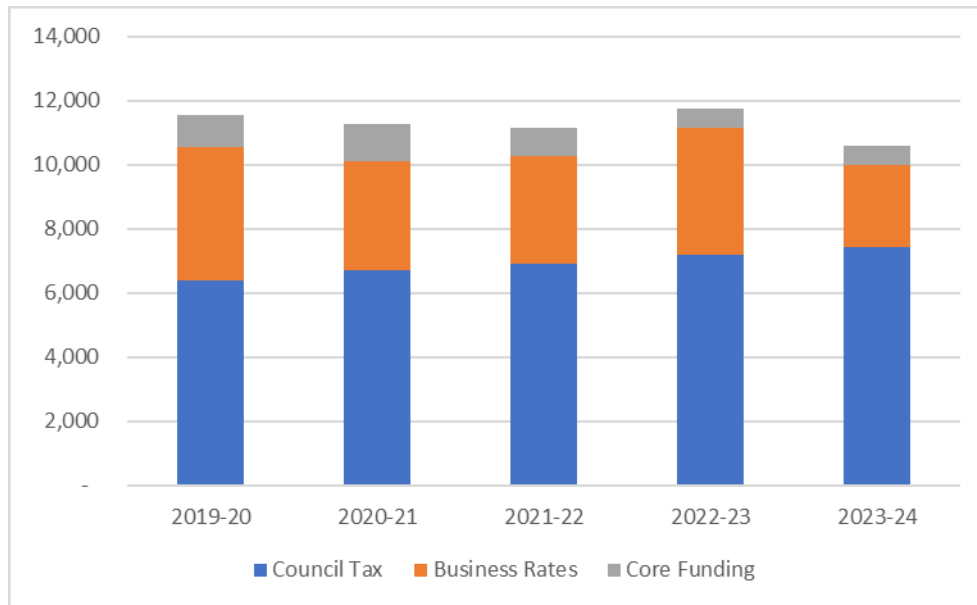
Total revenue cash flows through the Council are shown below:

Business Rates (£20.5m)	Council Tax (£7.4m)	Grants / Contributions (£32.4m)	Fees & Charges (£15.6m)	Other Income (£12.7m)	Investment Income (£4.7m)
Total Resources (£93.3m)					
Paid to Others £43.5m			Financing Local Services £49.8m		
Housing Benefit £25.4m	Interest Payable £6.9m	Business Rates / Council Tax £30.0m	Operating Expenses £6.8m	Capital Costs £17.5m	Staffing Costs £14.8m
Net (Surplus)/Deficit on Providing Services £8.2m					

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 plan 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, was not implemented as originally planned. Core funding trend:



To address future challenges and reinvest in the Borough, Council Tax has increased by 2.99% in 2023/24 from 2022/23 for an equivalent Band D property.

6. Financial position

The Council has maintained a good financial position against the backdrop of reduced government funding.

Net Assets £121.0m 31-Mar-23

Net Assets £116m 31-Mar-24

Funded by:	
Usable Reserves:	(£26.1m)
Un-usable Reserves	(£94.8m)

Funded by:	
Usable Reserves:	(£29.3m)
Un-usable Reserves	(£86.3m)

Composed of:		
Long Term Assets	Net Current Assets / (Liab's)	Long Term Liabilities and Provisions
£268.9m	(£123.0m)	(£24.9m)

Composed of:		
Long Term Assets	Net Current Assets / (Liab's)	Long Term Liabilities and Provisions
£283.3m	(£148.3m)	(£19.5m)

Revenue Outturn;

The outturn for 2023-24 against budget is shown in the table below, this is subject to further due diligence and external audit that is scheduled to be signed off week commencing 16th December 2024. There may be adjustments required that affect the reported £1.245m surplus resulting from ongoing diligence and independent audit.

Revenue Account outturn 2023-24	Budget £000	Outturn £000	Variance £000
Corporate Services	4,558	4,612	54
Customer Experience & Improvement	3,063	2,791	(272)
Democracy, Strategy & Partnerships	1,900	1,916	15
Major Projects & Property	(5,668)	(6,325)	(657)
Operational Services	6,027	4,924	(1,103)
Planning & Economy	996	938	(58)
Net Cost of Service	10,876	8,856	(2,020)
Non-service related items:			
Interest received on treasury management	(2,122)	(3,006)	(884)
Interest payable on debt	2,982	6,884	3,901
Capitalised interest on debt	(600)	(1,660)	(1,060)
Minimum Revenue Provision	2,170	1,572	(599)
Other non-service related items	433	242	(191)
Government grants	(1,014)	(1,167)	(153)
Net Budget Requirement	12,726	11,721	(1,005)
Financed by:			
Retained business rates	(4,087)	(5,842)	(1,755)
Council tax precept	(7,448)	(7,458)	(11)
Net Deficit/Surplus () Before Use of Reserves	1,191	(1,580)	(2,771)
Earmarked reserves net movement	(1,191)	335	1,526
Net Surplus	0	(1,245)	(1,245)
Brackets () represent negative numbers, improved position			

7. Capital Strategy

Capital Outturn and budget carry forward: The 2023-24 capital programme was approved at £42.7m at February 2023 Budget Council. There was £8.4m addition to the programme consisting of budget carry forward from 2022-23 financial year reflecting timing delays in delivery of the programme and additional approvals during the year. Note that the table only shows future annual budget allocations of multi-year projects representing the anticipated timing profile of remaining expenditure. The schedule below doesn't give a reconciliation to the overall approved budget for each project, this will be corrected in the in-year monitoring. Whilst most schemes are coming to an end in 2023-24, there are a number that require budget carry forward (reprofiling) to enable completion in 2024-25 amounting to £5.354m. The full list is included in the table below.

Capital Programme outturn 2023-24 Portfolio / Scheme	2023/24 Original Estimate £'000	2023/24 Adjustments £'000	2023/24 Current Budget £'000	2023/24 Actual Outturn £'000	2023/24 Variance £'000	Proposed Slippage to 24/25 £'000	2024/25 Original Budget £'000	2024/25 Adjusted Budget £'000
The Meads	8,152	2,466	10,618	10,511	(107)			
Hawley / Frimley	662	-	662	85	(577)	15		15
Council Offices	74	-	74	-	(74)	74		74
Asset management R+M		540	540	218	(322)		671	671
Civic Quarter Farnborough	1,600	205	1,805	1,472	(333)	333		333
Housing PRS Delivery (RHL)	5,894	-	5,894	-	(5,894)			
The Galleries Development	3,400	-	3,400	-	(3,400)	3,400		3,400
Union Yard Aldershot	19,838	728	20,566	17,839	(2,727)	545	5,384	5,929
Affordable Housing - LAHF	-	2,883	2,883	1,568	(1,315)			
Crematorium	750	(303)	446	166	(280)	363	4,418	4,781
Redan Rd Chapel	-	289	289	197	(92)			
Improvement Grants	1,161	943	2,104	1,313	(791)		1,632	1,632
CCTV - Camera & Network	400	-	400	115	(285)	185		185
Refuse/Recycling inc. Food Waste	127	-	127	116	(11)		127	127
Southwood Sang Country Park	-	-	-	95	95			
Section 106	437	468	906	782	(124)	247	658	905
IT Projects	221	135	356	59	(297)	193	582	775
Total Capital Programme	42,716	8,354	51,070	34,536	(16,534)	5,355	13,472	18,827
Funded by:								
Developer contribution to Wheeled bins							(20)	(20)
S106/ Grant(Southwood Play Area)							(450)	(450)
S106 (Play Areas etc)						(247)	(208)	(455)
Disabled Facilities Grants							(1,632)	(1,632)
LUF - Leisure HUB						(333)		(333)
HIF (Union Street)						(3,400)		(3,400)
Capital receipts - Vivid Union Yard							(2,500)	(2,500)
Borrowing						(1,375)	(8,662)	(10,037)
Total funding:						(5,355)	(13,472)	(18,827)

The Council's approved budget in 2023/24 included an ambitious five-year capital programme of £58m. The Annual Capital Strategy for 2023/24 is detailed with the linked below:

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=134&MId=1122&Ver=4>

The Capital Programme for 2024/25 and following three years has been updated as per Council in February 2024 and the current capital programme for 2024/25 and the indicative programme for following three year period 2023/24 to 2027/28 is as follows;

Capital Programme	2024/25 Approved Budget £'000	2025/26 Projected Budget £'000	2026/27 Projected Budget £'000	2027/28 Projected Budget £'000
Union Yard	5,384	603		
Disabled Facilities Grant	1,632	1,111	1,111	1,111
Asset Management R&M	671	50	50	
Section 106 funded projects	658			
Crematorium	4,418	305		
ICT services systems upgrades	582			
Refuse bins	127	127	127	
Total	13,473	2,196	1,288	1,111

Organisational Model

8. Political Structure of the Council in the 2023/24 Municipal Year

Rushmoor has 13 Wards and the Council consists of 39 elected Members. The political make-up of the Council during 2023/24 was as stated below:

<u>Party</u>	<u>Councillors</u>
Conservative	15
Labour	21
Liberal Democrat	3
Total number of Elected Members	39

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.

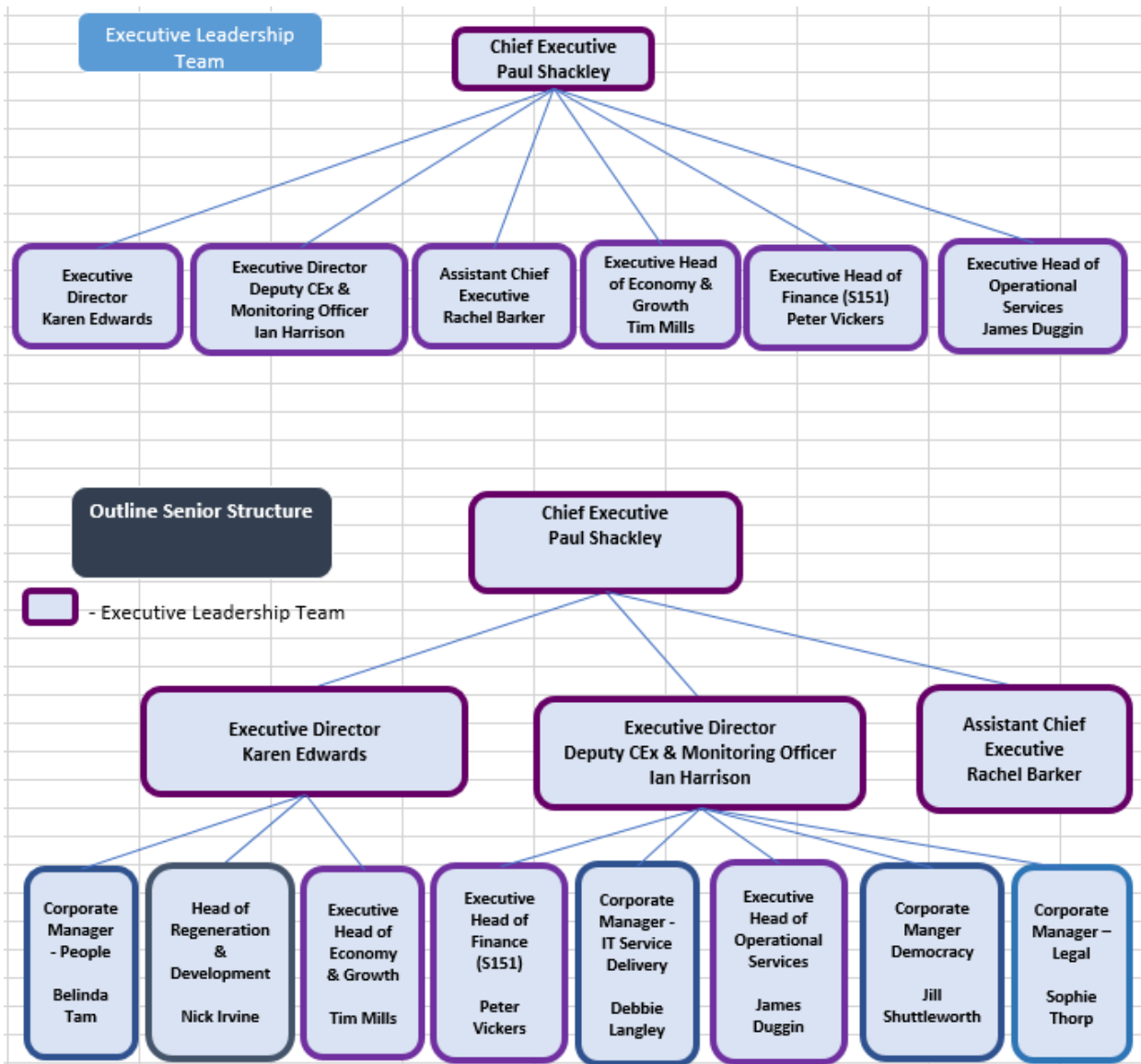
After the Statement of Account's Balance Sheet date (31/03/2024), the May 2024 local elections saw a change in administration from Conservative to Labour majority.

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, Executive Head of Operations and Executive Head of Property and Growth. 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 three Heads of Service, Assistant Chief Executive and four Corporate Managers. 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:



Strategy and Resource Allocation

10. 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 Council’s (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 Council’s (Corporate) Plan can be found on the Council's website at: <https://www.rushmoor.gov.uk/your-council/our-priorities/council-plan/>

Governance

11. Governance arrangements

Governance arrangements are outlined within the Annual Governance Statement at the end of this document.

Risk and Opportunities

12. 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 pages are the key risks from the Council's Corporate risk register:

Risk	Impact	Mitigation
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. In this scenario, the range and quality of services available to residents could be affected.</p> <p>This could have negative repercussions for health, education, community outcomes and economic outcomes identified in the Council Business Plan</p> <p>It is possible that the Council would be expected to meet some of this 'gap' in provision thus exposing the Council to potential financial and reputational risk.</p>	<p>Close partnership working at a senior officer and political level with the Council's public sector partners. Members and Officers are well briefed on potential implications/risks arising from decisions taken by other public sector partners.</p> <p>Continued horizon scanning/monitoring of the broader policy context.</p> <p>Respond to HCC Budget consultation.</p>
Deteriorating economic conditions	<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. Impact of rising inflation on the cost of living and consumer confidence.</p> <p>Low business confidence is impacting on investment decisions inc. business lettings.</p> <p>Changes of this nature have potential implications for the Council in terms of increased demand for services and adverse financial impact.</p> <p>There is also a reputational risk if the Council is not seen to be adequately responding to economic changes or shocks.</p>	<p>Partnership working with other organisations around support for the economy and local businesses. Engagement with businesses and business networks. Maintaining an understanding of local economic conditions – tracking economic indicators at a local level.</p> <p>Ensuring that key issues/ events are escalated to CMT/ ELT at the appropriate time.</p> <p>Strategic Economic Framework agreed in April 2022.</p> <p>Revised package of business support being delivered from September 2022 onwards:</p> <ul style="list-style-type: none"> Incuhive enterprise support SeedL - training Regular business surveys to understand business needs. Business support element of UKSPF. Strategic Economic Framework implementation.
Decline in the retail sector/town centre	Economic and social changes have a significant negative impact on	Programmes of town centre regeneration in both Aldershot and

<p>uses and subsequent impact on town centres</p>	<p>Farnborough and Aldershot Town Centres and therefore reduce the ability to deliver the Council Plan priority of delivering vibrant town centres. 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. A decline in retail will also have an impact on Business Rates income for the Council. Changes to Permitted Development undermine Town Centre regeneration. Announcements of CVAs by Wilko and Prezzo and store closures by Boots demonstrate the potential further retrenchment of large retail chains. Further bank closures.</p>	<p>Farnborough which give consideration to future economic and social trends. Dedicated resource within economy team, working with retail sector and other town centre uses e.g. culture and arts. Activity in both town centres to maintain/increase footfall. Close engagement with and ongoing provision of business support to town centre businesses. Ongoing development of the Aldershot Town Centre Task Force. Work with police to tackle increased or perceived increase in ASB/Crime particularly in Aldershot More town centre events and markets planned. More activity at the Meads. Union Yard now being marketed.</p>
<p>Poor education attainment</p>	<p>Educational attainment 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.</p>	<p>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 Ongoing dialogue with headteachers of key educational establishments. Engaging with young people relating to skills, development and opportunities in line with the supporting the community's strategy and action plan.</p>
<p>Securing infrastructure investment</p>	<p>Inability to attract infrastructure investment through the public and private sector to support priorities and projects identified in the Council Business Plan. In particular, failure to secure investment in the area could lead to a decrease in Rushmoor's competitiveness and attractiveness and put at risk the stated aim for a thriving Rushmoor economy, vibrant town centres and strong communities who are proud of the area.</p>	<p>Work with public and private sector infrastructure providers and funders. Horizon scanning in relation to the levelling up agenda and its implications for Rushmoor. Horizon scanning by Policy Team for future funding opportunities. Engage effectively with the 'County Deal' processes and other opportunities to access Government funding, including UK Shared Prosperity Fund and the Levelling Up Fund. Continue to secure support from local stakeholders for projects - including residents, HCC and MP.</p>
<p>Poor health outcomes within the Borough (e.g. obesity, mental health etc.)</p>	<p>Rushmoor has areas where there are health inequalities and health deprivation. Additional stress and burden on local services – including partner agencies. Aging population. Areas of deprivation have poorer health outcomes and higher demands associated. Diabetes, highest smoking rate in Hampshire, high instance of obesity and inactive adults.</p>	<p>Supporting Communities Strategy and Action Plan adopted Joint working with partners, particularly with the ICS, HCC and the PCNs with a range of initiatives and plans in place or being developed. Projects to include increased physical activity and reducing obesity in the Borough. Identified as a priority for the Council. Executive Director is a member of the ICS Board.</p>

	Mental Health and wellbeing – lack of funding available at local level	Review approach to resourcing (in conjunction with partners, in particular the ICS and HCC) and then overall approach to delivering the Council’s ambitions (Q3 2023/24).
Changing external policy context	Significant fast track change which can have significant impact on services, levels of available resources or the Council’s financial position all of which could adversely impact on the Council’s ability to deliver its priorities. Reputational risk if the Council is unable to sufficiently adapt to the changing environment.	Service level risk assessments to consider impacts of potential policy changes on individual Council services. Policy, Strategy, and Transformation team to support ELT and CMT with ‘horizon scanning’ which will assist the Council in identifying and where possible responding to some changes. Continued engagement with Government officials and other partners.
Demographic change	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. 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 and could impact on the Council’s ability to deliver its aim of having strong communities who are proud of their area.	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 Council. Work with partners to understand trends that exist at a larger geography and potential implications (e.g. aging populations) Presentation to CMT in April 2023 on census data. Census information reviewed and shared widely across the Council and with partners so that trends and their implications are understood.

Strategy and Resource Allocation

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

Your future, your place: a vision for Aldershot and Farnborough 2030



Council Plan

Corporate projects

Service business plans

Key strategies and plans

Medium Term Financial Strategy	The Rushmore Local Plan	The council's People Strategy	Climate Change Action Plan 2020-2030
Supporting Communities Strategy	Equality, Diversity and Inclusion Action Plan	Strategic Economic Framework	UK Shared Prosperity Fund Investment Plan
Joint Municipal Waste Strategy	Green Infrastructure Strategy	Farnborough Town Centre Strategy	Cultural Strategy

Strategies and plans in development

Housing & Homelessness Strategy	Communications & Engagement Strategy	Customer, Digital and Transformation Strategy	Car Parking Strategy
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14. Non-Financial Performance of the Council

During 2023/24, 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 and continuing to deliver high quality services to its residents while seeking to reduce costs.

The Council has established 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.

In 2024/25 the Chartered Institute of Public Finance and Accountancy (CIPFA) has been engaged as a critical friend to support the Council through a financial resilience review to provide constructive challenge, advice and insight.

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



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

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 its preparation.

The council has prepared these accounts on the going concern basis. The MTFS incorporates a significant savings target to reduce its net budget and bring the revenue account back into balance without the reliance upon a drawdown of reserves. There is a financial recovery plan in place to ensure delivery of the savings and ultimately the council has the ability to seek support from MHCLG by way of emergency financial support.

Signature removed for publishing

Date: 26/2/25

Peter Vickers BSc FCA, Executive Head of Finance - Financial Services, CFO & s151

Statement of Responsibilities

The Authority's Responsibilities

The authority is required to:

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

Responsibilities of the Chief Finance Officer

The Chief Finance 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 Finance 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 Finance 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.

Certificate of Executive Head of Finance and Section 151 Officer

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2024. I confirm that the date of this declaration is the date up to which events have been considered for inclusion within the Council's Statement of Accounts and that events after the Balance Sheet date have been considered to this date and the accounts amended accordingly for such events and adjustments arising from audit. The accounts are therefore authorised for issue.

Signature removed for publishing

Peter Vickers BSc FCA, Chief Finance Officer and S.151 Officer

Dated 26 February 2025

Certificate of Approval by Audit and Governance Committee

I confirm that these account statements were approved by the Audit and Governance Committee of Rushmoor Borough Council on February 2025.

Signature removed for publishing

Councillor ODonovan, Vice Chairman- Audit & Governance Committee

Dated 26 February 2025

Expenditure and Funding Analysis

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

It also shows how this expenditure is allocated for decision-making purposes between the council's services/departments. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the financial statements. However, it is positioned here as it provides a link from the portfolio-based analysis of the revenue outturn presented in the Narrative Report to the analysis within the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

2022/23			2023/24			
Net Expenditure Chargeable to the General Fund Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000	EFA	Net Expenditure Chargeable to the General Fund Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
5,617	481	6,098	Corporate & Democratic Services	4,149	(130)	4,019
(511)	652	141	Customer Experience & Improvmt	(78)	103	25
(4,753)	69	(4,684)	Major Projects & Property	1,830	(2,967)	(1,137)
6,254	(521)	5,733	Operational Services	7,787	2,320	10,107
2,558	314	2,872	Planning & Economy	1,776	(19)	1,757
157	2	159	ICE Programme	-	-	-
9,322	997	10,319	Net Cost of Services	15,464	(693)	14,771
(6,541)	(3,381)	(9,923)	Total: Other income & Expenditure	(17,047)	10,316	(6,730)
2,781	(2,384)	396	(Surplus) or deficit on P.o.S.	(1,583)	9,623	8,041
(24,019)			Opening GF Balance	(21,239)		
2,781			(Surplus)/Deficit on GF Bal for Yr	(1,583)		
(21,239)			Closing GF Balance	(22,822)		

For a split of this balance between the General Fund – see the Movement in Reserves.

See notes 3 and 4 for further EFA detail.

Comprehensive Income and Expenditure Statement (CIES)

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 (or rents). Authorities raise taxation (and rents) 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.

2022/23 SINGLE			2023/24 SINGLE				
Exp £'000	Income £'000	Net £'000	N o t e	CIES	Exp £'000	Income £'000	Net £'000
31,707	(25,609)	6,098			Corporate & Democratic Services	34,480	(30,461)
143	(2)	141		Customer Experience & Improvement	528	(503)	25
4,159	(8,843)	(4,684)		Major Projects & Property	2,601	(3,738)	(1,137)
15,866	(10,133)	5,733		Operational Services	19,122	(9,015)	10,107
3,561	(689)	2,872		Planning & Economy	2,881	(1,124)	1,757
159	0	159		ICE Programme	0	0	0
55,595	(45,276)	10,319		Cost of Service	59,612	(44,841)	14,771
1,462	(1,611)	(149)	10	Other Operating Expenditure	9,892	(25)	9,867
6,114	(3,751)	2,363	11	Financing and Investment I&E	13,727	(15,339)	(1,612)
17,621	(29,758)	(12,137)	12	Taxation & Non-specific Grant Inc.	18,127	(33,112)	(14,985)
80,793	(80,396)	396		(Surplus)/Deficit on Prov. of Service	101,358	(93,317)	8,041
		(520)	13	(Surplus)/Def on revaluation of PPE			2,553
		(37,225)	40	Remeasure of net def ben liability/(asset)			(5,198)
		(37,745)		Other Comprehensive I&E			(2,642)
		(37,348)		Total Comprehensive I&E			5,399

2022/23 # GROUP #			2023/24 # GROUP #				
Exp £'000	Income £'000	Net £'000	N o t e	CIES	Exp £'000	Income £'000	Net £'000
31,707	(25,549)	6,159			Corporate & Democratic Services	34,480	(30,395)
143	(2)	141		Customer Experience & Improvement	528	(503)	25
4,159	(8,843)	(4,684)		Major Projects & Property	2,601	(3,738)	(1,137)
15,866	(10,133)	5,733		Operational Services	19,122	(9,015)	10,107
3,561	(689)	2,872		Planning & Economy	2,881	(1,124)	1,757
159	0	159		ICE Programme	0	0	0
16	(55)	(39)		# Rushmoor Homes Ltd #	35	(1,345)	(1,310)
55,611	(45,270)	10,341		Cost of Service	59,647	(46,120)	13,527
1,462	(1,611)	(149)		Other Operating Expenditure	9,892	(25)	9,867
6,114	(3,688)	2,426		Financing and Investment I&E	13,727	(15,234)	(1,612)
17,621	(29,758)	(12,137)		Taxation & Non-specific Grant Inc.	18,127	(33,112)	(14,985)
80,809	(80,327)	482		(Surplus)/Deficit on Prov. of Service	101,393	(94,492)	6,901
0	0	0		# Tax expense of Subsidiary #	0	0	0
80,809	(80,327)	482		# (Surplus)/Deficit on Group #	101,393	(94,492)	6,901
		(520)		(Surplus)/Def on revaluation of PPE			2,553
		(37,225)		Remeasure of net def ben liability/(asset)			(5,195)
		(37,745)		Other Comprehensive I&E			(2,642)
		(37,263)		Total Comprehensive I&E			4,260

Movement in Reserves Statement (MiRS)

This Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie 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 authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The net increase/decrease line shows the statutory General Fund balance movements in the year following those adjustments.

SINGLE 2023/24	General Fund Balance (inc Earmarked)	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
MiRS	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March brought forward	(21,239)	(3,454)	(1,439)	(26,131)	(94,823)	(120,955)
(Surplus)/Deficit on Provision of Services	8,041			8,041		8,041
Other Comprehensive I&E					(2,642)	(2,642)
Total Comprehensive I&E	8,041	0	0	8,041	(2,642)	5,399
Adjustments between accounting basis & funding basis under regulations (Note 8)	(9,287)	(83)	(1,506)	(11,210)	11,210	0
(Increase) or Decrease in year	(1,581)	(83)	(1,506)	(3,169)	8,569	5,399
Balance at 31 March carried forward	(22,820)	(3,537)	(2,945)	(29,301)	(86,254)	(115,556)

General Fund Balance analysed over;

General Fund	(3,349)
Earmarked Reserves (See table below for further breakdown of Reserves) in Note 9	(19,470)
Total Balance	(22,820)

SINGLE 2022/23	General Fund Balance (inc Earmarked)	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
MiRS	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March brought forward	(24,019)	(2,136)	(1,019)	(27,174)	(56,432)	(83,606)
(Surplus)/Deficit on Provision of Services	396			396		396
Other Comprehensive I&E					(37,745)	(37,745)
Total Comprehensive I&E	396	0	0	396	(37,745)	(37,349)
Adjustments between accounting basis & funding basis under regulations (Note 8)	2,384	(1,318)	(420)	647	(647)	0
(Increase) or Decrease in year	2,780	(1,318)	(420)	1,043	(38,391)	(37,349)
Balance at 31 March carried forward	(21,239)	(3,454)	(1,439)	(26,131)	(94,823)	(120,955)

General Fund Balance analysed over;

General Fund	(2,101)
Earmarked Reserves	(19,138)
Total Balance	(21,239)

# GROUP # 2023/24	General Fund Balance (inc Earmarked)	Capital Receipts Reserve	Capital Grants Unapplied Account	# Council share of Sub P&L Res	Total Usable Reserves	Unusable Reserves	Total Council Reserves
MIRS	£'000	£'000	£'000	Res £'000	£'000	£'000	£'000
Balance at 31 March brought forward	(21,239)	(3,454)	(1,439)	195	(25,936)	(95,274)	(121,211)
(Surplus)/Deficit on Prov of Services RBC	8,041				8,041		8,041
# (Surplus)/Deficit on Prov of Services RHL #				(1,140)	(1,140)		(1,140)
Other Comprehensive I&E					0	(2,642)	(2,642)
Total Comprehensive I&E	8,041	0	0	(1,140)	6,901	(2,642)	4,259
Adjs between accounting basis & funding basis under regulations (Note 8) RBC	(9,622)	(83)	(1,506)		(11,210)	11,210	0
# Adjs between accounting basis & funding basis under regulations RHL #					0	(1)	(1)
(Increase) or Decrease in year	(1,581)	(83)	(1,506)	(1,140)	(4,309)	8,568	4,259
Balance at 31 March carried forward	(22,820)	(3,537)	(2,945)	(945)	(30,245)	(86,706)	(116,952)

General Fund Balance analysed over;

General Fund	(3,349)
Earmarked Reserves	(19,470)
Total Balance	(22,820)

# GROUP # 2022/23	General Fund Balance (inc Earmarked)	Capital Receipts Reserve	Capital Grants Unapplied Account	# Council share of Sub P&L Res	Total Usable Reserves	Unusable Reserves	Total Council Reserves
MIRS	£'000	£'000	£'000	Res £'000	£'000	£'000	£'000
Balance at 31 March brought forward	(24,019)	(2,136)	(1,019)	110	(27,064)	(56,432)	(83,496)
(Surplus)/Deficit on Prov of Services RBC	396				396		396
# (Surplus)/Deficit on Prov of Services RHL #				85	85		85
Other Comprehensive I&E					0	(37,745)	(37,745)
Total Comprehensive I&E	396	0	0	85	481	(37,745)	(37,264)
Adjs between accounting basis & funding basis under regulations (Note 8) RBC	2,384	(1,318)	(420)		647	(647)	0
# Adjs between accounting basis & funding basis under regulations RHL #					0	(451)	(451)
(Increase) or Decrease in year	2,780	(1,318)	(420)	85	1,128	(38,842)	(37,715)
Balance at 31 March carried forward	(21,239)	(3,454)	(1,439)	195	(25,936)	(95,274)	(121,211)

General Fund Balance analysed over;

General Fund	(2,101)
Earmarked Reserves	(19,138)
Total Balance	(21,239)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that 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'.

SINGLE 31 March 2023 £'000	# GROUP # 31 March 2023 £'000	<i>Note*</i>	Balance Sheet	SINGLE 31 March 2024 £'000	# GROUP # 31 March 2024 £'000
112,944	112,944	13	Property, Plant and Equipment (PPE)	119,755	119,755
258	258	-	Heritage Assets	258	258
128,112	129,884	14	Investment Property	135,812	138,734
76	76	15	Intangible Assets	36	36
19,293	19,293	18	Long Term Investments	19,470	19,470
8,169	6,862	17	Long Term Debtors	7,972	6,612
268,852	269,317		Long Term Assets	283,302	284,865
0	0	18	Short Term Investments	15,000	15,000
41	41	-	Inventories	6	6
6,878	6,630	19	Short Term Debtors	7,271	7,039
1,817	1,856	20	Cash and Cash Equivalents	6,550	6,617
8,736	8,527		Current Assets	28,827	28,661
(115,000)	(115,000)	21	Short Term Borrowing	(157,000)	(157,000)
(16,404)	(16,404)	22	Short Term Creditors	(19,563)	(19,563)
0	0	35	Short Term Revenue Grants- Receipts in Advance	(199)	(199)
(329)	(329)	18	Other Short Term Liabilities (Leases)	(324)	(324)
(131,733)	(131,733)		Current Liabilities	(177,086)	(177,086)
(1,688)	(1,688)	23	Long Term Provisions (NNDR only)	(2,949)	(2,949)
(5,000)	(5,000)	24	Long Term Borrowing	(5,000)	(5,000)
(13,407)	(13,407)	25	Other Long Term Liabilities (Pensions & Leases only)	(8,106)	(8,106)
(4,807)	(4,807)	35	Long Term Capital Grants- Receipts in Advance	(3,434)	(3,434)
(24,901)	(24,901)		Long Term Liabilities	(19,489)	(19,489)
120,955	121,211		Net Assets	115,555	116,950
(26,133)	(25,938)	<i>MIRS</i>	Usable Reserves	(29,301)	(30,246)
(94,822)	(95,273)	26	Unusable Reserves	(86,253)	(86,705)
(120,955)	(121,211)		Total Reserves	(115,554)	(116,950)

* Notes outlined above are single entity only, for group account adjustments please see note 42.

Signature removed for publishing

Peter Vickers BSc FCA, Chief Finance Officer

Date: 26 February 2025

Cash Flow Statement

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

SINGLE 2022/23 £'000	# GROUP # 2022/23 £'000	Note*	CASH FLOW STATEMENT	SINGLE 2023/24 £'000	# GROUP # 2023/24 £'000
(396)	(482)	<i>CIES</i>	Net (surplus)/deficit on the provision of services	(8,041)	(6,901)
11,569	11,569	27	Adj's to surplus/deficit on the prov. of services for non-cash movements	10,858	10,858
(2,806)	(2,869)	28	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	446	341
8,367	8,218		Net Cash flows from operating activities	3,263	4,298
(20,247)	(20,878)	30	Net cash flows from investing activities	(46,930)	(48,080)
23,755	24,495	31	Net cash flows from financing activities	38,933	39,023
11,875	11,835		Net (increase) or decrease in cash and cash equivalents	(4,734)	(4,759)
13,692	13,692	<i>BS</i>	Cash and cash equivalents at the beginning of the reporting period	1,817	1,857
1,817	1,857	<i>BS</i>	Cash and cash equivalents at the end of the reporting period	6,550	6,616

* Notes outlined above are single entity only, for group account adjustments please see note 42.

Note 1 - Accounting Policies

i. General Principles

The statements of account summarise the authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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.

Basis of Preparation and Presentation

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 2024.

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 2023/24, in turn underpinned by International Financial Reporting Standards.

The Core (single entity and group) statements are:

- i. The Expenditure and Funding Analysis Statement shows the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement.
- ii. 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.
- iii. 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.
- iv. The Balance Sheet is a "snap shot" of the Council's assets, liabilities, cash balances and reserves at the end of the financial year.
- v. 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.

Group accounts outlined with single entity statements/notes where applicable.

The supplementary financial statements are:

- i. 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
- ii. 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.
- iii. The Annual Governance Statement sets out the governance structure of the Council and its key internal controls.

As at the balance sheet date the Council held short-term borrowing of £157m to be re-financed in 2024/25, this represents a risk to the council if the refinancing interest rates exceed the Medium-Term Financial Plan assumptions impacting upon the assumed savings to bring the Council's Medium-Term Financial Plan back into balance without reliance upon a

drawdown from reserves. Therefore, a material uncertainty exists that may cast significant doubt upon the Council's forecasts which could require an increase in planned income and a reduction in costs to ensure all services levels are maintained. No adjustments have been made in the financial statements to the carrying value of assets should funding not be forthcoming.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and 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 in financing and investment income and expenditure for the income that might not be collected.

iii. Cash and Cash Equivalents

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v. Charges to Revenue for Non-Current Assets

Services and support services 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 authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance (England and Wales) or the statutory repayment of loans fund advances. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance MRP or the statutory repayment of loans fund advances, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

vi. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR:

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii. Employee Benefits

Benefits Payable during Employment:

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits:

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits:

Employees of the authority are members of one pension scheme:

- the Local Government Pensions Scheme, administered by Hampshire County Council.

This scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

The Local Government Pension Scheme:

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

- The liabilities of the Hampshire County Council's pension fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% based on the indicative rate of return on high quality corporate bond.
- The assets of Hampshire County Council's pension fund attributable to the authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate

- unitised securities – current bid price
- property – market 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the 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 authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events After the Balance Sheet Date

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

Two types of events can be identified:

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

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

ix. Financial Instruments

Financial Liabilities:

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

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

Financial Assets:

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority holds financial assets measured at:

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

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

Financial Assets Measured at Amortised Cost:

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable

(plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

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.

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

Financial Assets Measured at Fair Value through Comprehensive Income:

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

Financial Assets Measured at Fair Value through Profit and 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.

Fair Value Measurements of Financial Assets:

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

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

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

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the 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).

x. Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

xi. Heritage Assets

The Council's heritage assets largely comprise items of civic regalia as well as a memorial and statues. 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. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the authority's accounting policies on property, plant and equipment.

xii. 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 authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. 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.

xiii. Inventories

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

xiv. Long-term contracts

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated 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.

xvi. Jointly Operations

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

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

xvii. 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

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 authority 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 Comprehensive Income and Expenditure Statement).

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

The authority 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.

Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to 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).

The Council as Lessor

Finance Leases

The Council has no Finance Leases where the Council is Lessor.

Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, 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.

xviii. 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.

xix. Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the ongoing economic use and efficiency of the asset. Any change in assumption of use of the asset could shorten the assets useful economic life. Applicable assets are valued on a minimum five-year rolling basis.

Recognition:

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

Measurement:

Assets are initially measured at cost, comprising:

- purchase price

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

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

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

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.

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.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the 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.

A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

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.

xx. Provisions, Contingent Liabilities and Assets

Provisions:

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority has an 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.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

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

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

Contingent assets

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

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

xxi. 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.

xxii. 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.

xxiii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

xxiv. Fair value measurement of non-financial assets

The authority's accounting policy for fair value measurement of financial assets is set out in note ix. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

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

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

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

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

xxv. Capitalisation Criteria

Borrowing Costs - The Council has adopted a policy under IAS 23 'Borrowing Costs' to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. In implementing a policy of capitalisation of borrowing costs the Council has determined what it sees as a qualifying asset and what the borrowing costs are, that are to be capitalised.

- **Qualifying Assets** – Assets that take a substantial period of time to get ready for their intended use or sale, where this would cause a significant balance of borrowing costs to accrue.

- **Borrowing costs** – Where the Council borrows to specifically fund a scheme the amount that is capitalised is the actual cost of borrowing less investment income. Where funds are borrowed generally a capitalisation rate is used based on the weighted average of borrowing costs during the period.

The Council only capitalises borrowing costs when in addition to the above it becomes probable that the capital expenditure will result in future economic benefits or service potential to the Council; and that the borrowing costs can be measured reliably.

Note 2 - Accounting Standards Issued, Not 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 2023/24.

For 2023/24 the following accounting standard changes that need to be reported relate to:

- IFRS16 Leases issued in Jan'16
- Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in Jan'20
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16) issued in Sep'22
- Non-current Liabilities with Covenants (Amendments to IAS1) issued in Oct'22
- International Tax Reform: Pillar Two Model Rules (amendments to IAS12) issued in May'23
- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7) issued in May'23.

The Council does not presently expect these standards (including IAS16- Leases which is the biggest accounting change nationally) to have a material effect on the presentation of future financial information or transactions.

Note 3 - Note to the Expenditure and Funding Analysis

2023/24				
Adjs between funding and accounting basis	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Corporate & Democratic Services	(71)	(59)	0	(130)
Customer Experience & Improvement	133	(30)	0	103
Major Projects & Property	(2,954)	(14)	0	(2,967)
Operational Services	2,373	(54)	0	2,320
Planning & Economy	1	(20)	0	(19)
ICE Programme	-	-	-	-
Net Cost of Services	(518)	(176)	0	(693)
Other I&E from the Expenditure and Funding Analysis	9,735	467	115	10,316
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	9,216	291	115	9,622

2022/23				
Adjs between funding and accounting basis	Adjustments for Capital Purposes (Note a)	Net change for the Pensions Adjustments (Note b)	Other Differences (Note c)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Corporate & Democratic Services	18	474	(11)	481
Customer Experience & Improvement	209	450	(7)	652
Major Projects & Property	(97)	168	(3)	69
Operational Services	(1,253)	744	(12)	(521)
Planning & Economy	1	319	(6)	314
ICE Programme	-	2	(0)	2
Net Cost of Services	(1,122)	2,157	(38)	997
Other I&E from the Expenditure and Funding Analysis	(2,236)	1,148	(2,293)	(3,381)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(3,358)	3,305	(2,331)	(2,384)

a) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under 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 receivables in the year to those receivables 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.

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 CIES.

c) Other statutory adjustments - between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services this represents the removal of Accumulated Absences accrual.
- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income

Income received on a segmental basis is analysed below:

	2022/23 £'000	2023/24 £'000
Income from services (rev. from external customers (excluding grants/contr):		
Corporate & Democratic Services	(815)	(29,846)
Customer Experience & Improvement	4	(503)
Major Projects & Property	(8,810)	(210)
Operational Services	(6,832)	(8,664)
Planning & Economy	(643)	(1,124)
ICE Programme	-	-
Total income analysed on a segment basis	(17,097)	(40,347)

Note 4 - Expenditure and Income Analysed by Nature

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

	2022/23 £'000	2023/24 £'000
Expenditure:		
Employee benefits expenses	16,281	14,826
Changes in fair value and other rental expenditure	1,106	6,170
Depreciation, amortisation, impairment etc	1,309	1,561
Expenditure from Council Tax, Non-Domestic Rates	17,621	18,127
Interest payments	1,234	6,900
Other services expenses	41,479	43,491
Loss on disposal	614	9,817
Net Interest on the net defined benefit liability (asset)	1,148	467
Total expenditure	80,793	101,358
Income:		
Rental income from investment property	(2,223)	(10,081)
Fees, charges and other service income	(17,116)	(15,608)
Government grants and contributions	(32,436)	(32,381)
Income from council tax and non-domestic rates income	(25,280)	(29,963)
Interest and investment income	(1,528)	(4,665)
Gain on disposal	(1,318)	0
Other Income	(495)	(619)
Total income	(80,396)	(93,317)
(Surplus) or Deficit on the Provision of Services	396	8,041

Note 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.

Note 6 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2024 for which there is a risk of adjustment in the forthcoming financial year are provided below:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Applicable assets are valued on a minimum five-year rolling basis.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £15k for every year that useful lives had to be reduced.</p> <p>Based on the OLB assets that were valued in the year as part of the five-year rolling revaluation programme, the average increase in the value of OLB assets was 0.7%. If this percentage increase was also applied to the OLB assets that were not revalued in the year, this would increase their Balance Sheet value by £1k, which is not considered material enough to warrant a full valuation.</p>
	<p>MEA - Modern equivalent asset</p>	<p>All assets valued under the DRC methodology are completed on a modern equivalent asset basis. In general terms it has been agreed with the client that the modern equivalent assets would remain on the current sites although in some cases this may be varied further to discussions with the client.</p>
	<p>Gross replacement cost</p>	<p>Gross replacement costs are adopted from the relevant Building Cost Information Service (BCIS) cost guide data at the valuation date and localised adopting the location factors provided within this information</p>
	<p>Obsolescence</p>	<p>Obsolescence has been applied with reference to the Red Book, IFRS and the CIPFA Code and is based on an approach in line with 'Depreciated replacement cost method of valuation for financial reporting' guidance. The Valuer has used their professional opinion to determine an appropriate scaling which relates to physical deterioration, function, and other economic factors.</p> <p>Componentisation and remaining useful lives for the assets are provided on a property type basis and are discussed and agreed with each client as part of the valuation process.</p>
	<p>Land Value</p>	<p>Land values have been provided in line with the 'Depreciated replacement cost method of valuation for financial reporting' guidance and in particular section 7 – the site value of a specialised property. Two separate calculations are provided (if applicable) one for the developed land area and one for any undeveloped areas. These are based on a comparable approach.</p>
<p>Fair value measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values.</p> <p>These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

	of the authority's assets and liabilities is disclosed in notes below.	
Provisions (NNDR appeals)	The authority has made a provision of £2,949k (£7,373k full collection fund) for the settlement of claims for back pay arising from the equal pay initiative, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £295k to the provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £2,124k. However, the assumptions interact in complex ways. During 2023/24, the authority's actuaries advised that the net pensions liability had decreased by £1.309m as a result of estimates being corrected as a result of experience and decreased by £4,536k attributable to updating of the assumptions.
Arrears	The NDR arrears balance of £663k (£1,516k full collection fund) at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of 68% (£410k or £1,025k full collection fund) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, for every 1% reduction in collection rates, an extra £50k would be required to be set aside as an allowance.

Note 7 - Events After the Balance Sheet Date

The audited statement of accounts were authorised for issue by the Director of Finance on 31st May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for any events, which took place after 31 March 2024, as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

Note 8 - Adjs 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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the council is statutorily empowered to spend on its

services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

Capital receipts reserve

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital grants unapplied

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

2023/24	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
<u>Rev of items dr/cr to the CIES</u>				
Charges for depreciation and impairment of non-current assets (PPE)	(1,520)			1,520
Revaluation gain/loss on PPE	(1,676)			1,676
Movement in FV of Investment Properties	(3,076)			3,076
Amortisation of Intangible assets	(40)			40
Capital grants and contributions applied	6,321		(1,506)	(4,815)
Revenue expenditure funded from capital under statute	(1,383)			1,383
Non-current assets w- off on disposal/sale, part of gain/loss disposal to CIES	(9,817)			9,817
<u>Insertion of items not dr/cr to the CIES</u>				
Capital expenditure charged against the General Fund	320			(320)
Statutory provision for the financing of capital investment (MRP)	1,572			(1,572)
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from rev to CRR	83	(83)		0
Use of the Capital Receipts Reserve to finance new capital expenditure		0		0
Adjustments primarily involving the Pooled Fin Instr Adj Account				
Unrealised Fair Value gains/losses on financial investments	177			(177)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits dr/cr to the CIES	(2,414)			2,414
Employer's pen conts and direct payments to pensioners payable in the year	2,124			(2,124)
Adjustments primarily involving the Collection Fund Adj Account				
Amount by which council tax and non-domestic rating income credited or debited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(291)			291
Adjustments primarily involving the Accumulated Absences Account				
Amount by which Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1)			1
Total Adjustments	(9,622)	(83)	(1,506)	11,210

2022/23	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
<u>Rev of items dr/cr to the CIES</u>				
Charges for depreciation and impairment of non-current assets (PPE)	(1,216)			1,216
Revaluation gain/loss on PPE	2,430			(2,430)
Movement in FV of Investment Properties	1,117			(1,117)
Amortisation of Intangible assets	(92)			92
Capital grants and contributions applied	1,488		(200)	(1,288)
Revenue expenditure funded from capital under statute	(1,080)			1,080
Non-current assets w- off on disposal/sale, part of gain/loss disposal to CIES	(614)			614
<u>Insertion of items not dr/cr to the CIES</u>				
Capital expenditure charged against the General Fund	336			(336)
Statutory provision for the financing of capital investment (MRP)	2,101			(2,101)
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from rev to CRR	1,318	(1,318)		0
Use of the Capital Receipts Reserve to finance new capital expenditure		0		0
Cap grant RiA (LTL BS) to CGU	220		(220)	0
Adjustments primarily involving the Pooled Fin Instr Adj Account				
Unrealised Fair Value gains/losses on financial investments	(2,650)			2,650
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits dr/cr to the CIES	(5,441)			5,441
Employer's pen conts and direct payments to pensioners payable in the year	2,136			(2,136)
Adjustments primarily involving the Collection Fund Adj Account				
Amount by which council tax and non-domestic rating income credited or debited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	2,293			(2,293)
Adjustments primarily involving the Accumulated Absences Account				
Amount by which Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	39			(39)
Total Adjustments	2,384	(1,318)	(420)	(647)

Note 9 - Transfers to/from Earmarked Reserves

Amounts set aside from the GF balance in earmarked reserves to provide financing for future exp. plans and amounts posted back from earmarked reserves to meet GF exp.

	Bal at 1st April 2022 £'000	Internal 2022/23 £'000	Transfer out 2022/23 £'000	Transfer in 2022/23 £'000	Bal at 31 Mar 2023 £'000	Internal 2023/24 £'000	Transfer out 2023/24 £'000	Transfer in 2023/24 £'000	Bal at 31st Mar 2024 £'000
Commuted sums	(4,531)	0	44	(1,155)	(5,642)	2	47	(341)	(5,934)
Stability & Resilience Reserve	(4,401)	513	1,143	(168)	(2,913)	(2,785)	(1)	(1)	(5,700)
BR equalisation reserve	0	(2,000)	0	0	(2,000)	(1,892)	0	0	(3,892)
Covid BRR EMR reserve	(4,547)	0	2,655	0	(1,892)	1,892	0	0	(0)
Commercial Reserve	(1,483)	0	0	0	(1,483)	1,483	0	0	0
Flexible Hou Grant	(748)	0	147	(211)	(812)	0	0	0	(812)
Mercury abatement	(447)	0	0	(41)	(488)	0	0	(40)	(528)
Other grants (below £45k)	(385)	0	118	(80)	(347)	163	79	(49)	(154)
Business sup grant admin	(297)	0	0	0	(297)	297	0	0	0
Regeneration Reserve	(257)	0	0	0	(257)	0	0	0	(257)
Insurance Reserve	(253)	0	0	0	(253)	0	0	0	(253)
A331 Air Quality Project	(235)	0	8	0	(227)	0	14	0	(213)
Treasury Earmarked reserves	(220)	0	0	0	(220)	220	0	0	0
Civil parking enforcement surplus	(327)	0	127	(6)	(206)	0	24	(24)	(206)
Affordable Housing Reserve	(400)	0	205	0	(195)	0	195	0	(0)
Climate emergency reserve	(208)	0	30	0	(178)	0	54	0	(124)
Homes for Ukraine support A	0	0	0	(165)	(165)	0	0	(155)	(320)
Farn'b airport env Fund	(96)	0	0	(34)	(130)	0	1	0	(129)
LADGF disc res	(130)	0	0	0	(130)	130	0	0	0
Commercial Property Reserve	(121)	0	0	0	(121)	0	121	0	0
Deprivation reserve	(139)	0	28	0	(111)	0	5	0	(106)
Pipeline env imp res	0	0	0	(107)	(107)	0	5	(32)	(134)
Workforce Reserve	(100)	0	0	0	(100)	0	0	(212)	(312)
Budget carry fwds	(432)	0	432	(93)	(93)	0	93	0	0
LCTS scheme admin	(93)	0	0	0	(93)	93	0	0	0
Feasibility Victoria Road EMR	(85)	0	0	0	(85)	85	0	0	0
Custom Build Grant	(75)	0	0	0	(75)	0	0	0	(75)
Dilapidation res	0	0	0	(71)	(71)	71	0	0	0
Cohesion/Migration/Gurkha Settle	(65)	0	1	0	(64)	64	0	0	0
Prop Service Covenant release	0	0	0	(59)	(59)	59	0	0	0
UK shared prosperity fund	0	0	0	(48)	(48)	0	41	0	(7)
Land Charges	(45)	0	0	0	(45)	45	0	0	0
Covid Cou. tax hardship	(91)	0	48	0	(43)	0	0	0	(43)
Covid19 track & trace	(37)	0	0	0	(37)	37	0	0	0
Cyber security	(49)	0	18	0	(31)	0	4	0	(27)
Homes for Ukraine support B	0	0	0	(30)	(30)	0	11	0	(19)
Ward reserve	(26)	0	0	0	(26)	26	0	0	0
Control outbreak	(60)	0	37	0	(23)	0	15	0	(8)
Afghan relocation scheme	0	0	0	(14)	(14)	0	0	(10)	(24)
Election integrity	0	0	0	(14)	(14)	0	14	0	0
Admin support- benefits team	0	0	0	(10)	(10)	10	0	0	0
Pension Reserve	(1,487)	1,487	0	0	0	0	0	0	0
Emergency assistance grant	(45)	0	45	0	0	0	0	0	0

Asylum Dispersal	0	0	0	0	0	0	0	(144)	(144)
LAHF	0	0	0	0	0	0	0	(42)	(42)
Supp & Temp Accom. Work	0	0	0	0	0	0	0	(7)	(7)
Total	(21,915)	0	5,086	(2,306)	(19,135)	0	722	(1,057)	(19,470)

Note 10 - Other Operating Expenditure

2022/23 £'000		2023/24 £'000
(20)	Photovoltaic Cells Feed-In Tariff	(25)
(704)	(Gains) / Losses on disposal of non-current assets	9,817
575	Other Corporate Income & Expenditure	75
(149)	Total Other Operating Expenditure	9,867

Note 11 - Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
1,234	Interest payable and similar charges	6,900
1,148	Net interest on the net defined benefit liability / (asset)	467
(1,528)	Interest receivable and similar income	(4,665)
(1,117)	Income and expenditure in relation to investment properties and changes in their fair value	(3,911)
2,650	Unrealised Fair Value (gains) / Losses on financial investments	(177)
(24)	Impairment losses (including revs of impairment losses or (gains)) on financial instruments	(227)
2,363	Total	(1,612)

Note 12 - Taxation and Non-Specific Grant Income

2022/23 £'000		2023/24 £'000
(7,196)	Council tax income	(7,448)
153	Collection Fund (Surplus) / Deficit - Council tax	57
64	Collection Fund (Surplus) / Deficit - NNDR	3
(1,752)	National non-domestic rates (NNDR) income and expenditure	(2,331)
1,073	NNDR (Safety net receipt) / Levy payment	1,191
(3,265)	S.31 grants paid to compensate loss of business rate income	(3,307)
(928)	Non-ringfenced government grants	(1,167)
(285)	Capital grants and contributions	(1,981)
(12,137)	Total	(14,985)

Note 13 - Property, Plant and Equipment (PPE)

2023/24	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation						
at 1 April	70,051	9,547	7,456	1,310	30,356	118,721
Additions	2,326	340	361	38	19,311	22,377
Reval inc/(dec) in the Revaluation Reserve	(3,412)	0	0	(2)	0	(3,414)
Reval inc/(dec) in the Surp/Def on the POS	(2,006)	0	0	(8)	0	(2,014)
Derecognition - Other	(10,002)	(1,580)	0	0	0	(11,582)
Reclassifications	1,913	0	0	(615)	(1,298)	0
at 31 March	58,871	8,308	7,817	723	48,369	124,088
Accumulated Depreciation						
at 1 April	(667)	(5,109)	0	0	0	(5,776)
Depreciation charge	(764)	(756)	0	0	0	(1,520)
Deprec written out to Revaluation Reserve	861	0	0	0	0	861
Deprec written out to the Surp/Def on PoS	338	0	0	0	0	338
Derecognition- Disposal	185	1,580	0	0	0	1,765
at 31 March	(48)	(4,285)	0	0	0	(4,333)
NBV at 31 March 2024	58,871	4,023	7,817	723	48,369	119,755
NBV at 31 March 2023	69,384	4,438	7,456	1,310	30,356	112,944

2022/23	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation						
at 1 April	66,075	8,788	7,396	1,380	11,309	94,947
Additions	856	790	61	100	19,048	20,854
Reval inc/(dec) in the Revaluation Reserve	637	0	0	(117)	0	520
Reval inc/(dec) in the Surp/Def on the POS	2,484	0	0	(53)	0	2,430
Derecognition- Disposal	0	(31)	0	0	0	(31)
Derecognition- Other	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
at 31 March	70,051	9,547	7,456	1,310	30,356	118,721
Accumulated Depreciation						
at 1 April	(138)	(4,453)	0	0	0	(4,591)
Depreciation charge	(530)	(686)	0	0	0	(1,216)
Deprec written out to Revaluation Reserve	0	0	0	0	0	0
Deprec written out to the Surp/Def on PoS	0	0	0	0	0	0
Derecognition- Disposal	0	31	0	0	0	31
at 31 March	(667)	(5,109)	0	0	0	(5,776)
NBV at 31 March 2023	69,384	4,438	7,456	1,310	30,356	112,944
NBV at 31 March 2022	65,937	4,335	7,396	1,380	11,309	90,356

Depreciation

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

- Other Land and Buildings up to 65 years
- Vehicles, Plant and Equipment up to 15 years

Capital Commitments

At 31 March 2024, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £4m, similar commitments at 31 March 2023 were £36m. Commitments are:

- Union Yard scheme – £4m (approximately £40m lifetime, £36m paid) this scheme is coming to a close in early 2024/25.

Effects of Changes in Estimates

In 2023/24, 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 (land and buildings) required to be measured at current value or fair value as appropriate is revalued at least every five years, with material assets valued every year. 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.

	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Carried at historical cost	-	4,023	7,817	-	48,369	60,210
Valued at current value as at:						
31 st March 2024	58,732	-	-	723	-	59,455
31 st March 2023	80	-	-	0	-	80
31 st March 2022	0	-	-	0	-	0
31 st March 2021	11	-	-	0	-	11
31 st March 2020	0	-	-	0	-	0
Total	58,823	4,023	7,817	723	48,369	119,755

Note 14 - Investment Properties

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:

2022/23 £'000	Investment Property Income & Expenditure	2023/24 £'000
(8,151)	Rental income from investment property	(10,081)
758	Direct operating expenses from investment property	3,094
(7,393)	Net gain/loss	(6,987)

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 2024.

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

2022/23 £'000	Investment Property	2023/24 £'000
127,581	Opening Balance	128,112
28	Additions (purchases)	10,776
(614)	Disposals	0
1,117	Net gains / (losses) from fair value adjustments taken to the CIES	(3,076)
128,112	Balance at the end of the year	135,812

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 Value for Investment Property

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

Highest and best use of investment properties

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

Valuation techniques

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

Valuation process for investment properties

The fair value of the authority’s investment property is measured annually at each reporting date. All valuations are carried out externally by WHE, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority’s valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Note 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 £40k charged to revenue in 2023/24 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:

2022/23 £'000	2023/24 £'000
<u>Balance at start of year:</u>	
1,834 Gross carrying amounts	1,867
(1,699) Accumulated amortisation	(1,791)
136 Net carrying amount at start of year	76
33 Additions (purchases)	0
0 Disposals	(1,665)
(92) Amortisation for the period	(40)
0 Rev of past amortisation of disposal	1,665
0 Other charges	0
76 Net carrying amount at end of year	36
<u>Comprising:</u>	
1,867 Gross carrying amounts	202
(1,791) Accumulated amortisation	(166)
76 Total	36

Note 16 – Interests in Jointly Controlled Operations

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 1 April 2023 to 31 March 2024.

	RBC 2022/23 £'000	Hart DC 2022/23 £'000	TOTAL 2022/23 £'000	RBC 2023/24 £'000	Hart DC 2023/24 £'000	TOTAL 2023/24 £'000
Employee related expenditure	240	311	551	191	281	472
Premises related expenditure	4	6	10	8	7	15
Transport related expenditure	4	6	10	3	5	8
Supplies and Services	6	9	15	6	4	10
Support Services	138	0	138	137	0	137
Capital charges	1	0	1	1	0	1
Expenditure	393	332	725	346	297	643
Hosting charge	(9)	9	0	(10)	10	0
Fees and charges	(197)	0	(197)	(204)	0	(204)
Other income	(31)	0	(31)	(8)	0	(8)

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.

Note 17 – Long Term Debtors

2022/23 £'000		2023/24 £'000
6,700	Farnborough International Airport Loan	6,482
63	Rushmoor Development Partnerships	63
1,307	Loan to Subsidiary (RHL)	1,360
60	Service Provider Loan	54
29	Car Loans to staff	4
10	Rent Free Lease Periods	8
8,169	Total	7,972

Note 18 - 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.

Categories of financial instruments

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

Financial Assets	Non-current				Current				TOTAL	
	Inv		Debtors		Inv&cash		Debtors		31-Mar 2023 £'000	31-Mar 2024 £'000
	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000		
Fair value through Profit or loss	19,293	19,470	-	-	-	-	-	-	19,293	19,470
Amortised cost- Investments	-	-	-	-	-	15,000	-	-	0	15,000
Amortised cost- Cash & cash equivalents	-	-	-	-	1,817	6,227	-	-	1,817	6,227
Amortised cost- Debtors	-	-	8,169	7,972	-	-	6,531	4,659	14,700	12,631
Total financial assets	19,293	19,470	8,169	7,972	1,817	21,227	6,531	4,659	35,810	53,327
Assets not defined as Fin. Instruments	-	-	-	-	-	-	347	2,612	347	2,612
Total	19,293	19,470	8,169	7,972	1,817	21,227	6,878	7,271	36,157	55,940

Financial Liabilities	Non-current				Current				TOTAL	
	Borrowing		Creditors		Borrowing		Creditors		31-Mar 2023 £'000	31-Mar 2024 £'000
	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000	31-Mar 2023 £'000	31-Mar 2024 £'000		
Fair value through Profit or loss	-	-	-	-	-	-	-	-	(0)	(0)
Amortised cost- Borrowing	(5,000)	(5,000)	-	-	(115,000)	(157,000)	-	-	(120,000)	(162,000)
Amortised cost- Creditors	-	-	-	-	-	-	(10,021)	(13,989)	(10,021)	(13,989)
Amortised cost- Finance leases	-	-	(1,048)	(675)	-	-	(329)	(324)	(1,377)	(999)
Total financial liabilities	(5,000)	(5,000)	(1,048)	(675)	(115,000)	(157,000)	(10,350)	(14,313)	(131,398)	(176,988)
Liabilities not defined as Fin. Instruments	-	-	-	-	-	-	(6,383)	(5,251)	(6,383)	(5,251)
Total	(5,000)	(5,000)	(1,048)	(675)	(115,000)	(157,000)	(16,733)	(19,564)	(137,781)	(182,239)

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.

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.

Material Soft Loans

The Council currently has only two soft loans, both are immaterial;

- Cycle scheme: approximately £3k
- Loan to Active Nation; £60k listed within short and long term debtors on Balance sheet.

Income, expense, gains and losses

	Surplus or Deficit on the PoS 31/03/2023 £'000	Other Compre- hensive IE 31/03/2023 £'000	Surplus or Deficit on the PoS 31/03/2024 £'000	Other Compre- hensive IE 31/03/2024 £'000	2022/23 Total £'000	2023/24 Total £'000
Net gains/losses on:						
Financial assets measured at fair value through Profit or loss	-	2,650	-	(177)	2,650	(177)
Financial assets measured at amortised cost	-	-	-	-	0	0
Total net gains/losses	0	2,650	0	(177)	2,650	(177)
Interest revenue	1,528	-	4,665	-	1,528	4,665
Interest expense	(1,234)	-	(6,900)	-	(1,234)	(6,900)
Total	294	2,650	(2,235)	(177)	2,945	(2,412)

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 2024, 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.

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

Recurring Fair Value Measurements	Input level in FV hierarchy	Valuation technique used to measure FV	31/03/2023 £'000	31/03/2024 £'000
<i>Fair value through profit or loss;</i> Pooled investment funds	Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly	19,293	19,470
Total			19,293	19,470

The fair values of financial assets and financial liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. The fair values calculated for these instruments are as follows;

	Carrying amount 31-03-2023 £'000	Fair Value 31-03-2023 £'000	Carrying amount 31-03-2024 £'000	Fair Value 31-03-2024 £'000
<i>Financial Liabilities;</i>				
Loans	(120,000)	(120,000)	(162,000)	(162,000)
Creditors	(10,021)	(10,021)	(13,989)	(13,989)
Finance Lease	(1,377)	(1,377)	(999)	(999)
Total	(131,398)	(131,398)	(176,988)	(176,988)
<i>Financial assets;</i>				
Investments	0	0	15,000	15,000
Cash and cash equivalents	1,817	1,817	6,227	6,227
Debtors	14,700	14,700	12,631	12,631
Total	16,517	16,517	33,858	33,858

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Level 2 and 3 fair value hierarchy are used as and where appropriate; borrowing and investments based upon interest rates and others by unobservable inputs.

Note 19 – Short Term Debtors

2022/23 £'000		2023/24 £'000
673	Trade Receivables	567
283	Payments in advance / Prepayments	373
5,922	Other Receivables	6,331
6,878	Total	7,271

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:

2022/23 £'000		2023/24 £'000
0	Less than three months	0
0	Three to six months	0
725	Six months to one year	299
920	More than one year	1,241
1,645	Total	1,540
(1,012)	Bad debt provision	(985)
633	Net	555

Note 20 - Cash and Cash Equivalents

2022/23 £'000		2023/24 £'000
717	Cash and Bank balances held by the Council	0
1,100	Short Term Deposits / Cash Equivalents	6,550
1,817	Total	6,550

Note 21 – Short Term Borrowing

2022/23 £'000		2023/24 £'000
(115,000)	Borrowing from LA's	(157,000)
(115,000)	Total	(157,000)

Note 22 – Short Term Creditors

2022/23 £'000		2023/24 £'000
(604)	Trade payables	(5,031)
(1,546)	Receipts in advance	(1,505)
(14,254)	Other payables	(13,027)
(16,404)	Total	(19,563)

The Council are the Local Trusted Organisation for the Prospect Estate Big Local Partnership. As at 31 March 2024, the Council held £67,111.68p for this purpose in the creditors analysis (£17,043.22p at 31st March 2023).

Note 23 – Long Term Provisions

2022/23 £'000		2023/24 £'000
(2,550)	Opening Balance	(1,688)
(3,012)	Increase in provision during year	(1,557)
3,875	Utilised during year	295
(1,688)	Closing Balance	(2,949)

The Council has one long-term provision in respect of Business Rate appeals.

Note 24 – Long Term Borrowing

2022/23 £'000		2023/24 £'000
(5,000)	Borrowing from LA's	(5,000)
(5,000)	Total	(5,000)

Note 25 – Other Long Term Liabilities

2022/23 £'000		2023/24 £'000
(12,336)	Pensions Liability	(7,431)
(1,071)	Finance Lease Liability (Serco vehicles)	(675)
(13,407)	Total	(8,106)

Note 26 - Unusable Reserves

2022/23 £'000		2023/24 £'000
(44,303)	Revaluation Reserve	(33,936)
(65,406)	Capital Adjustment Account	(62,415)
2,605	Pooled Investment Funds Adjustment Account	2,428
12,336	Pension Reserve	7,431
(178)	Collection Fund Adjustment Account	113
124	Accumulated Absences Account	125
(94,822)	Total	(86,253)

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.

2022/23 £'000		2023/24 £'000
(43,784)	Balance 1 April	(44,303)
(4,482)	Upward revaluation of assets	(1,240)
3,659	Downward reval. of assets and impairment losses not charged to the Sur/Def on PoS	3,793
(823)	Movement in year	2,553
303	Difference between fair value depreciation and historical cost depreciation	0
0	Accumulated gains on assets sold or scrapped	7,814
0	Other amounts written off to the Capital Adjustment Account	0
303	Amount written off to the Capital Adjustment Account	7,814
(44,303)	Balance 31 March	(33,936)

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. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2022/23 £'000		2023/24 £'000
(61,135)	Balance 1 April	(65,406)
	<u>Reversal of Items relating to capital expenditure debited/credited to the CIES</u>	
1,216	Charges for depreciation and impairment of non-current assets (PPE)	1,520
(2,127)	Net revaluation gains/losses on non-current assets (PPE)	1,676
92	Amortisation of intangible assets	40
1,080	Revenue expenditure funded from capital under statute	1,383
614	Amounts of non-current assets w/off on disposal/sale as part of the gain/loss on disposal to CIES	9,817
875	Net of above transactions	14,436
(303)	Adjusting Amounts written out of the Revaluation Reserve	(7,814)
572	Net written out amount of the cost of non-current assets consumed in the year	6,622
0	Use of Capital Receipts Reserve to finance new capital expenditure	0
(1,288)	Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(3,559)
0	Application of grants to capital financing from the capital grants unapplied account	(1,256)
(336)	Capital expenditure charged against the General Fund balances	(320)
(2,101)	Statutory provision for the financing of capital investment charged against the General Fund balances	(1,572)
(3,725)	Net of above transactions	(6,707)
(1,117)	Movements in the market value of Investment Properties debited/credited to the CIES	3,076
(65,406)	Balance 31 March	(62,415)

Pooled Investment Funds Adjustment Account

Pooled investment funds adjustment account – this reserve is a mechanism that is required by the capital finance and accounting regulations in England and Wales to hold the fair value movements in those pooled investment funds specified by the regulations. The difference between the amount charged or credited in the year to surplus or deficit on the provision of services in accordance with the Code and the amount charged or credited to the General Fund in accordance with regulations should be debited or credited to the General Fund balance with the double entry going to the pooled investment funds adjustment account such that the General Fund is charged or credited with the amount that accords with the applicable regulations.

2022/23 £'000		2023/24 £'000
(45)	Balance 1 April	2,605
2,650	Fair value movements transferred to/from the General Fund in accordance with the statutory req's	(177)
2,605	Balance 31 March	2,428

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.

2022/23 £'000		2023/24 £'000
46,256	Balance 1 April	12,336
(2,646)	Opening balance adjustment per IAS19 actuarial report	(5)
(34,579)	Remeasurements of the net defined benefit liability/asset	(5,190)
5,441	Reversal of items relating to retirement benefits dr/cr to Surp/Def on PoS in the CIES	2,414
(2,136)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,124)
12,336	Balance 31 March	7,431

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.

2022/23 £'000		2023/24 £'000
2,115	Balance 1 April	(178)
(2,293)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	291
(178)	Balance 31 March	113

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.

2022/23 £'000		2023/24 £'000
162	Balance 1 April	124
(162)	Settlement or cancellation of accrual made at the end of the preceding year	(124)
124	Amounts accrued at the end of the current year	125
(39)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	1
124	Balance 31 March	125

Note 27 - Cash Flow Statement – Adjustments to net surplus/deficit

2022/23 £'000		2023/24 £'000
1,216	Depreciation of tangible	1,520
92	Amortisation of intangible	40
(2,127)	Impairment and downward valuations	1,676
(223)	Increase/decrease in impairment of bad debts	(226)
735	Increase/decrease in interest creditors	4,509
(11,979)	Increase/decrease in creditors	(2,210)
(74)	Increase/decrease in interest debtors	(1,947)
(3,859)	Increase/decrease in debtors	4,045
(29)	Increase/decrease in inventories	36
3,305	Movement in pension liability	291
(271)	Carrying amount of non-current assets & non-current assets held for sale, sold or derecognised	9,817
24,783	Other non-cash items charged to the net surplus or deficit on the provision of services	(6,693)
11,569	Total	10,858

Note 28 - Cash Flow Statement – Adj's for items in net surp/def on PoS that are investing and financing activities

2022/23 £'000		2023/24 £'000
(1,318)	Proceeds from sale of Property, Plant and Equipment, Investment Property and Intangible Assets	0
(1,488)	Any other items for which the cash effects are investing or financing cash flows	446
(2,806)	Total	446

Note 29 - Cash Flow Statement – Operating Activities

2022/23 £'000		2023/24 £'000
1,454	Interest received	2,718
(443)	Interest paid	(2,375)
1,011	Total	343

Note 30 - Cash Flow Statement - Investing Activities

2022/23 £'000	2023/24 £'000
(20,915) Purchase of property, plant and equipment, investment property and intangible assets	(31,807)
0 Purchase of short-term and long-term investments	(15,177)
1,318 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
0 Proceeds from short-term and long-term investments	0
(650) Other payments for investing activities	0
0 Other receipts from investing activities	53
(20,247) Net cash flows from investing activities	(46,930)

Note 31 - Cash Flow Statement - Financing Activities

2022/23 £'000	2023/24 £'000
21,740 Repayments of short- and long-term borrowing	0
0 Cash receipts of short and long-term borrowing	42,000
(336) Cash payments for the reduction of outstanding liabilities relating to finance leases	(428)
0 Other receipts for GRIA	(324)
2,351 Other receipts for financing activities	(2,315)
23,755 Net cash flows from financing activities	38,933

Note 32 - Reconciliation of Liabilities Arising from Financing Activities

	1st Apr'23 £'000	Fin cash flows £'000	Non-cash changes £'000	31st Mar'24 £'000
Long Term Borrowing	(5,000)	0	0	(5,000)
Short Term Borrowing	(115,000)	(42,000)	0	(157,000)
Lease Liabilities	(1,400)	401	0	(999)
Total Liabilities from Financing Activities	(121,400)	(41,599)	0	(162,999)
	1st Apr'22 £'000	Fin cash flows £'000	Non-cash changes £'000	31st Mar'23 £'000
Long Term Borrowing	-	5,000	-	5,000
Short Term Borrowing	100,000	15,000	-	115,000
Lease Liabilities	1,736	-	(336)	1,400
Total Liabilities from Financing Activities	101,736	20,000	(336)	121,400

Note 33 - Officers' Remuneration and Termination Benefits

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. This table excludes senior employees, they are listed in the table following this one.

	2022/23	2023/24
£50,000 to £54,999	21	11
£55,000 to £59,999	10	21
£60,000 to £64,999	8	6
£65,000 to £69,999	7	7
£70,000 to £74,999	3	5
£75,000 to £79,999	3	1
£80,000 to £84,999	1	2
£85,000 to £89,999	0	2
£90,000 to £94,999	0	0
£95,000 to £99,999 ...	1	0
£100,000 to £104,999 ...	0	1
£125,000 to £129,999 ...	1	0
£135,000 to £139,999	0	0
Total	55	56

The rate of pension contribution to the Hampshire Pension Fund is 17.9%.

Senior Officer Remuneration

		Salary, Fees and Allowances £'000	Expenses Allowances £'000	Compensation for Loss of Office £'000	Pension Contribution £'000	Total £'000
Chief Executive	2023/24	142	-	-	25	168
	2022/23	135	-	-	23	159
Executive Director	2023/24	108	0	-	19	127
	2022/23	99	-	-	18	118
Executive Director	2023/24	107	0	-	19	127
	2022/23	98	-	-	18	116
Head of Fin. Services (CFO)	2023/24	56	-	-	10	67
	2023/24	96	-	-	-	96
	2022/23 #	181	-	-	9	190
Totals	2023/24	509	0	-	74	583
	2022/23	514	0	-	68	581

over three different people (two of the three being interims).

Exit Packages

Exit package cost band (including special payments)	Number of comp redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £'000	
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24
£0-£20,000	2	0	3	1	5	1	£46,328	£7,941
£20,001-£40,000	1	1	4	1	5	2	£129,928	£44,376
£40,000-£60,000	1	1	1	1	2	2	£86,424	£102,416
£60,001-£80,000	1	1	0	0	1	1	£71,432	£79,856
£80,001-£100,000	0	0	0	0	0	0	£0	£0
£100,001-£120,000	1	0	0	0	1	0	£106,463	£0
Total	6	3	8	3	14	6	£440,575	£234,590

The authority terminated the contracts of a number of employees in 2023/24, incurring liabilities of £235k (£441k in 2022/23) – see above for the number of exit packages and total cost per band.

Note 34 - External Audit Costs

2022/23 £'000		2023/24 £'000
142	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	145
22	Fees payable to external auditors for the certification of grant claims & returns	25
0	Refund of fee payable to external auditors	0
164	Total	170

Note 35 - Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement- Taxation and Non-specific Grant Income:

2022/23 £'000		2023/24 £'000
(344)	New Homes Bonus Grant	(658)
(285)	Capital Grants and Contributions	(1,981)
(310)	New Burdens Grant	(264)
(164)	DLUHC Service Grant	(96)
(109)	Lower Tier Services Grant	-
-	Revenue Support Grant (RSG)	(104)
-	Other non-ring fenced grants	(46)
(1,212)	Total	(3,149)

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement- Net Cost of Services:

2022/23 £'000		2023/24 £'000
(483)	DLUHC- Homelessness grant	(663)
(95)	DLUHC- Localising Council tax admin subsidy	(126)
-	DLUHC- Local Digital Fund tax	(138)
-	DLUHC- Shared Prosperity	(68)
-	DLUHC- Levelling Up	(50)
(278)	DLUHC- Other grants	(160)
(23,838)	DWP- HB subsidy	(25,181)
(257)	DWP- HB admin subsidy	(239)
(160)	DWP- Disc Hou payments	(161)
(39)	DWP- Other	(73)
-	Home Office	(50)
-	Homes England	(80)
(1,268)	Developers Contributions	(446)
(1,203)	HCC- Better Care Fund / DFG	(1,308)
-	HCC- Homes for Ukraine	(221)
(57)	HCC- Household support	(84)
(231)	HCC- Other grants	(63)
0	DEFRA	(27)
(45)	Contributions for other projects	(90)
(4)	Support thru Big Local (Local Trust for the Big Lottery Fund)	(5)
(27,958)	Total	(29,232)

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Revenue Grant Receipts in Advance- Current Liabilities

2022/23 £'000		2023/24 £'000
	- Household Support Grant	(19)
	- Vulnerable Renters Grant	(28)
	- Winter Top-up Grant	(41)
	- PCC Elections (May 2024)	(105)
	- Safer Streets	(6)
	- Total	(199)

Capital Grant Receipts in Advance- Non-current Liabilities

2022/23 £'000		2023/24 £'000
(4,807)	Developers' Contributions (s106 and other contributions) See below*	(3,434)
(4,807)	Total	(3,434)
(16)	Creditor- armed forces community covenant	(12)
(16)	Total	(12)

Grant Receipts in Advance-

The below disclosures help provide transparency about how S106 contributions are being used to benefit the community.

	2022/23 £'000	2023/24 £'000
Balance at 1 April	(4813)	(4807)
Applied During the Year	343	1732
Repaid During the Year	0	0
Interest	0	0
Recognised as income but not applied during the year	0	0
Transfers from Capital Grants Received in Advance	(337)	(359)
Balance at 31 March	(4807)	(3434)

2022/23	2022/23	2022/23	2022/23		2023/24	2023/24	2023/24	2023/24
Capital Grants	Developer Contributions	Other Contributions	Total		Capital Grants	Developer Contributions	Other Contributions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Short Term:				
0	0	0	0	Balance as at 1 April	0	0	0	0
0	0	0	0	Received/Refunded during the year	0	0	0	0
50	293	0	343	Transferred to the Comprehensive Income & Expenditure Statement during the year	214	1518	0	1732
(50)	(293)	0	(343)	Transfer between short and long term	(214)	(1518)	0	(1732)
0	0	0	0	Balance at 31 March	0	0	0	0
				Long Term:				
(565)	(4248)	0	(4813)	Balance as at 1 April	(565)	(4242)	0	(4807)
(1253)	(287)	0	(1540)	Received/Refunded during the year	(223)	(136)	0	(359)
1203	0	0	1203	Transferred to the Capital Grants Unapplied	0	0	0	0
0	0	0	0	Interest	0	0	0	0
50	293	0	343	Transfer between short and long term	214	1518	0	1732
(565)	(4242)	0	(4807)	Balance at 31 March	(574)	(2860)	0	(3434)
(565)	(4242)	0	(4807)	Total Balance at 31 March	(574)	(2860)	0	(3434)

Note 36 - Members' Allowances

The authority paid the following amounts to members of the council during the year.

2022/23 £'000		2023/24 £'000
0	Salaries	0
354	Allowances	364
11	Expenses	8
365	Total	372

Note 37 - 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 2023/24, the Council provided financial assistance to 99 organisations by way of

- direct loans (£1,456,000),
- direct grant payments (£3,896,764),
- awards of rent relief (£222,679),
- awards of business rates relief (£628,486) and
- free parking permits (£44,656).

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 organisations that the Council provided financial assistance to, significant financial assistance was given to the following organisations:

All financial assistance by entity where over £20k for the year	2022/23 £	2023/24 £
Rushmoor Citizens Advice	249,142	243,862
Places for People Leisure Ltd	106,496	149,760
Step-by-Step	89,653	85,011
Rushmoor Voluntary Services	76,324	67,587
Phyllis Tuckwell Hospice	-	54,351
British Heart Foundation	57,274	47,472
Chloe's and Sophie's Special Ears Fund	-	38,680
Farnborough Football Club	-	37,500
Dial-a-Ride (paid to HCC)	32,591	34,360
Kerith Community Church	-	29,440
Farnborough Rugby Football Club	-	24,142
Aldershot & Fleet RUFC	-	21,895
Royal Aeronautical Society	25,114	20,736
Rushmoor Homes LTD	1,456,000	-
Basingstoke Canal Management Committee	42,246	-
Ndreams LTD	36,666	-
Aldershot Military Museum	31,612	-
Farnborough Air Science Museum	29,660	-
Salas Medical Services	25,025	-

Central Government

Central government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2024 are shown 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 2023/24 is shown in Note 36. During 2023/24 no works or services were commissioned from companies in which members had an interest.

Financial assistance totalling £1,960,617 was awarded to voluntary organisations in which 17 members and zero 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 £1,480,142 was award to organisations in which 2 senior officers of Rushmoor Borough Council had an interest as Board members (of RDP).

Entities Controlled or Significantly Influenced by the Council

The Council controls Rushmoor Homes Ltd (RHL) 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. The first full year of operation was 2021/22. The Council owns all 100 shares in RHL. The Council as at 31st March 2024 has a long-term loan of £1,360k and a short-term loan of £233k with RHL.

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. The Council as at 31st March 2024 has a long-term loan of £63k with RDP.

Note 38 - Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

2022/23 £'000		2023/24 £'000
121,918	Opening Capital Financing Requirement	140,819
	- <i>Opening adjustment</i>	(1,067)
121,918	Revised Opening Capital Financing Requirement	139,752
	Capital Investment:	
632	Loans to external bodies	53
20,854	Property Plant and Equipment	22,377
28	Investment Properties	10,776
33	Intangible Assets	0
1,080	Rev. Exp. Funded from Capital Under Statute	1,383
22,627	Total Capital Investment	34,589

Sources of Finance:		
0	Capital receipts	0
(1,288)	Government Grants and other contributions	(4,815)
Sums set aside from revenue:		
(336)	Direct revenue contributions	(320)
(2,101)	Minimum revenue provision (MRP)	(1,572)
(3,725)	Total Sources of Finance applied	(6,707)
140,819	Closing Capital Financing Requirement	167,633

2022/23 £'000		2023/24 £'000
19,167	Increase in underlying need to borrow (unsupported by government financial assistance)	27,080
(266)	Assets acquired under finance leases	(266)
18,901	Inc/(dec) in Capital Financing Requirement	26,814

Note 39 - Leases

Council as Lessee

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:

2022/23 £'000		2023/24 £'000
1,560	Vehicles, Plant & Equipment	1,238
1,560	Total	1,238

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:

2022/23 £'000		2023/24 £'000
Finance lease liabilities (net present value of min. lease payments):		
(329)	current	(312)
(1,048)	non-current	(662)
(50)	Finance costs payable in future years	(25)
(1,427)	Total minimum lease payments	(999)

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Not later than 1 year	(329)	(324)	(329)	(337)
Later than 1 but no later than 5 years	(1,098)	(675)	(1,067)	(673)
Later than 5 years	0	0	0	0
Total	(1,427)	(999)	(1,396)	(1,010)

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:

2022/23 £'000		2023/24 £'000
(147)	Not later than 1 year	(24)
(108)	Later than 1 but no later than 5 years	(9)
0	Later than 5 years	(5)
(255)	Total	(38)

Council as Lessor

Finance Leases

The Council has no currently determined finance leases 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:

2022/23 £'000		2023/24 £'000
(8,316)	Not later than 1 year	(10,770)
(27,087)	Later than 1 but no later than 5 years	(31,093)
(108,050)	Later than 5 years	(119,285)
(143,453)	Total	(161,148)

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. Contingent rents are immaterial.

Note 40 - Defined Benefit Pension Scheme

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.

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

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

Discretionary post-retirement benefits

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

Transactions relating to post-employment benefits

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/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.

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Cost of services:				
Service cost comprising:				
* current service costs	4,240	1,836	0	0
* past service costs	60	111	0	0
Financing and Investment income and exp:				
* net interest expense	1,060	467	90	0
Total post emp benefit charged to the surplus/deficit on PoS	5,350	2,414	90	0
Other post emp benefits charge to the CIES				
Remeas'ment of the net defined benefit liability comprising:				
* Return on plan assets (exc amount inc the net interest exp.)	10,200	(4,754)	0	0
* Actuarial gain/loss arising on changes in financial assumptions	(56,050)	40	(560)	1
* Actuarial gain/loss arising on changes in demographic assumpt.	0	(2,410)	20	(30)
* Actuarial (gains) and losses arising from liability other experienc	11,820	4,240	(10)	92
Total post emp benefit charged to the CIES	(28,690)	(470)	(460)	63
<u>Movement in Reserves Statement</u>				
* Rev of net charges made to sur/def on PoS for post emp ben.	(5,350)	(2,414)	(90)	0
Actual amount charged to GF for pensions in year:				
* Employer's contributions payable to scheme	1,890	1,881	250	243
* Retirement benefits payable to pensioners	(5,450)	(5,108)	(250)	(243)

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:

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Fair value of plan assets	110,700	118,081	0	0
Present value of the defined benefit obligation	(120,190)	(122,847)	(2,840)	(2,665)
Net liability arising from the defined benefit obligation	(9,490)	(4,766)	(2,840)	(2,665)

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

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Opening fair value of scheme assets	120,860	110,700	0	0
Opening balance adjustment per 'revised' IAS19 actuary report	(350)	1	0	0
Interest income	3,220	5,144	0	0
Remeasurement gain/(loss) on assets	(10,210)	4,754	0	0
Contribution from employer	1,890	1,881	250	243
Contribution from employee's into scheme	740	709	0	0
Net Benefits paid	(5,450)	(5,108)	(250)	(243)
Closing fair value of scheme assets	110,700	118,081	0	0

Reconciliation of present value of the scheme liabilities (Defined Benefit Oblig.)

	LGPS		Disc Benefits	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Opening balance at 1st April	163,560	120,190	3,550	2,850
Opening balance adjustment per 'revised' IAS19 actuary report	(3,000)	(3)	0	(5)
Current service costs	4,240	1,836	0	0
Interest income	4,270	5,611	90	0
Contributions by scheme participants	740	709	0	0
Remeasurement gain/(loss):				
* Actuarial gain/loss arising on changes in financial assumptions	(56,050)	40	(560)	1
* Actuarial gain/loss arising on changes in demographic assum.	0	(2,473)	20	(30)
* Actuarial (gains) and losses arising from liability experience	11,820	1,934	(10)	92
Net Benefits paid	(5,450)	(5,108)	(250)	(243)
Past service costs	60	111	0	0
Closing balance at 31st March	120,190	122,847	2,850	2,665

Local Govt Pension Scheme assets comprised

2022/23 Quoted £'000	2022/23 Unquoted £'000	2022/23 Total £'000	Fair value of scheme assets	2023/24 Quoted £'000	2023/24 Unquoted £'000	2023/24 Total £'000
1,218	0	1,218	Cash and Cash equivalents	945	0	945
			Equity instruments: by industry type			
			• Other	44,788	0	44,788
46,494	17,269	63,763	Sub total equity	45,733	0	45,733
			Debt securities: by sector			
			• Corp Bonds (non-inv grade)	5,599	0	5,599
			• UK Govt	17,127	6,048	23,175
			• Other	6,334	8,332	14,666
0	0	0	Sub total bonds	29,060	14,380	43,440
			Property: by type			
			• UK	0	8,801	8,801
1,550	5,978	7,528	Sub total property	0	8,801	8,801
			Private equity:			
			• All	0	9,317	9,317
0	0	0	Sub total private equity	0	9,317	9,317
			Other investment funds:			
			• Infrastructure	0	10,790	10,790
18,266	0	18,266	Sub total other investment funds	0	10,790	10,790
0	0	0	Derivatives	0	0	0
0	19,926	19,926	Other	0	0	0
67,527	43,173	110,700	Total Assets	74,793	43,288	118,081

All scheme assets have quoted prices in active markets.

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 Hymans Robertson LLP, 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 2024.

The significant assumptions used by the actuary have been:

	LGPS	
	2022/23 %	2023/24 %
Longevity at 65 for current pensioners:		
Men	23.3 yrs	22.1 yrs
Women	25.7 yrs	24.7 yrs
Longevity at 65 for future pensioners:		
Men	23.8 yrs	22.6 yrs
Women	26.7 yrs	25.7 yrs
Rate of inflation (CPI)	2.7%	2.8%
Rate of increase to pensions in payment	4.7%	4.8%
Pension accounts revaluation rate	2.7%	2.8%
Salary increases	3.7%	3.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the defined benefit obligation in the scheme	
	Approx % increase to Def Benefit Obligation	Approx monetary amount (£000)
0.1% decrease in real discount rate	2%	2,075
1 year increase in member life expectancy	4%	5,020
0.1% increase in the salary increase rate	0%	50
0.1% increase in the pensions increase rate (CPI)	2%	2,063

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The scheme's actuary assessed the scheme to be fully funded. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2027.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The authority anticipated to pay £1,730,000 expected contributions to the scheme in 2024/2025.

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment is subject to appeal, and the Court of Appeal heard the arguments on 26 and 27 June 2024.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 19, or if it can be reliably estimated. As a result, Hampshire Pension fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

Note 41 – Nature and Extent of Risks arising from Financial Instruments

The authority's activities expose it to a variety of financial risks, including:

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

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

This risk is minimised through the annual investment strategy, which is available on the authority's website at

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CIId=134&MIId=1122&Ver=4>

Credit risk management practices

The authority's credit risk management practices are set out on the annual investment strategy, which pays particular regard to the recognition and measurement of expected credit losses:

The authority's financial assets are relatively simple;

- Long term investments at fair value through Profit/Loss pooled property/equity funds
- Short term investments with other local authorities at amortised cost
- Cash and cash equivalents such as instant access Money Market Funds
- Short and long term debtors with businesses, individuals, public sector organisations, subsidiaries and staff.

Paragraph 7 of the 23/24 Investment Strategy outlines in detail the treasury management prudential indicators and the Authority's specific credit risk and credit score analysis methodology.

The Council's financial instruments are relatively simple in form, only the pooled fund investments bear any need for calculating impairment loss allowances. It is the Council's view that no impairment loss allowance is required for those financial instruments as they stand currently.

Amounts arising from expected credit losses

The total credit loss for 2023/24 was £0 nil (22/23, £0 nil).

The changes in the loss allowance during the year are as follows:

Asset class (amortised cost)	12 month expected credit losses	Lifetime expected credit losses- not credit impaired	Lifetime expected credit losses- credit impaired	Lifetime expected credit losses- simplified approach	Purchased or originated credit impaired fin asset	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening 01/04/2023	0	0	0	0	0	0
New FA originated or purchased	0				0	0
Amounts written off	(0)	(0)	(0)	(0)	(0)	(0)
Other changes	0	0	0	0	0	0
Closing 31/03/2024	0	0	0	0	0	0

During the year, the authority wrote off financial assets with a contractual amount outstanding of £0 nil (£0 nil in 22/23) that are still subject to enforcement activity.

Credit risk exposure

The authority has the following exposure to credit risk at 31 March 2024:

	Credit risk rating	Gross carrying amount £'000
12 month expected credit losses	-	-
Significant increase in credit risk since initial recognition	-	-
Credit impairment as 31 March	-	-
Simplified approach	LOW	£19,470

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that total cash available within 3 months is £1m target.

The maturity analysis of financial liabilities is as follows:

2022/23 £'000	Analysis of Financial Liabilities	2023/24 £'000
(119,415)	Less than one year	(171,198)
(648)	Between one and three years	(5,673)
(748)	More than three years	0
(120,811)	Total	(176,873)

All trade and other payables are due to be paid in less than one year.

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 charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other comprehensive income and expenditure.

The authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of £500k upper limit on one-year revenue impact of a 1% rise in interest rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

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 quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	£'000
Increase in interest payable on variable rate borrowing	-
Increase in interest receivable on variable rate investments	198
Impact on surplus/deficit on the PoS	198
Decrease in FV of fixed rate investment assets	-
Impact on other comprehensive I&E	-
Decrease in FV of fixed rate borrowing liabilities (no impact on surplus/deficit on the PoS or other CI&E)	-

The 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 various pooled funds subject to price risk;

- Property funds are subject to the risk of falling commercial property prices- A 5% fall in commercial property prices at 31/03/2024 could result in a £215k adj
- Equity funds is subject to the risk of falling share prices- A 5% fall in share prices at 31/03/2024 could result in a £220k adjustment

- Diversified funds are subject to the risk of falling share prices-
A 5% fall in share prices at 31/03/2024 could result in a £270k adjustment
- Bond funds are subject to the risk of falling share prices-
A 5% fall in share prices at 31/03/2024 could result in a £270k adjustment

Foreign exchange risk

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

Note 42 – Subsidiary (Group Accounts Notes)

Inv Prop Income & Expenditure	2022/23 Single £000	2022/23 RHL £000	2022/23 Group £000	2023/24 Single £000	2023/24 RHL £000	2023/24 Group £000
Rental income from Inv Prop	(8,151)	(55)	(8,206)	(10,081)	0	(10,081)
Direct operating expenses from Inv prop	758	16	774	3,094	35	3,129
Grant Income	0	0	0	0	(1,345)	(1,345)
Net (Gain)/Loss	(7,393)	(39)	(7,432)	(6,987)	(1,310)	(8,297)

Inv Prop Movements in year	2022/23 Single £000	2022/23 RHL £000	2022/23 Group £000	2023/24 Single £000	2023/24 RHL £000	2023/24 Group £000
Opening Balance	127,581	960	128,541	128,112	1,773	129,885
Additions	28	631	659	10,776	1,150	11,926
Disposals	(614)	0	(614)	0	0	0
Net (Gain)/Loss from fair value (CIES)	1,117	182	1,299	(3,076)	0	(3,076)
Closing Balance	128,112	1,773	129,885	135,812	2,923	138,735

Recurring fair value measuring usage	Quoted Prices active market (Level1)	Single Other sig observ-able (Level2)	RHL Other sig observ-able (Level2)	Signif-icant unobserv-able (Level3)	Group Fair Value 31 Mar 2024
Land	0	67,408	731	0	68,139
Buildings	0	68,404	2,192	0	70,596
	0	135,812	2,923	0	138,735

Recurring fair value measuring usage	Quoted Prices active market (Level1)	Single Other sig observ-able (Level2)	RHL Other sig observ-able (Level2)	Signif-icant unobserv-able (Level3)	Group Fair Value 31 Mar 2023
Land	0	63,586	432	0	64,018
Buildings	0	64,525	1,341	0	65,866
	0	128,112	1,773	0	129,885

2022/23 £'000	Profit/Loss from Rushmoor Homes Ltd (RHL)	2023/24 £'000
(55)	Turnover	(1,345)
140	Admin Expenses	206
85	Operating (Profit)/Loss	(1,140)
0	Income on investments	0
85	Profit before Tax	(1,140)
0	Tax on Profit	0
0	Dividends	0
85	Total (Profit)/Loss for the Year	(1,140)
256	Shareholder funds	1,396

2022/23 £'000	Share of Ownership Interests between RHL and RBC	2023/24 £'000
0	Investment in shareholding company(s)	0
1,556	Loans with Rushmoor Borough Council (RBC)	1,593
1,556		1,593

Note 43 – Capitalisation of Borrowing Costs

Finance costs of £1.6m have incurred during 2023/24 for the construction of Union Yard have been capitalised. Capitalised spend on the total project up to 31st March 2024 totalled £37.2m, and a rate of 4.46% applied. This interest rate is a calculation of the average borrowing costs incurred within the financial year. Capitalisation will cease on practical completion of the project which will then be categorised and included in the balance sheet in accordance with proper practices.

Note 44 – Contingencies

At 31 March 2024, the Council had two potentially significant contingent asset/liabilities.

- The Council's Development Partnership (RDP) could result in (50:50) shared liabilities with partner organisations based on uncertain future events.
- Within the Council's significant redevelopment works, potential legal cases could become evident with financial compensation applicable.

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.

31 March 2023			31 March 2024			
Council Tax £'000	Business Rates £'000	Total £'000	Collection Fund	Council Tax £'000	Business Rates £'000	Total £'000
			Income:			
(63,190)		(63,190)	Council Tax Receivable	(66,796)		(66,796)
	(42,979)	(42,979)	Business Rates Receivable		(51,317)	(51,317)
		0	Trans Protection Payments rec'able		(8,373)	(8,373)
		0	Cou Tax discounts funded by billing authority GF	(185)		(185)
(63,190)	(42,979)	(106,169)	Total amounts to be credited	(66,981)	(59,690)	(126,671)
			Expenditure:			
			Apportm't of Prev. Year Sur/Def:			
-	(3,044)	(3,044)	Central Government	-	272	272
(73)	(548)	(621)	Hampshire County Council	65	49	114
(12)	(2,435)	(2,447)	Rushmoor Borough Council	10	217	228
(12)	-	(12)	Police and Crime Comm. Hampshire	11	-	11
(4)	(61)	(65)	Hampshire Fire and Rescue	4	5	9
			Precepts, demands and shares:			
-	22,605	22,605	Central Government	-	28,144	28,144
45,614	4,068	49,682	Hampshire County Council	48,129	5,066	53,194
7,196	18,084	25,280	Rushmoor Borough Council	7,448	22,515	29,963
7,755	-	7,755	Police and Crime Comm. Hampshire	8,288	-	8,288
2,474	452	2,926	Hampshire Fire and Rescue	2,651	563	3,214
			Charges to Collection Fund:			
		0	Write-offs of uncollectable amounts	0	(54)	(54)
978	(34)	944	Inc/(dec) in allowance for impairment	1,018	187	1,205
	(2,154)	(2,154)	Inc/(dec) in allowance for appeals	-	3,154	3,154
-	117	117	Charge to General Fund for allowable collection costs for non-domestic rates	-	123	123
63,916	37,050	100,966	Total amounts to be debited	67,624	60,241	127,865
726	(5,929)	(5,203)	(Surplus)/Deficit arising in year	642	551	1,194
(427)	5,402	4,975	(Surplus)/Deficit b/f at 1 April	299	(527)	(228)
299	(527)	(228)	(Surplus)/Deficit c/f at 31 March	941	24	965
			Allocated to;			
-	(264)	(264)	Central Government	-	12	12
216	(47)	169	Hampshire County Council	684	2	686
36	(211)	(175)	Rushmoor Borough Council	103	10	113
35	-	35	Police and Crime Comm. Hampshire	116	-	116
11	(5)	6	Hampshire Fire and Rescue	37	0	37
299	(527)	(228)	Total	941	24	965

Notes to the Collection Fund

1. Council Tax Base

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: 32,959.1 for 2023/24.

Council Tax bills are based on the following dwellings and proportions;

	Discounted Equivalent Dwelling	Weighting	Band D Equivalent
Valuation Band A (Disabled Relief)	1.75	5/9	1.0
Valuation Band A	910.45	6/9	607.0
Valuation Band B	6,159.80	7/9	4,791.0
Valuation Band C	13,646.80	8/9	12,130.5
Valuation Band D	7,429.60	1	7,429.6
Valuation Band E	3,770.40	11/9	4,608.3
Valuation Band F	1,185.65	13/9	1,712.6
Valuation Band G	293.75	15/9	489.6
Valuation Band H	4.75	18/9	9.5
Total Band D Equivalents			31,778.9
Valuation Band O (Army)	1,852.80	-	1,852.8
Allowance for non-collection (2%)			(672.6)
Total Band D Equivalents			32,959.1

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 2024 is £144.583m and the national non-domestic multiplier was 51.2p (small businesses 49.9p).

Business Rates Revaluation 2023

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 2023, based on rateable values from 1st April 2021.

Across England as a whole, the revaluation was expected to lead to an increase in the rateable value of the average non-domestic property, with changes unevenly distributed across the country. The Councils 22% rise was 9th highest nationally.

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

	2022/23	2023/24
Council Tax		
Provision at 1 st April	(3,592)	(4,412)
Provisions made in year	(978)	(1,017)
Written off in year	158	216
Provision at 31st March	(4,412)	(5,213)
NNDR		
Provision at 1 st April	(1,807)	(1,295)
Provisions made in year	34	(133)
Written off in year	478	404
Provision at 31st March	(1,295)	(1,024)
NNDR Valuation Appeals		
Provision at 1 st April	(6,374)	(4,200)
<i>Adj to opening</i>	-	(19)
Provisions made in year	2,174	(3,891)
Written off in year	0	738
Provision at 31st March	(4,200)	(7,373)

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

Annual Governance Statement 2023/24

Introduction and scope of responsibility

Rushmoor Borough Council (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:

[\(Local Code of Corporate Governance\)](#) RBC updates it's code annually and evidence is collated and assessment for compliance by the Corporate Governance Group (CCG) and the Executive Leadership Team (ELT).

The Annual Governance Statement (AGS) 2023/24 states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), and as amended by the Accounts and Audit (coronavirus) (Amendment) regulations 2020, which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to detailed review by the Corporate Governance, Audit and Standards Committee (CGAS Committee) and approval in advance of them agreeing the Statement of Accounts, into which the AGS is referred.

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.

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.

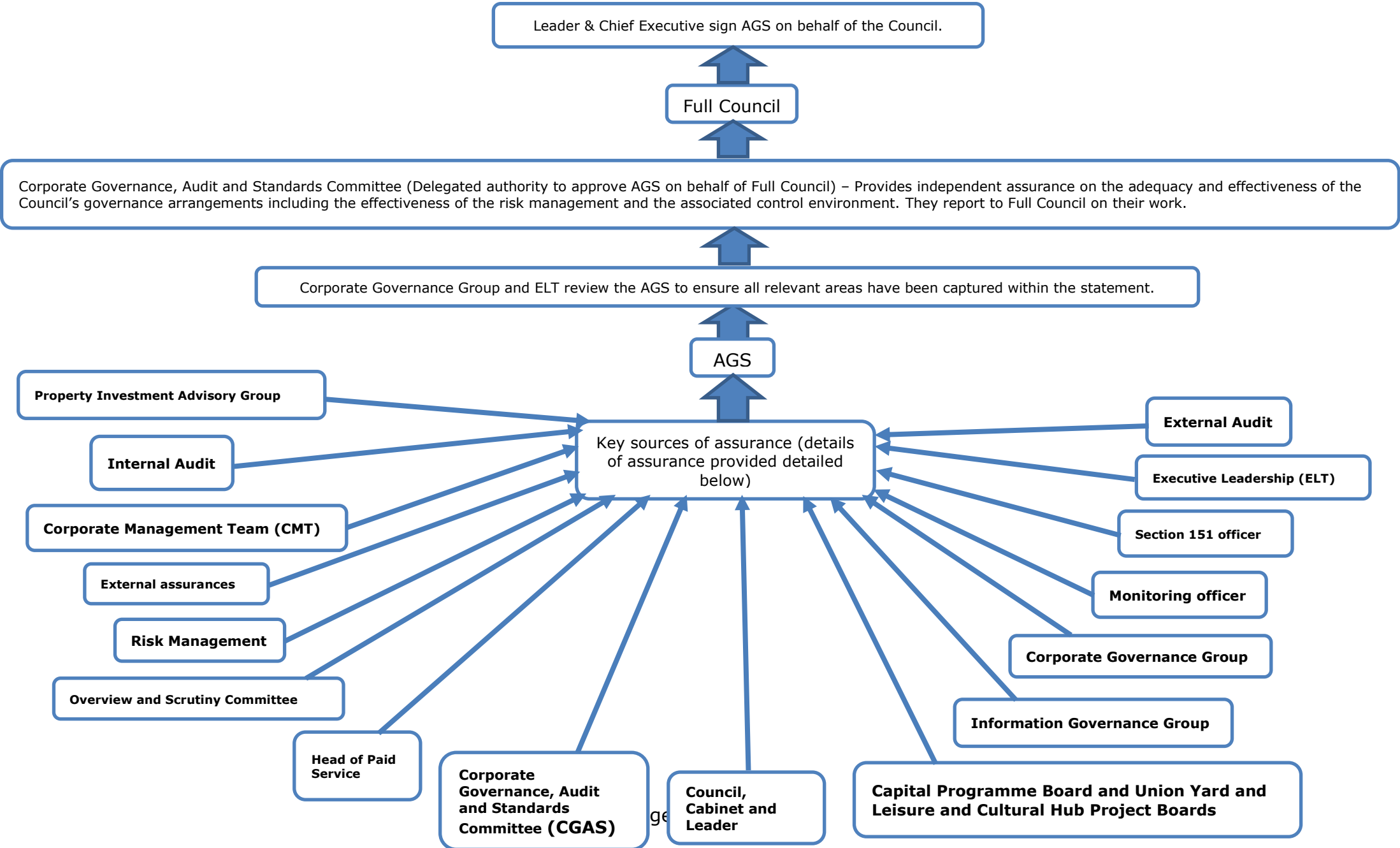
What is the Annual Governance Statement (AGS)?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an AGS, 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 2023 and up to the date of approval of the AGS and Statement of Accounts.

The Council's process for developing and adopting the AGS



<p>Council, Cabinet and Leader</p>	<ul style="list-style-type: none"> • Adopting and making substantive changes to the constitution • Approving or adopting the annual budget • Agreeing and/or amending the Terms of Reference for Committees, deciding on their composition and appointing.
<p>Overview and Scrutiny Committee</p>	<ul style="list-style-type: none"> • Pre and post decisions made are subject to scrutiny/ call in for review by the Committee.
<p>Corporate Governance, Audit and Standards Committee (CGAS)</p>	<ul style="list-style-type: none"> • Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. • Promotes high standards of Member conduct. • Approves the Annual Statement of Accounts and Annual Governance Statement. • Independent Member
<p>Risk Management</p>	<ul style="list-style-type: none"> • The corporate risk register is regularly reviewed and monitored to ensure appropriate mitigation is in place. • Service risk registers are regularly maintained and updated which are fed into the corporate risk register. • Regular updates on risk management and the risk environment is provided to CGAS.
<p>Corporate Governance Group (CGG)</p>	<ul style="list-style-type: none"> • Officers with statutory roles within the Council e.g., the Monitoring officer and Section 151 officer, review and provide assurance over the governance arrangements within the Council including any constitutional changes or issues.
<p>External assurances</p>	<ul style="list-style-type: none"> • Assurances are obtained from external bodies e.g. compliance with PSN. • Peer reviews • Engagement with LGA and encourage reviews
<p>Information Governance Group (IGG)</p>	<ul style="list-style-type: none"> • IGG develops and maintains an information governance framework for effective management of information. • Authority to decide/recommend operational matters around all aspects of information governance and reports to CGG. • Oversight of the Council's Cyber Security treatment plan.
<p>Capital Programme Board</p>	<ul style="list-style-type: none"> • Review of governance and risk management over major projects, for example Civic Quarter and Union Yard.

<p>Head of Paid Services</p>	<ul style="list-style-type: none"> • The Chief Executive carries the responsibility for the proper management of RBC and for ensuring that the principles of good governance are reflected in sound management arrangements. • Leads the Council's Management team in driving forward the Council's Strategic objectives.
<p>Monitoring Officer</p>	<ul style="list-style-type: none"> • Ensures compliance with established policies, procedures, laws and regulations. • Monitors ethical standards. • Reports actual or potential breaches of the law.
<p>Section 151 Officer</p>	<ul style="list-style-type: none"> • Develops a medium term financial strategy that is aligned with strategic priorities. • Safeguards public money • Promotes and deliver good financial management.
<p>Executive Leadership Team (ELT)</p>	<ul style="list-style-type: none"> • Implements the policy and budgetary framework set by the Council and provides advice to Committees and the Council on the development of future policy and budgetary issues and oversees the implementation of Council policy. • Influences a corporate culture and fostering a culture of high ethical standards and integrity. • Identifies and addresses cross cutting and strategic issues that may impact on the Council's control environment and risk.
<p>Corporate Management Team (CMT)</p>	<ul style="list-style-type: none"> • Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. Including maintaining service risk registers. • Contribute to the effective corporate management and governance of the Council. • Provide assurance statements for the governance arrangements within their services which inform the Local Code of Corporate Governance and the AGS. • Performance Management
<p>External Audit</p>	<ul style="list-style-type: none"> • Audit/ review and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
<p>Internal Audit</p>	<ul style="list-style-type: none"> • Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. • Delivers an annual programme or risk-based audit activity. • Makes recommendations for improvements in the management of the Council's risk, governance and control environment.
<p>Property Investment Advisory Group</p>	<ul style="list-style-type: none"> • Oversees the Council's commercial property.

Key Governance Changes

Financial

Following an update to the MTFS the Council was aware it was facing a difficult financial situation going into 24/25. While the Council was able to set a balanced budget with the use of reserves for 23/24 there is a £19.152 million deficit over the MTFS term and without significant mitigation in 24/25 the Council will not be able to set a balanced budget in 25/26. A Financial Resilience Plan was developed to address the challenge. To achieve this the budget will require the implementation of cost reduction, efficiency savings and capital receipts to reduce capital costs whilst drawing down reserves.

The development of the Financial Resilience Plan, management and delivery of the short-term savings will require additional capacity from a range of specialisms and experienced professionals to compliment the current officer capacity. It is vital the Council does not lose sight of its core purpose delivering services in business as usual.

The Outcomes Based Budget work which commenced in 2022/23 to address the Council's funding gap is continuing to be implemented.

The Chartered Institute of Public Finance and Accountancy (CIPFA) was engaged in Quarter 4 as a critical friend to support the Council by providing constructive challenge, advice, and insight, as appropriate, through a financial resilience review with the formal report due in May 2024. The review focused on 5 key areas:

- Financial Management/Sustainability: An assessment of the Council's financial management and management of risk, financial pressures, deliverability of savings plans and efficiency in delivering services.
- Commercial Assets/Debt: An assessment of the Council's assets and investments including dependence on commercial income, debt costs and other risks.
- Capital Programme/RHL: An assessment of the Council's capital programme and management of related risks including arrangements with the wholly owned RHL and recommendations on how the Council could use the proposed new flexibilities to address its financial challenges.
- Governance: An assessment of the Council's governance/management processes, leadership, operational culture, whether it has the appropriate governance procedures in place, and the capability and capacity to make any necessary transformation.
- An Improvement Plan: Recommendations to provide the Council with tangible actions to guide design, and implementation of an Improvement plan to address identified risks and issues. Assist in the development the improvement plan.

Political changes and developments in Member briefing and engagement

There have been various political changes during 2023/24 including:

- A reduction in the size of the conservative majority
- The Leader of the Council stepped down and a new Leader was appointed
- Changes to the portfolio structure and portfolio holders
- An additional Member joined the Cabinet

Due to the changes in 23/24, it was recognised that there was less experience across Cabinet Members which resulted in increased briefings being needed. In addition to this, training has been carried out for Members across various topics to strengthen the quality of decision making.

Significant Cross party working was undertaken during 23/24 including on the leisure and cultural hub, Union Yard and the crematorium refurbishment project. All Member briefings have also been carried out and written updates provided to ensure consistent communications to all Members.

The Elections Act 2022 introduced changes to the UK electoral system which impacted the Council's delivery of elections, including the following:

- Voters now need to show photo ID at polling stations.
- Voters can apply online to vote by post and proxy and must prove their identity.
- Voters cannot hand in more than five postal ballots to the Council.
- People cannot act as a proxy for more than two voters (or four if this includes two who live overseas).
- Overseas voters can now register to vote no matter how long they have lived outside the UK.
- There are increased accessibility requirements for polling stations.

Staffing

Due to the financial issues the Council is facing the senior management team was restructured and reduced in the year. Since the Executive Head of Finance/ S151 Officer left in 2022 the Council has had two interims. In September 2023 a permanent Executive Head of Finance/ S151 Officer was appointed providing more consistency in this statutory role for the Council. A dedicated Head of Regeneration and Development was also appointed reflecting the Council's regeneration priorities. The overall workforce size has reduced from 271 (243 FTE) in 2022 to 247 (220 FTE).

The recruitment environment continued to prove challenging for some services needing to recruit to vacant posts, particularly for professionally qualified roles in property and legal services. This in turn has an impact on the delivery of some services and projects.

Joint working has been carried out with service managers and the Corporate Management Team (CMT) aimed at developing various leadership skills and awareness, including political awareness, and deeper consideration of decision-making processes.

Following the hybrid working introduced during covid the different model of working with reduced physical customer access via walk in but improved access through appointments, telephone and digital channels has continued to work effectively and governance processes have also continued to work as part of the new model.

External Audit

The government has proposed that all outstanding external audit of accounts prior to 23/24 would remain unaudited and published on the website with a national disclaimer explaining the situation. The next audit of accounts will be carried out in the Autumn of 2024.

External environment/ stakeholder engagement

Strategic relationships have been developed to acquire knowledge and enable influence including:

- DCN Chief Executive Group,
- Chair the SE Asylum Disposal Accommodation Board with Home Office colleagues,
- the County Chief Executive's Group
- Peer challenge visits
- With the NHS, Hampshire Public Health and other health providers including Frimley Integrated Care Board and Integrated Care Partnership.

It has been recognised that whilst majority of partnerships are working well with external stakeholders engagement with Hampshire County Council is not as effective as it has been in the past with particular pressures relating to HCC's budget reductions. Despite this a joint regeneration and growth partnership is to be considered and council officers work hard to maintain critical relationships with key officers across the County Council.

Union Yard has been one of the Council's biggest projects with increased risks involved given the rapid changes to the external financial conditions. The project delivery has remained on track and the scheme will open as planned in 2024. The economic environment does mean that other planned regeneration activities and projects will need to be carefully considered during 24/25.

The Corporate Governance Group has reviewed the seven characteristics from the Governance Risk and Resilience framework from the Centre for governance and scrutiny to assist with identifying any areas of improvement for governance across the Council. This is currently being compiled for review by ELT.

Internal Audit – Audit Opinion

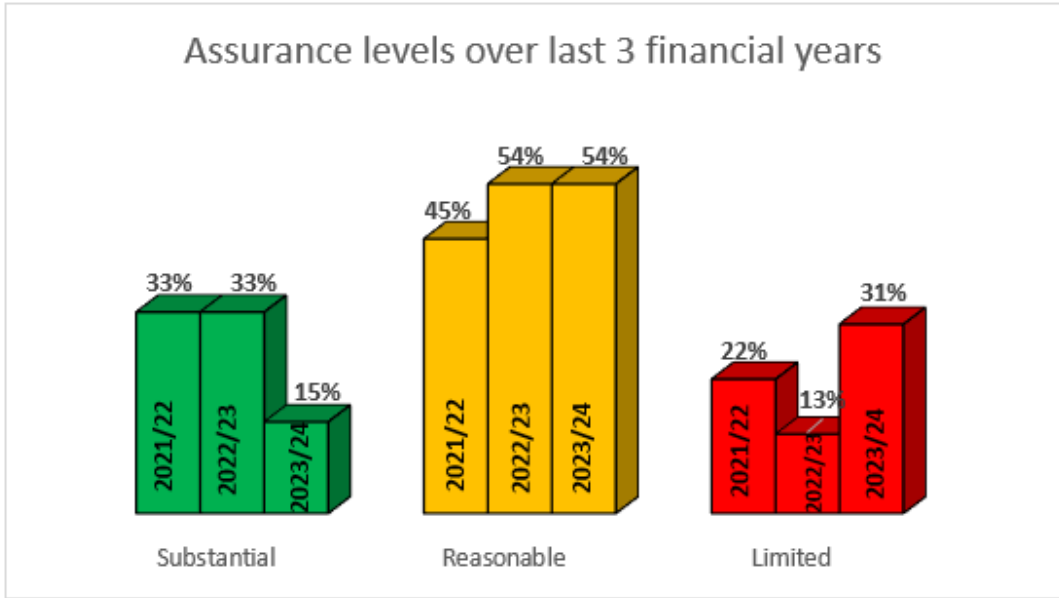
Internal Control Environment

Internal audit reviews key financial systems on a 3-year rolling basis. The below table shows the level of assurance provided for each of these systems across the 3 years along with the direction of travel from the previous level of assurance provided.

Key financial system	Assurance level in the last 3 years	Direction of travel from previous assurance provided
Purchase Ledger	Reasonable	↑
Payroll	Reasonable	↓
Council Tax	Reasonable	↓
Treasury Management	Substantial	↔
Cash receipting	Reasonable	↓
Benefits	Substantial	↔
FMS & Bank Reconciliation	Substantial	↑
NNDR	Reasonable	↓
Sales Ledger	Reasonable	↓

The above shows a downward trend in the assurance levels provided for key financial systems, with 56% decreasing from previous years reviews.

The audit plan for 2023/24 provided coverage from across the Council and provided 13 assurance levels in which have been included within the formation of the opinion on the internal control environment within the Council. (Appendix A details the audits completed/ substantially completed, and the assurance level provided) The graph below shows the percentage trend over the last 3 financial years for the assurance levels provided.



The above graph shows that this financial year there has been a decrease in the substantial assurance levels whilst the reasonable level has remained consistent. There has also been an increase in the limited assurance provided.

Specific follow up audits are carried out, the following financial year, where limited or no assurances have been given. As limited or no assurances are significant these areas should be given priority focus from senior management to close the gaps highlighted therefore assurances should improve.

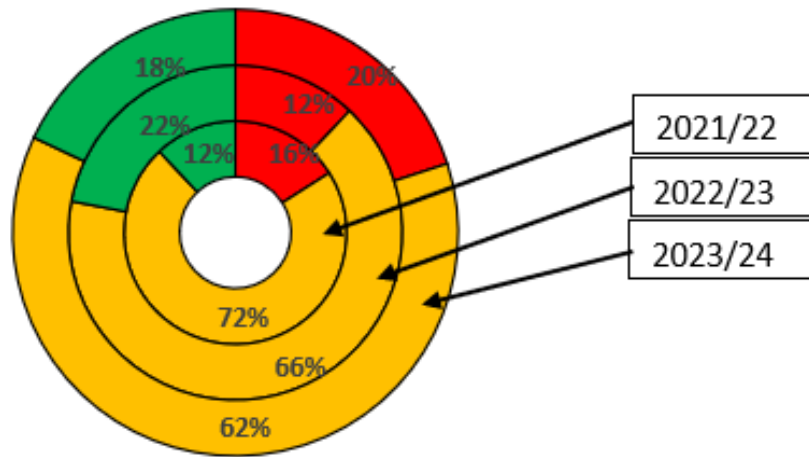
Follow up audit	Follow up assurance level	Direction of travel
2022/23		
S106/ SANGS	Substantial	↑
Taxi Licensing – fee process	Substantial	↑
Application Patch Management	Reasonable	↑
Alderwood Leisure Centre*	Limited	↑
2023/24		
Estates Management & Commercial letting	Substantial	↑
Purchase Ledger	Reasonable	↑
Insurance	Limited	↔
Guest House	Limited	↔

*Alderwood Leisure was in the process of being transferred back to the school and previously had been given No assurance.

The review of follow ups carried out this financial year shows a decrease in the improvement of areas which have previously been given a limited assurance. With 50% of the follow ups carried out not improving. Although it should be noted that these were within the Finance service specifically. Further work by the service has been carried out on the two areas and whilst a further follow up has not yet been carried out it is known that improvements have been made.

Recommendations are made for each audit carried out to improve the area under review. The recommendations are categorised as high, medium or low.

The graph below shows the trend over the last 3 financial years. This shows that the overall percentage of recommendations has increased for high, whilst the percentage of medium and low-level recommendations have reduced. Although overall the changes are not hugely disparate across the years.



The Council has achieved PSN certification. This reviews the Council's security network and provides recommendations for improvement. Assurance is taken from this assessment that the IT network controls in place are sufficient.

In addition, assurance was taken from the external review of the Council's InTune device management, which was carried out as part of the PSN requirement.

In summary, based on the information set out above it would demonstrate that the Council's internal control environment has decreased from previous years. Whilst key financial systems have been given reasonable or substantial assurance across the 3-year cycle the overall trend is that the levels of assurance are decreasing. Overall, substantial assurances have reduced this financial year whilst the limited assurances have increased.

In addition to this, the follow ups carried out have not improved for ones within the Finance service, whilst other services have improved in the areas previously given limited assurance.

It is in the Audit Managers opinion that the internal control environment for Rushmoor Borough Council is **Reasonable**. Whilst a reasonable assurance has been provided it should be noted that this was on the lower level of this assurance bracket. Due to the increase in the number of limited assurances in the year, the downward trend of the assurances provided for key financial systems and the limited assurance level not changing for half of the follow up audits carried out this financial year. Improvements are required so that this downward trend does not continue.

Governance

The Council currently has outstanding audit recommendations dating back to audits carried out in 2019/20, some of which are high risk areas. Confidence in Managers implementing the outstanding agreed recommendations has been impacted.

Senior Management were provided with a breakdown of the outstanding recommendations, risk levels and areas. Work is due to be carried out in order to take a view on these in a similar light to the external audit position.

Various lines of defence are in place to ensure that questions and oversight is carried out on various decisions made within the Council. The lines of defence are key to governance arrangements to ensure that processes are being followed and allow for informed decisions to be made.

Some audits carried out have demonstrated that the lines of defence set up are not working effectively to scrutinise options, risks and the overall potential impact (worse case/ best case) put forward. An example of this was demonstrated within the Meads audit where the financial modelling only changed the purchase price and not other factors, such as the level of borrowing or the interest rate, as stated within the main body of the Cabinet report. This was not evidenced as being picked up at the various levels of defence.

Audits carried out, identified that there is also inconsistency with information provided within Cabinet reports. With inconsistent information being provided for decision making this does not provide a basis for informed decisions to be made and does not demonstrate good governance. In addition to this, clarity is not set out in all Cabinet reports for what is being requested for approval which can cause misperceptions going forward. An example of this was the RHL report which only requested approval of the business case without specifically setting out what was to be approved. The business case put forward has various total amounts for borrowing and therefore it is unclear the exact amount that was agreed to lend, as the figures are not consistent within the business case.

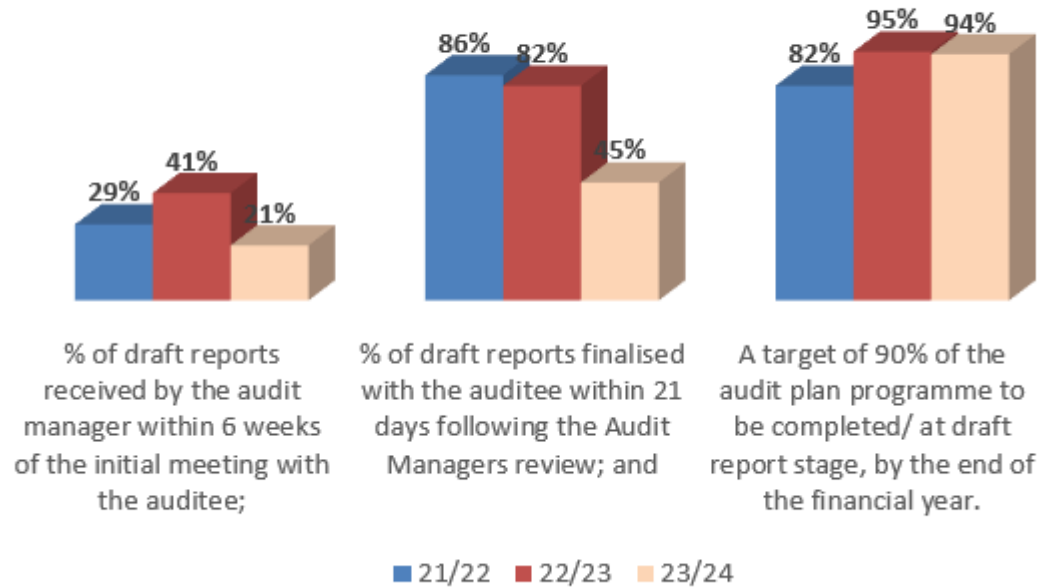
The Interim S151 Officer stated that a self-assessment against the CIPFA FM code had been carried out however, records to evidence this have not been identified. The Council is currently not conforming with the CIPFA requirements. Actions to address this have been included within the Annual Governance Statement.

The following performance measures have been put in place for internal audit.

- % of draft reports received by the audit manager within 6 weeks of the initial meeting with the auditee;
- % of draft reports finalised with the auditee within 21 days following the Audit Managers review; and
- A target of 90% of the audit plan programme to be completed/ at draft report stage, by the end of the financial year.

The graph below shows the performance over the last 3 financial years:

Performance indicators



The Council is committed to the highest possible standards of openness, probity and accountability. A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image. Counter-fraud arrangements assist in the protection of public funds and accountability.

Policies and strategies are in place setting out the Council's approach and commitment to the prevention and detection of fraud or corruption, including an Anti-fraud, bribery and corruption policy and a Money-laundering policy. These policies are currently being reviewed and updated to ensure they remain fit for purpose. A fraud risk assessment has been carried out to identify the likelihood of fraud occurring in various areas across the Council and ensure controls are in place to mitigate the risk.

The Council continues to conform to the requirements of the National Fraud Initiative (NFI). An annual SPD NFI exercise is carried out to match data from the Council tax system and the Electoral register. The Council submitted the required data sets for this in December 2023, with feedback on potential matches being received instantly.

Details of irregularities identified within the year have been set out in Appendix B.

A self-assessment against the Public Sector Internal Auditing Standards (PSIAS) has been carried out. The Internal Audit section is fully compliant with the standards with some further enhancements set out within Appendix C.

Governance is the leadership of decision-making, culture, controls and accountability throughout the organisation. It is in the Audit Managers opinion that governance for Rushmoor Borough Council is **Reasonable**. Governance issues are addressed through the Governance group, and it has been acknowledged that work is to be done to improve the governance arrangements within the Council.

Risk Management

The Council has in place Service Risk Registers and a Corporate Risk Register. Quarterly the overall changes are reported to the Corporate Management Team (CMT) for review and scrutiny. Following this the report is presented to Cabinet. CMT and Cabinet act as layers of defence to ensure that risks have been identified and where necessary actions taken to appropriately mitigate the risk.

There is insufficient evidence of scrutiny over the risks, follow up actions and mitigations suggested to minimise the risk from materialising.

Sufficient challenge is not undertaken at the different levels of defence to ensure that appropriate mitigations are in place, being monitored/ acted upon and an understanding of what any implications may be to the Council.

A risk appetite statement has not been defined and agreed with Members. Therefore, there is a lack of clarity against the level of risk that is deemed as acceptable by the Council. Therefore, risks are categorised based upon individual perceptions and not calibrated against the Council's adopted appetite.

It is in the Audit Managers opinion that risk management for Rushmoor Borough Council is **Reasonable**. Whilst a reasonable assurance has been provided the process requires improvement and focus to ensure that it is an effective management tool rather than just process driven.

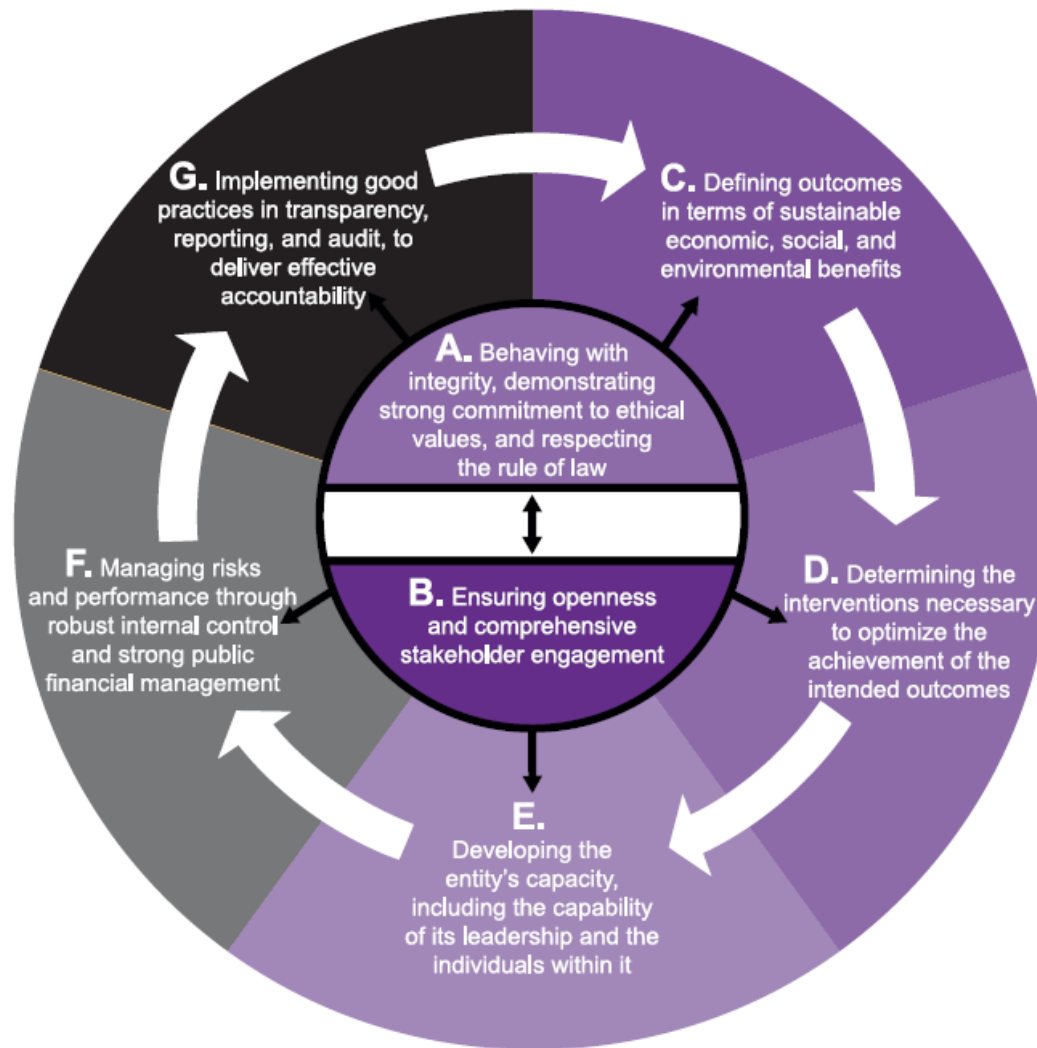
How does the Council monitor and evaluate the effectiveness of its governance arrangements?

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

- The work of the Corporate Governance, Audit and Standards Committee (CGAS), Members and Senior Officers of the Council who have responsibility for good governance, as set out above in the diagram showing the overview of the Council's corporate governance framework.
- A statement of assurance is obtained from Heads of Service to confirm the governance arrangements in place within their service and any actions to be included within the AGS.
- Risk management reports and the corporate risk register is maintained and scrutinised by Corporate Management Team (CMT) quarterly and subsequently communicated to CGAS, the Corporate Governance Group and Cabinet.
- The Audit Manager's update reports on the internal audit activity, which provides an independent assurance that Governance, Risk management and internal Control is in place and provides an opinion on the effectiveness of these arrangements.
- Half yearly updates to the CGAS Committee monitoring the work carried out towards the governance actions identified in the previous year's AGS.
- Any comments made by External Audit or other external reviews.
- Internal Corporate Governance Group provides assurance over the governance arrangements within the Council.

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. In addition to this the Council has a protocol for Member/Officer relations. 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 and review the Constitution as and when required. • 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. All colleagues are made aware of any new policies or changes and training is provided as necessary and the Council has commenced a programme to ensure policies are reviewed on an annual basis. • 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 appointed external professional advice from solicitors to support the legal work around property and construction for regeneration of Aldershot and Farnborough town centre. • Records of Executive Decision to evidence delegated authority are maintained. • 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 Management Team has responsibility to ensure that decisions are made properly and that these are monitored by the Governance Group and Deputy Monitoring Officers. • Financial reports are reported to relevant committees.
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, the Assistant Chief Executive, IT Service Delivery Manager, the Information Governance 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 Corporate Values and Behaviours Framework which sets out the attitudes and behaviours expected from staff. The four corporate values are Collaborate, Innovate, Brave and Integrity. • Procurement processes are currently being reviewed to be made more robust to ensure high quality suppliers are selected and value for money is obtained.

	<ul style="list-style-type: none"> • 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. • Training has been provided to the Corporate Governance, Audit and Standards (CGAS) Committee to strengthen their focus. In addition to this an independent member has been appointed with an audit background to provide further support to the Committee and scrutiny of the Council's governance arrangements. • Member training is provided for Members to support them in their roles, and they are encouraged to attend training including on good data management and information governance. Various training topics are provided to assist with a higher quality decision making. • A Champion for Equality and Diversity has been appointed for Cabinet and Equality & Diversity Action Plan has been put in place as an outcome from the peer review work.
<p>Respecting the rule of law</p>	<ul style="list-style-type: none"> • The Constitution sets out responsibilities within the Council. This is maintained by the Corporate Manager – Democracy together with the Governance Group, to ensure that the Council's legal requirements are met, and the provisions are up to date. The last major review of the Constitution was carried out in 2019/20, and since then the Constitution has been updated on a regular basis as documents are reviewed and kept up to date. The Corporate Manager – Democracy maintains a schedule of updates made to the Constitution. During 2022/23 a Constitution Working Group considered a number of proposals for change to ensure that the Constitution continues to facilitate council business. On the recommendation of the CGAS Committee, the Council approved these changes and the adoption of a revised and updated Constitution in February 2023. • 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 financial control environment. • The Council's in-house legal service identifies and advises the Council on key elements of the law and their application. External legal advice is sought where necessary, for example, on specialist areas of law and high value matters. • The Council has commenced a programme to ensure compliance with all the mandatory publication requirements of the Local Government Transparency code. The Corporate Management Team own the elements of the code which are specific to their services while the Corporate Governance group have oversight. • The Corporate Health and Safety team collate breaches and liaise with appropriate partner organisations and authorities e.g. HSE • The Council is compliant with the governments Public Services Network (PSN) and the Council is working towards completing the implementation of a Cyber Security treatment plan in line with the 10 steps guidance from the National Cyber Security Centre (NCSC), with work to enhance ransomware defences, backup solutions, cloud delivery, identity management, business continuity and incident management for cyber security. • The Council has in place a specific Data Protection Officer and breaches are reported to the Information Commissioners Office (ICO) as appropriate. • Successful Health and Safety prosecution in the public interest.

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 – Annual Statement of Accounts • The Council's 3-year business plan is published on the council's website along with the monitoring of the actions towards the plan. • 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 publishes the Arena magazine, 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 Council engages with institutional stakeholders on key aspects, for example the Council engaged with the Citizens Advice (CA) who produced a report on the cost of living in Rushmoor. • The Council regularly engages with other public services to a line our outcomes. • Regular informal consultation is undertaken with representatives of all public sector partners that have a presence or footprint within the Borough's area. • A statement of community involvement is published on the Council's website. • Formal and informal consultation is carried out with Members through a range of working groups.

	<ul style="list-style-type: none"> • As part of delivering regeneration projects and better use of assets there are regular interactions with organisations such as Homes England, Hampshire County Council, Enterprise M3 LEP, Defence Estates and major local landowners and appropriate services within the Council. • The Council adopted the Local Plan 2014-2032 on the 21 February 2019, which involved participation from numerous stakeholders. Details are published on the Council’s website. • A relationship management approach and system is in place. We now have an audit trail on contacts and have increased our levels of engagement through visits, meetings and working through partners. As part of the development of the Strategic Economic Framework strategic engagement to inform the framework was completed. • The Council supports the Prospect Estate Big Local (PEBL) • Re-negotiation of contracts based on open-book reviews for example on the Council’s waste contract, which has regular involvement from the Portfolio Holder, the Cabinet and other elected members.
<p>Engaging with individual citizens and service users effectively</p>	<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. There has been extensive consultation for the regeneration function including direct mailshots, public exhibitions, group meetings and presentations. • The new Council’s website has been launched, which was informed by resident engagement and feedback on the old website. • 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 actively engaged with the local community in the development of major regeneration projects across Aldershot (Union Yard) and Farnborough (Civic Quarter) via the Rushmoor Development Partnership through digital channels and drop-in sessions as part of the planning pre-application process. • Working with Ukrainian refugees who have arrived in the Borough since March 2022 to shape the offer of the Council to support the Homes for Ukraine scheme. • Business engagement – the council seeks to engage directly with local businesses to ensure that there is an understanding of local business needs. Underpinned by the aims and objectives of the council’s Strategic Economic Framework, this engagement includes bi-annual business surveys, quarterly business forums with businesses and membership of/ regular engagement with, business representative organisations such as the Federation of Small Businesses and Hampshire Chambers of Commerce. A monthly business newsletter has also been developed to engage with local businesses and to provide a consultation mechanism. • Through the development of the Rushmoor Cultural Strategy and in its enabling role in seeking to increase arts and cultural engagement in Rushmoor, the council also engages with arts organisations, creative practitioners and artists directly. This has included consultation on the Rushmoor Cultural Strategy itself.

- The Council has facilitated a cost of living workshop with key partners to understand the level of impact on residents, and identify where we can support and collectively make the biggest difference.
- The Community & Partnerships team have visited several warm hubs and food banks across the borough to talk to local people and organisers and see where can provide further support. In addition, we have shared cost of living information/where to get help on the website and provided leaflets and other information at local GP surgeries, libraries, and job centres.
- The Cost of living continues to be a regular agenda item for the Supporting Communities working group.
- Examples of consultation exercises carried out during 2023/24 included:
 - Cove green recreation ground playground
 - Aldershot and Farnborough markets consultation
 - Residents' survey
 - Tennis Courts in Rushmoor Park consultation
 - Polling districts and polling places review
 - Council Tax support scheme for 2024/25
 - Community safety survey
- A scheme is in place within the Council's Constitution to have public participation at Member meeting. Therefore, meetings of the Council and its Committees are open to members of the public to attend, with agendas and minutes being publicly available on the Council's website.
- Principle Committee meetings are webcasted to engage with stakeholders via different mediums. Full Council is the only meeting which is not webcasted.

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, which is updated and published on a quarterly basis. The results of the Residents Survey 2021 were considered as part of the 'evidence base' for the Council Plan 2022-25. A Regeneration & Major Projects Programme is established and aligns to the Council Plan. - The Council plan draws upon key strategic documents which underpin the Council's work. The key strategies and plans are monitored, and performance reported to Cabinet on a half yearly basis. The key strategies and plans include: <ul style="list-style-type: none"> - Climate change action plan 2020-2030 - Supporting communities strategy and action plan - Equality, diversity and inclusion action plan - The local plan - Strategic economic framework - Joint municipal waste strategy - Procurement strategy - The People Strategy - Green infrastructure strategy - Farnborough Town Centre strategy - Strategies and plans currently in development include: <ul style="list-style-type: none"> - Communications and Engagement strategy - Cultural Strategy - The following strategies and plans have been developed since the last AGS: <ul style="list-style-type: none"> - Car Parking Strategy - Customer, Digital & Technology strategy - UK Shared Prosperity Fund Investment Plan - Aldershot Town Centre Strategy - Housing and Homelessness Strategy - To realise the delivery of the Council's priorities in line with the Council Plan the Council has developed a People Strategy which encourages the development of all our staff, ensuring that people are developed to realise their potential, that people are engaged and feel valued and supported, as well as the Council being an employer of choice. Underpinning these four themes are a number of outcomes which in turn leads to actions. These actions are reviewed and discussed every sixth months with the Transformation, Task and Finish Group. An example of these actions includes the development and launch of the Council's Values and Behaviours, a Service Manager Leadership Programme, supporting 13 apprentices to

	<p>gain qualifications, encouraging regular feedback with the Engage 24/7 survey, launching a Menopause Framework for staff and encouraging more flexible working arrangements for staff as well as holding a Staff Showcase.</p> <ul style="list-style-type: none"> - 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. - To ensure a balanced budget for the 23/24 financial year the Outcomes Based Budgeting (OBB) approach was adopted. Governance was established to monitor the savings and reported regularly to the Corporate Management Team and Budget Strategy Working Group. In addition, section reporting on a risk-based approach was included in the quarterly financial monitoring report to Cabinet. - Governance arrangements have been clearly set out for Rushmoor Homes Limited (RHL). There is proper management of Board reporting and relationship with Council. <ul style="list-style-type: none"> o Service business plans are maintained and linked to the corporate plan to define the key areas for the service to deliver on within the year.
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> • A template is in place for the Council’s reports to Cabinet which require the consideration of business, Strategic, Economic, Legal, Financial and Equalities impact of the decisions being made and how decisions are to be made. All reports requiring executive decisions (except those exempt) are accessible via the Council’s website. (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 Policy and Performance team monitors place and organisational data to support the work. • Service and Project risk registers are regularly updated. Where necessary service level risks are submitted for inclusion on the Corporate Risk Register. Discussion of the corporate risks, including new risks identified are discussed quarterly at CMT. Services update their risk registers monthly via the central record for risk registers. • The Council has adopted and implemented the Local Plan 2014-2032 (adopted 21 February 2019). 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. The Local Plan is the basis together with the National Planning Policy Framework and associated guidance of all development decisions and therefore all decisions are informed by the consultation and evidence at a strategic level and assessed as to how they meet these requirements based on the specific application. • In July 2023, members of the council's Cabinet approved a new Climate change plan and agreed to the council's Carbon footprint being published and monitored.

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| | <ul style="list-style-type: none">• The Rushmoor Development Partnership is currently working with the Council to finalise the legal agreements required before the planning permission for the Civic Quarter Scheme can be issued. The company is not currently working on a live development project. The Council is looking at a range of options to move the Civic Quarter project forward, one of which includes the RDP. Currently, the approved scheme is not fully viable due to the infrastructure costs including those associated with the proposed highway works. The Council is discussing the situation with Homes England with the hope of securing infrastructure funding that would enable the project to proceed. |
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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 for the Council's Union Yard Regeneration Project. • The Overview & Scrutiny Committee considers the effective delivery of Council priorities and recommends interventions and remedies as appropriate. • Consideration of alternative courses of action for all decision making is undertaken. • The Corporate Governance Group 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. • The Corporate Manager -Legal Services is engaged in wider discussions with client teams on options for resourcing larger legal projects and higher profile actions to ensure these are resourced as efficiently as possible e.g., making use of the EM Lawshare framework discounted rates; considering alternatives to prosecution; considering the terms of a Public Space Protection Order; resourcing and managing external legal support for the regeneration projects.
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"> - Corporate Governance, Audit and Standards (CGAS) Committee, with specific roles to ensure effective governance - The Property Investment Advisory Group (PIAG) provides early consideration of projects prior to submission to the Cabinet. This group is supported by LSHIM who provide market-based 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. Examples of work undertaken by the Committee during 23/24 include: <ul style="list-style-type: none"> ▪ Public tennis courts

- | | |
|--|--|
| | <ul style="list-style-type: none">- The Regeneration and Major Projects Programme Board provides the oversight and key input into the delivery of projects and meets 6-weekly. Each project within the defined programme has an established resource structure across a number of disciplines within the Council to ensure the right course of action is taken.- The Rushmoor Development Partnership Board meets bi-monthly (every two months) to provide oversight and scrutiny of the projects being taken forward by the Joint Venture. The partnership is well governed by a partnership agreement, project plans and a decision-making structure culminating in a board made up of 50:50 public: private directors with reports to the Executive Director that are taken to Cabinet/Full Council as required. |
|--|--|

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, where possible, collaborates with other authorities to share information and best practice and third parties, e.g. Hampshire & Isle of Wight Chief Executive group and subsequent groups. • CMT actively carry out reviews of their services and plans during the year. • The Council regularly makes use of 'benchmarking' exercises and other research to support corporate priorities and work. • The People strategy includes four themes which encourages the development of Council staff, ensuring that people are developed to realise their potential, that people are engaged and feel valued and supported, as well as the Council being an employer of choice. • The People team are currently carrying out work on 'succession planning' across the Council. • The Council engages external consultants when additional resources or specialist resources are required to ensure the effective delivery of its services or projects. • The Council regularly supports the attendance of both executive and non-executive Councillors at the LGA leadership essential courses and weekend events across a number of topic areas including finance, climate change and equalities. • The Council had shadow cabinet roles in 2023/24.
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., CPD through attendance at seminars/conferences, mandatory training courses via the Council's E-learning modules 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' encouraging all staff to participate. • The Council has adopted a Corporate Values and Behaviours Framework, which sets out the attitudes and behaviours expected from staff. The four corporate values are Collaborate, Innovate, Brave and Integrity. • The Council is providing leadership programmes and apprenticeship leadership programmes to support the continued professional development of staff. For example, Wavelength and Frimley Health programmes. The Service Manager Leadership programme together with the senior team 360's, 121 coaching and development day are examples of leadership development, knowledge sharing whilst also strengthening collaboration. The annual development reviews and regular one to ones enable the Council to identify development and succession planning opportunities. The Council actively encourages the recruitment

of apprentices and as well as promoting apprenticeship programmes to managers and staff. The Council is supporting 11 members of staff to gain apprenticeship qualifications.

- Due to the Council working more commercially across services and the regeneration programme and other capital projects a wider range of skills was required which impacted on the required need from senior leaders and service managers. Therefore, the senior leadership team was reviewed. The Executive Leadership Team (ELT) was broadened to provide a renewed focus on the Council's priorities at an Executive level and the Corporate Management Team (CMT) was broadened to include existing managers to contribute to the leadership of the organisation and improve the diversity of input to corporate decision making.
- 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, which have included a lunch time walk, a Menopause seminar and a choir session.
- Yammer has been introduced to encourage staff communication, promote Council initiatives, knowledge sharing and staff activities and information.
- The Council's constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to whom decision making powers are delegated.
- 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. Various training topics have been provided to Members throughout the year to strengthen the quality of decision making for Members.
- The Council has a Corporate Governance, Audit & Standards Committee to provide a focus on all matters around corporate governance. The Committee has an independent member to assist with their roles and responsibilities as Members of CGAS.
- The Council subscribes to relevant professional bodies e.g., CIPFA publications

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"> • Work will continue to ensure the risk management process is further embedded within the Council. Cabinet receives quarterly reports covering both performance and risk. Heads of Service update their relevant service risk registers monthly and record these on a central database. Any service risks which are appropriate for the corporate risk register are escalated to the Corporate Management Team (CMT) for further review and consideration. Bi-monthly the risk registers are reviewed by CMT. • Where risks materialise the risk register is updated or processes to respond to the risk are updated following lessons learnt. • Furthermore, risks are more specifically considered within activities and decision-making reports taken to Cabinet. • The Council takes into account risks that could impact on the Medium-Term Financial Strategy, using scenario planning to understand potential impacts. The Council maintains a General Fund balance to £2m, together with a number of reserves to manage financial risk. • Service and Project risk registers are managed and updated regularly. Risk registers for all major capital projects are presented as part of the Regeneration, Property and Major Works Board. • Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Corporate Governance, Audit and Standards (CGAS) 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. • An exercise was carried out in September 2022 to test the Council's Emergency response plan. The findings found that overall, the exercise was well managed, some recommendations were made to further enhance the response plan. The plan will be updated to reflect the recommendations made. A workshop was also carried out in October 2022 to review the Council's business continuity plan. • IT Disaster Recover business continuity service/ plans have been reviewed and updated – the work was linked to the DLUHC cyber security treatment plan 2021/22 – 2022/23. • A new Cyber Security Stance was presented to the Corporate Management Team (Oct 2021), setting out the threat of cybercrime, the councils technology stance, work plans and mitigations. In addition, all staff attended a specific 'phishing' training and awareness session. IT follows End User Device (EUD) guidance issued by National Cyber Security Centre (NCSC) 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 PSN assessment). Recently the Council has been awarded funding from the DLUHC to improve its Cyber Security arrangements. A new cyber security programme has been established. The Cyber Incident Response Plan has been developed, tested and updated within 2023/24. Priorities within this area include a review of the Councils supply chain, security policy refresh, further cyber awareness training, cloud strategy development and assessment of the governments new cyber assessment framework.

<p>Managing performance</p>	<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 Council's management ensures day-to-day performance management is normal as part of the culture and through the Council's management teams there is a culture of robust challenge in place for all key decisions. • The creation and publication of the Council's 3-year business plan for 2022-25. 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.
<p>Robust internal control</p>	<ul style="list-style-type: none"> • All Rushmoor staff are responsible to some degree in the management of risk and adherence to internal controls in their day-to-day activities, from front line staff to Heads of Service (HoS), Executive Directors and the Chief Executive. Employees consider what might go wrong and take steps to reduce the likelihood or impact if it does by the use of internal controls. • Internal Audit provides an annual opinion on the effectiveness of the Council's governance, risk management and internal control environment. This assurance is obtained from involvement with relevant governance, risk management and internal review groups and outcomes from audit reviews carried out within the year. Details of these reviews and the annual opinion are reported to ELT and the CGAS Committee. • The Council, through the Audit investigate potential fraud, corruption and maladministration and provide effective counter fraud arrangements within the Council. • The Council carries out relevant external compliance checks e.g., Fire, safety checks etc.
<p>Managing data</p>	<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 GDPR requirements. • An information Governance Officer is in place and work is currently underway to update the Council's Information Security policies. • 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. • Information governance and data security e-learning modules are mandatory for all staff and Members on how to manage Council data. • Data breach logs are in place to record and enable review of breaches to ensure lessons are learnt and relevant action taken to prevent further breaches. • Data validation is an ongoing process and there are a number of year-end validation processes carried out particularly around the financial systems. • The Finance Manager (deputy S151 officer) is member of Information Governance Group. • The Executive Director is the Council's SIRO.

**Strong public
financial
management**

- 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.
- The Council is developing its programme to ensure compliance with the CIPFA Financial Management Code.

PRINCIPLE G

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

Sub principles	Demonstrated by
Implementing good practice 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 has commenced a programme to ensure compliance with all the mandatory publication requirements of the code. The Corporate Management Team own the elements of the code which are specific to their services while the Corporate Governance group have oversight. • 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, where possible, are open to the public for contribution and attendance. • Decisions are recorded and published on the Council’s website. • The Council seeks peer reviews in line with the risk framework and implements recommendations made to strengthen the Governance, Risk and control environment. A peer review is due to be carried out in the next financial year.
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 CGAS Committee reviews and approves 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 on a quarterly basis. • Reporting arrangements for RDP/Housing Company have been put in place. Regular update seminar through the Policy and Projects Advisory Board. Formal monitoring reports are 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 CGAS Committee on any governance matters.
Assurance and effective accountability	<ul style="list-style-type: none"> • The terms of reference and working arrangements of the CGAS Committee focus on ensuring transparency and effective audit of processes. Furthermore, an independent member has been appointed with specialist skills in audit to assist with the CGAS Committee. • 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. Work continues towards implement the actions from the peer review. • Risk based internal auditing provides ongoing assurance that the key risks are being managed.

How has the Council addressed the governance improvement actions from 2022/23 AGS?

The Annual Governance Statement 2022/23 contained the following key improvement actions. Updates have been provided throughout the year to the Corporate Governance, Audit and Standards Committee. Details of the latest update, on actions previously not reported as completed at the September Committee, are detailed below. Where actions are ongoing these will be carried forward into the 2024/25 action plan.

Governance Issue	Action	Current status
<p>Office 365 governance set-up</p> <p><i>(Information Governance Officer and IT Services Delivery Manager)</i></p>	<p>The main aim of this to ensure that the Council's data is protected, retained and handled appropriately. When Office365 was implemented across RBC governance policies were not developed and applied which needs rectifying.</p> <p>Currently engaging with Silversands to provision a set of activities for a Data Protection Pilot to help focus on how to control sharing of a sample data set stored in Office365, assisting in the definition of internal policies providing technical advice and design of technical controls to implement agreed policies. In addition to provision a set of activities for an Information Governance Pilot that will help to focus on retention requirements for a sample data set from the pilot department which will assist in the development of a corporate retention policy and to map this policy to technical controls available in Office365.</p> <p>Outcomes of these pilots can then be assessed and applied across the rest of RBC, if agreed.</p>	<p>Data Protection pilot with People Team completed in 2023. The outcomes of the pilot have been fully assessed and the item was discussed at CMT in April 2024, with the aim of taking the Office 365 and a data protection wider project forward. The project will need to be carefully resourced and managed and consideration to capacity and/or external assistance.</p> <p>Completed</p>
<p>Ensuring comprehensive compliance around cyber security in line with the guidelines provided by the National Cyber Security Centre.</p> <p><i>(Head of IT)</i></p>	<p>Enhancing our Cyber security Strategy and formalisation of a cyber security action plan. This is being actioned by the Cyber Security Treatment Plan.</p>	<p>This continues to progress. This will remain an ongoing task as cyber security and guidelines are continually being updated. Mitigations in place are robust and it remains as a high risk on the corporate risk register where the situation is regularly appraised. Therefore, this has now formulated into business as usual.</p> <p>Completed</p>

<p>External Audit to complete work and sign off 2020/21 and 2021/22 accounts. (Executive Head of Finance and S151 Officer)</p>	<p>The Interim Executive Head of Finance will ensure that the necessary information is provided to the external auditors to enable them to finalise their opinion for the 2020/21 and 2021/22 accounts.</p>	<p>The government has proposed that all outstanding external audit of accounts prior to 23/24 would remain unaudited and published on the website with a national disclaimer explaining the situation. The next audit of accounts will be carried out in the Autumn of 2024.</p> <p>Completed</p>
<p>Lack of robustness for the response to FOI requests resulting in the ICO judging against the Council due to lack of prompt response rather than the actual decision made not to provide certain information.</p>	<p>Check if automated processes can be introduced and alerts to Service Managers/Heads of Service to avoid missing statutory deadlines.</p> <p>Review the current system for logging FOIs and check whether it can be more robust (assuming no additional budget for 2023/2024)</p>	<p>The initial scoping of work has been completed with the full work programme of moving to MS lists later in the year (September 2024 onwards).</p> <p>Progressing</p>
<p>Ensure that all mandatory and statutory training for Elected Members and all staff is undertaken in a timely manner and regularly reviewed to ensure that it is maintained and up to date.</p>	<p>Elected Member induction training programmes will be provided during the first year of a new Member's office to ensure all basic induction training is undertaken and specific training is tailored according to the Members designated roles and identified needs.</p> <p>Established Members needs will be assessed will be reviewed and provided as required.</p> <p>Staff annual mandatory training will be facilitated by the People Team who will record completion rates and report to CMT. Any further compliance actions required will be the responsibility of CMT members to address.</p>	<p>Mandatory Induction Training for Councillors took place during May 2023 and September 2023 with core essential training delivered as a priority early in the civic year. This is in addition to a range of seminars and other learning and development activities that Councillors have participated in during 2023/24.</p> <p>Mandatory staff training completion rates are reported to CMT.</p> <p>Completed</p>

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2024/25, excluding the actions carried forward from 2022/23 as detailed above. The progress against these actions will be reviewed by the Corporate Governance Group and regularly reported to the Corporate Governance, Audit and Standards Committee.

Governance Issue	Action	Target date	Lead Officer
Changes to political control	<p>Following the changes in political control in May there are likely to be shifts in priorities which may require existing governance arrangements to be reviewed. This will be taken forward by the ELT supported by the governance group.</p> <p>Existing arrangements will have new appointments and training and briefing will be required for new appointees to be able to undertake governance roles effectively</p>	<p>September 2024</p> <p>As soon as practicable in new Civic year</p>	<p>ELT</p> <p>MO/ELT</p>
Governance actions arising from the CIPFA review.	The governance actions which transpire from the CIPFA review will be actioned accordingly.	TBC when actions from the report agreed	ELT
CIPFA Financial Management Code	<p>A self-assessment against the CIPFA Financial Management Code will be carried out.</p> <p>The actions resulting from the self-assessment will be carried out to ensure compliance with the code.</p>	<p>September 2024</p> <p>September 2025</p>	Peter Vickers, Executive Head of Finance & S151 Officer
Seven characteristics of good governance review	A self-assessment against the seven characteristics of good governance has been carried out by the Corporate Governance Group. Actions arising from this review will be taken forward to improve any governance gaps.	TBC when actions agreed	Corporate Governance Group

Certification

To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas highlighted on page 28 above. We propose over the coming year to take steps to address the above matters identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:



Gareth Williams
Leader of the Council

Date: 12th February 2025



Paul Shackley
Chief Executive

12th February 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUSHMOOR BOROUGH COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Rushmoor Borough Council ('the Council') and its subsidiary (the 'Group') for the year ended 31 March 2024. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- the related notes 1 to 44 including material accounting policy information and including the Expenditure and Funding Analysis.
- Collection Fund and the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Council and Group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2021, 31 March 2022 and 31 March 2023 for Rushmoor Borough Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 26 November 2024, 13 December 2024 and 13 December 2024 respectively.

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to delays in receiving audit evidence in sufficient time before the backstop date and delays in the previous year's audits we did not have the required resource available and, have been unable to complete our audit procedures on property, plant and equipment (2023/24 £119.76 million, 2022/23 £112.94 million) and investment property (2023/24 £138.73 million, 2022/23 £129.88 million).

As a result of the disclaimers of opinion in the prior years and the backstop date, we also do not have sufficient appropriate audit evidence over the following:

- in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year.
- in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet.
- in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet.
- in the collection fund and accompanying notes: opening balances, comparatives and in-year movements that are calculated as a movement between the opening and closing balance.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you if we are not satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Authority's arrangements for the year ended 31 March 2024:

We have identified one significant weakness in arrangements for the year ended 31 March 2024:

Weakness in arrangements to secure future financial sustainability

Weakness identified

At the end of 2023/24 the Council did not have adequate arrangements to reduce its recurrent level of revenue spending so that it can be contained within available resources without the need to call on reserves or reduce the level of planned service provision. In particular, the Council did not have arrangements to reduce its very high level of short-term borrowing to mitigate the impact of this on its revenue budget over the medium term and reduce the level of interest rate risk it is currently exposed to.

The evidence on which our view is based

- The level of actual overspending against the revenue budget in 2023/24, and the planned further call on reserves of £16.2 million for the period 2025/26 to 2028/29 to be able to balance the budget without the Authority taking steps to significantly curb spending.
- At the Corporate Governance, Audit and Standards Committee meeting on 29 January 2025, the Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2025/26 was presented to the committee. It concluded that at the Council held £145 million in loans at 31 December 2024 as part of its previous strategy for funding prior years' capital programmes. The Council expects to borrow a further £8 million in 2024/25. The Council's Capital Financing Requirement is projected to increase to £170.5 million in 2024/25 before reducing thereafter.
- The level of external borrowing held by the Authority and the proportion of this borrowing that is short-term. Changes in the wider UK economy in the periods leading up to the reporting date, and specifically increased inflation and increased interest rates, also put further pressure on the Council's finances. As at 31 March 2024 the Council held total borrowing of £162 million of which £157 million was held short term. This was an increase in borrowing £47 million compared to the prior year.

The impact on the Council

The current level of recurrent over-spending and high level of short-term borrowing will result in the Council being unable to set a balanced budget for 2026/27 unless mitigating action is taken, which could include the need to reduce the planned level of future service provision.

Action required by the Council

The Council needs to fully implement and action its Financial Resilience Plan which contains a range of medium and shorter-term actions designed to ensure its financial sustainability. Specifically:

- Develop and implement appropriate arrangements to deliver a permanent removal from the base budget of £0.5 million each year for the four years commencing 2024/25.
- Identify and deliver a £40 million asset disposal programme to achieve the Council's interest and cost reduction savings targets.
- Seek to replace short-term with long-term borrowing to reduce the Council's exposure to interest rate risk and allow for more certainty in its medium-term financial planning arrangements.

The issues above are evidence of weaknesses in proper arrangements for sustainable delivery of services in accordance with strategic and statutory priorities.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on pages 17, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Rushmoor Borough Council had proper arrangements for financial sustainability,

governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Rushmoor Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the Rushmoor Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Rushmoor Borough Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Rushmoor Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Mathers
Ernst & Young LLP
Southampton
26 February 2025

Glossary

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accounting Policies

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements.

Accruals

Sums included in the financial statements to recognise income or expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

Accrued Interest

Interest accumulated but not yet received or paid.

Actuarial

The appraisal of economic and demographic factors in order to estimate future pension liabilities.

Actuarial Gains and Losses

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

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

Agency Services

Services which are performed by or for other councils or bodies, where the council/body responsible for the service reimburses the council carrying out the work for the costs incurred.

Amortisation

The apportionment (charging or writing off) of the cost of an intangible asset as an operational cost over the asset's estimated useful life.

Amortised Cost

The amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount.

Asset

An item having value to the Council in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. the Civic Centre, or intangible, e.g. computer software licence.

Audit of Accounts

An independent examination of the Council's financial affairs.

Authority/Local Authority

A Local Authority is an administrative body in local government, also referred to in the Statement of Accounts as a Council.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

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.

Borrowing

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

Budget

The forecast of net revenue and capital expenditure over the accounting period.

Capital Expenditure

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue contributions, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Grants

Grants received towards capital expenditure.

Capital Programme

The capital schemes the Council intends to carry out over a specific period of time.

Capital Receipt

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

Community Assets

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

Componentisation

Component parts of a major asset may not have the same useful lives (i.e. they wear out or depreciate at different rates); therefore those components with a value that is significant in relation to the total value of the asset shall be depreciated separately. The purpose is to ensure that the depreciation charged in the Income & Expenditure Statement properly reflects the consumption of economic benefit.

Comprehensive Income and Expenditure Statement (CIES)

The account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities 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.

Council Tax

A local tax on domestic property set by local authorities in order to meet their budget requirement.

Council Tax Base

The total number of properties within the local authority area expressed in terms of band D equivalents, incorporating discounts, deductions and exemptions.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Current Assets

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

Current Service Cost (Pensions)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

Defined Benefit Pension Scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciated Replacement Cost (DRC)

A method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence. It is used for specialist assets where no market exists.

Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

Direct Revenue Contributions

Capital expenditure funded from revenue budgets. Also known as Revenue Contributions to Capital Outlay (RCCO).

Discretionary Benefits (pensions)

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

Doubtful Debt (also known as bad debt)

A debt that the Council may not be able to recover. A provision is made in the accounts for doubtful debts each year based on the value and age of debts outstanding.

Earmarked Reserves

Reserves which are held by a Council for specified purposes.

Events after the Balance Sheet date

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

Exceptional Items

Material (see materiality) items that derive from events or transactions that fall within the ordinary activities of the Council but which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Existing use Value (EUUV)

The amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction in its existing use; it is used for most PPE assets with a variation required for council dwellings.

Expected Return on Pension Assets

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

Finance Lease

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

Financial Asset

Any asset that is cash, a contractual right to receive cash or another financial asset from another party, or an equity instrument issued by another party, examples include bank deposits, bonds and stocks.

Financial Instrument

A financial asset that is tradable, for example, bank deposits and investments.

Financial Liability

An obligation to deliver cash or another financial asset.

Funded Benefits

The funded benefits are those payable by the Fund in accordance with The Local Government Pension Scheme Regulations 2013 (as amended) and The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)

General Fund

The main revenue fund from which the Cost of Services is met.

Going Concern

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Government Grants

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

Held for Sale

Asset held for sale are those assets where it is probable that the carrying value will be recovered principally through a sale transaction rather than through continuing use.

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.

Highest & Best Use

The highest and best use of the asset provides the maximum value to market participants through its use, taking into account the use of the asset that is physically possible, legally permissible and financially feasible.

Historic Cost

The amount originally paid for a fixed asset.

Housing Capital Receipts Pool

A proportion of receipts relating to housing disposal is payable to the Government in accordance with statutory requirements. This is known as housing capital receipts pooling.

IFRS

International Financial Reporting Standards (IFRS) a global language for business affairs so that accounts are understandable and comparable across international boundaries.

Impairment

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

Infrastructure Assets

Fixed assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are footpaths and coast protection defences.

Intangible Assets

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

Interest Cost (Pensions)

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

Investment Property

Interests in land and/or buildings which are held solely to earn rentals or for capital appreciation or both. Investment Properties are valued at highest and best use and must be revalued every year.

Investments (Pension Fund)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

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.

Lease

A contract for the hire of a specific asset. The lessor owns the asset but conveys the right to use the asset to the lessee for an agreed period of time in return for the payment of specified rentals. Leases may be either operating leases or finance leases.

Liability

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

Liquid Investment

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

Market Participants

Buyers and sellers in the principal (or most advantageous) market for an asset or liability. The principal market is that with the greatest volume and level of activity, whilst the most advantageous is the market that maximises the amount that would be received to sell the asset or paid to transfer the liability after taking into account transport and transaction cost.

Market Value

The amount at which a property would be exchanged between knowledgeable and willing parties in an arm's-length transaction.

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MHCLG

Ministry of Housing, Communities and Local Government, the main Government department dealing with local government, housing and community issues.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

Non-Domestic Rates (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Council on behalf of itself, central government and major preceptors.

Non-Operational Assets

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

Observable Inputs

Are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

Operating Lease

A lease where the ownership of the fixed asset remains with the lessor.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Orderly Transaction

A transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction.

Payables (also known as Creditors)

Financial liabilities arising from a contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier. They are only recognised when the goods or services are delivered or received by the Council.

Past Service Cost (Pensions)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

Pension Scheme Liabilities

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

Precept

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

Precepting Authority

An authority that sets a precept to be collected by a billing authority (Arun) through the Council Tax bill. West Sussex County Council and Sussex Police & Crime Commissioner are known as major precepting authorities. Parish/Town Councils are known as local precepting authorities.

Prepayment

An adjustment made in the financial statements for goods or services already paid which relate to the next financial year.

Prior Year Adjustment

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Property, Plant & Equipment (PPE)

Tangible assets (i.e. assets with physical substance) that are held for use by the Council for the supply of services, for rental to others or for administrative purposes that are expected to be used for at least part of the succeeding financial year. These may be operational or non-operational.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

Public Works Loan Board (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

Rateable Value

The annual assumed rental of a hereditament, which is used for NNDR purposes.

Receivables (also known as Debtors)

Financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents. They are only recognised when goods or services have been transferred to the service recipient before the customer pays consideration or before payment is due.

Related Parties

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

Related Party Transactions

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

Remuneration

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

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure

The day-to-day expenses of providing services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature such as disabled facility grants.

Support Services Costs/Charges

Expenditure on administrative and professional services and office accommodation, which is recharged to service users on a specified basis.

Tangible Fixed Asset

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

Useful Economic Life (UEL)

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

Unobservable Inputs

Are inputs for which market data is not available and that are developed using the best information available to the Council about the assumptions that market participants would use when pricing the asset or liability.

Unusable Reserve



Those reserves that the Council may not use to fund the services it provides. This includes the Revaluation Reserve that holds the unrealised gains and losses on Property Plant and Equipment.

Usable Reserve

Those reserves that the Council may use to fund the services it provides, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt.

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