



Statement of Accounts and Annual Governance Statement 2022 to 2023

RUSHMOOR
BOROUGH COUNCIL

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Narrative Statement from the Chief Financial Officer

ORGANISATIONAL OVERVIEW AND ENVIRONMENT

1. An introduction to Rushmoor



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

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

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

2. Council services and purpose

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

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

3. Financial Impact/Outlook

The Council set its 2022/23 Budget and Medium-Term Financial Strategy (MTFS) on 8 February 2022.

The country suffered economic hardship during 2022/23 with the residual impact from Covid-19, the war in Ukraine, restrictions on the supply chain (particularly from China), the ongoing reset of the UK economy following Brexit, all contributing to the high inflation and the cost-of-living crisis means the economic context is subject to considerable uncertainty. The continuation of constraints in government funding (both in terms of the level of funding and duration) adds to this uncertainty which restricts the Councils ability to financially plan for the medium to long term.

The Council has built up its reserves in recent years to enable it to manage its finances through the economic cycle and in certain areas of spend the impact of inflation and the pay award was covered by a drawdown from reserves. However, there were areas where additional income was received or there were there was a surplus which were used to top up reserves.

4. Resource Allocation

Rushmoor Borough Council manages cash flows of £78m and assets of £272m by:

- i. Holding a General Fund balance of £2m
- ii. Collecting £43.5m of business rates. 60% of the business rates collected is passed onto central government, Hampshire County Council and Fire and Rescue Authority. The Council retains £3.9m
- iii. Collecting £62.5m 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 £7.2m
- iv. Managing a £127m portfolio of land, building and other assets that generates £8.1m of income.
- v. Managing a £25m portfolio of loans and investments that generates £1.5m of income
- vi. Receiving grants and contribution of £37.3m mainly from central government.

Total capital cash flows through the Council are shown below:

Total Assets Brought Forward £266m			
Net Additions/ (Disposals) £20m	Depreciation £(1)m	Change in Current Assets £(11)m	Other Changes £(2)m
Property, Plant & Equipment £110m	Investment Property £126m	Other Long Term Assets £27m	Current Assets £9m
Total Assets Carried Forward £272m			

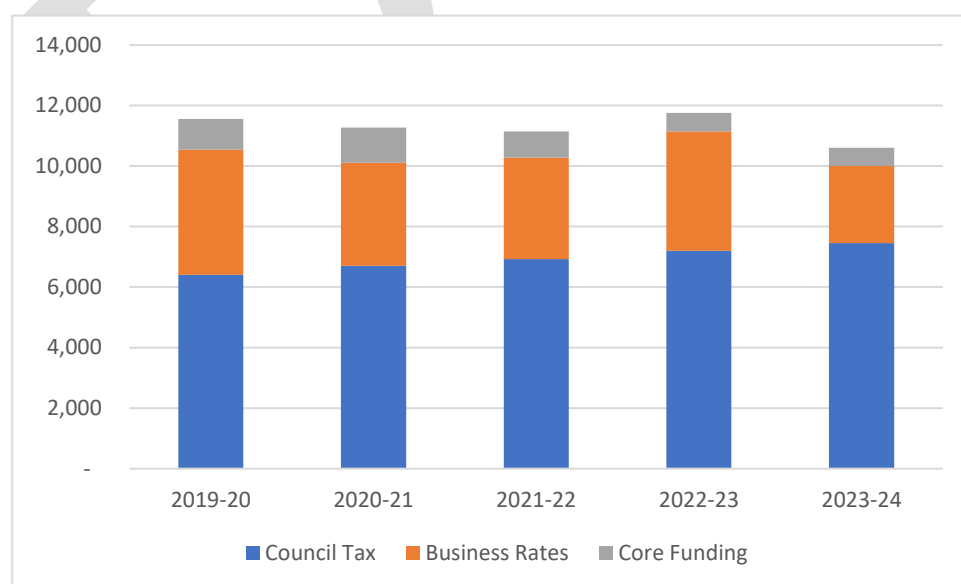
Total revenue cash flows through the Council are shown below:

Business Rates £18.1m	Council Tax £7.2m	Grants/ Contributions £32.4m	Fees & Charges £17.2m	Other Income £1.6m	Investment Income £1.5m
Total Resources £78m					
Paid to Others £42.9m			Financing Local Services £39.2m		
Housing Benefits £24.1m	Interest Payable £1.2m	Business Rates / Council Tax £17.6m	Operating Expenses £20.5m	Capital Costs £2.4m	Staffing Costs £16.3m
Net (surplus) / Deficit on Providing Services £4.1m					

Financial performance

5. Core Funding

The Council, in line with other shire districts continues to experience an increasing reduction in core government funding. The Government’s planned to phase out non-specific grant funding, instead allowing local authorities to retain a higher proportion of business rates collected locally from 2022/23 financial year. This will not be implemented as originally planned. The Council will continue to work with Government during the next financial year and beyond.



To address future challenges and reinvest in the Borough, Council Tax increased by 2.99% (£6.56) in 2023/24 from 2022/23 for an equivalent Band D property, raising an additional £252k for the Council.

6. Financial position

The Council has maintained a resilient financial position against the backdrop of reduced government funding and the impact of continued changes to the cash profile of Business Rates. Although the headline reduction in Earmarked Reserves is a reduction of £2.78m, the level of earmarked reserves only decreased by £0.08m when the COVID Business Rates Earmarked Reserve is excluded, which is used to fund the spreading of the Collection Fund deficit created by the support given to businesses during the COVID 19 pandemic.

Net Assets £112.1m 31 March 2023			Net Assets £81.7m 31 March 2022		
Funded by: Usable Reserves £25.8m Un-usable reserves £86.4m			Funded by: Usable Reserves £27.1m Un-usable reserves £54.6m		
Composed of :			Composed of :		
Long Term Assets £262.9m	Net Current Assets £(123.0)m	Long Term Liabilities & Provisions £(27.8)m	Long Term Assets £245.7m	Net Current Assets £(109.0)m	Long Term Liabilities & Provisions £(55.0)m

7. Capital Strategy

The Council has an ambitious five-year capital programme of £84.7m

The table below shows the revised capital programme for 2022/23 and the indicative programme for following four year period 2022/23 to 2025/26:

	FIVE YEAR PLAN							Total
	Revised Estimate 2021/22	Outturn 2021/22	Carry forward 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	
	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE								
Corporate and Democratic Services	74	-	-	-	-	-	-	-
Customer Experience and Improvement	148	67	-	305	200	365	85	1,022
Major Projects and Property	27,066	7,254	1,106	34,403	29,852	2,129	-	74,744
Operational Services	3,813	1,718	1,258	2,301	1,216	1,216	1,216	8,925
Planning and Economy	-	-	-	-	-	-	-	-
ICE Programme	-	-	-	-	-	-	-	-
Total Expenditure	31,101	9,039	2,363	37,009	31,268	3,710	1,301	84,690
FUNDING								
Grants and other Contributions	4,457	5,643	-	8,581	1,081	1,081	1,081	17,467
Developers' Contributions	52	-	-	-	-	-	-	-
Capital Receipts/Borrowing	26,592	3,396	2,363	28,428	30,187	2,629	220	67,223
Total Funding	31,101	9,039	2,363	37,009	31,268	3,710	1,301	84,690

ORGANISATIONAL MODEL

8. Political Structure of the Council in the 2022/23 Municipal Year

Rushmoor has 13 wards and the Council consists of 39 elected Members. The political make-up of the Council during 2022/23 was as stated below:

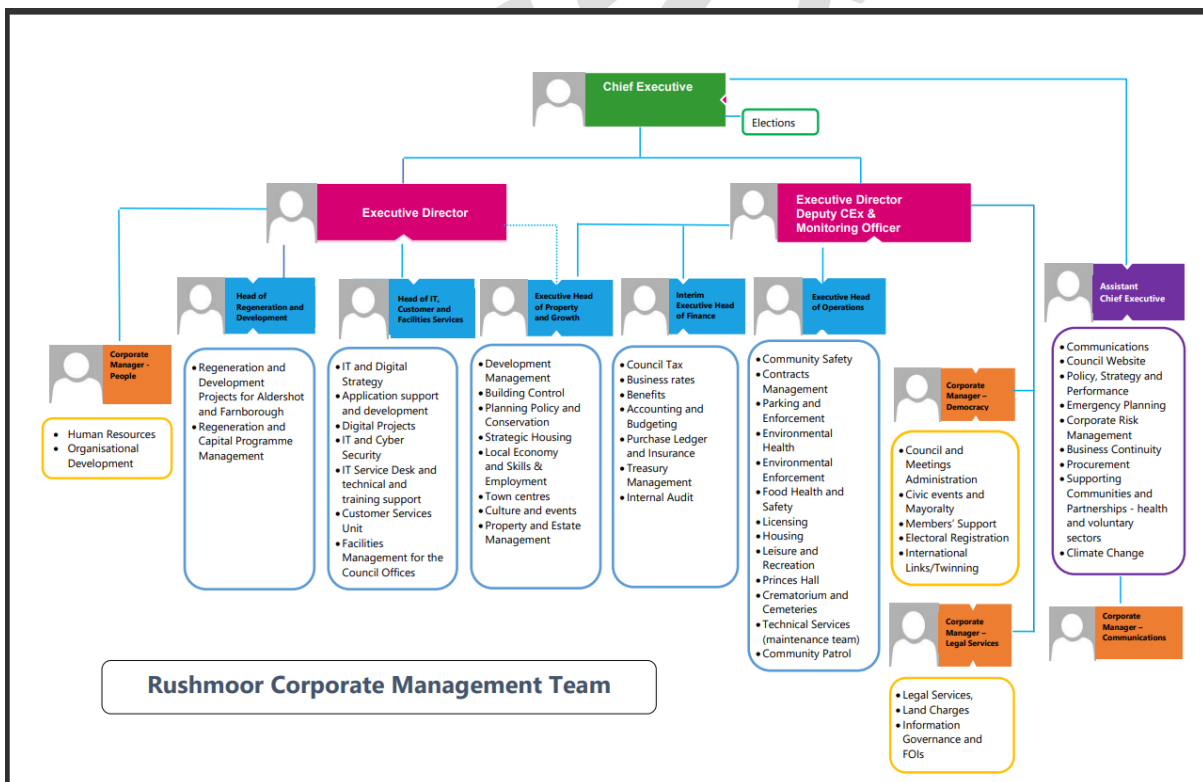
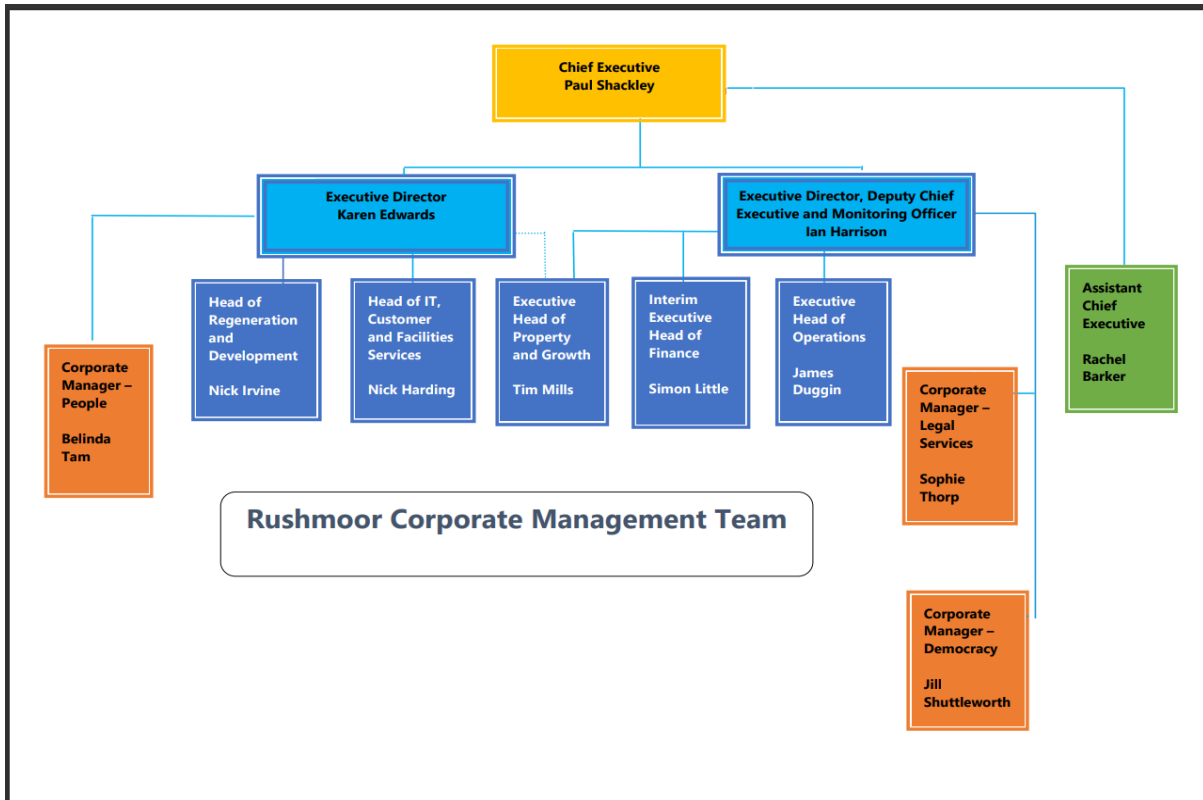
Party	Councillors
Conservative	28
Labour	9
Liberal Democrat	2
Total number of Elected Members	39

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.

9. Management Structure of the Council

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

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



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 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 Business Plan for the period 2023 to 2026, was approved at Council on 6 July 2023 and can be found on the Council’s website at:

<https://www.rushmoor.gov.uk/media/12ffarif/final-council-plan-2023-2026-accessible-accessible-pdf.pdf>

GOVERNANCE

11. Governance arrangements

Governance arrangements are outlined within the Annual Governance Statement on page 109 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.

The link to the Cabinet report from June 2022 shows the key risks from the Council’s Corporate risk register (pages 23 onwards of the document):

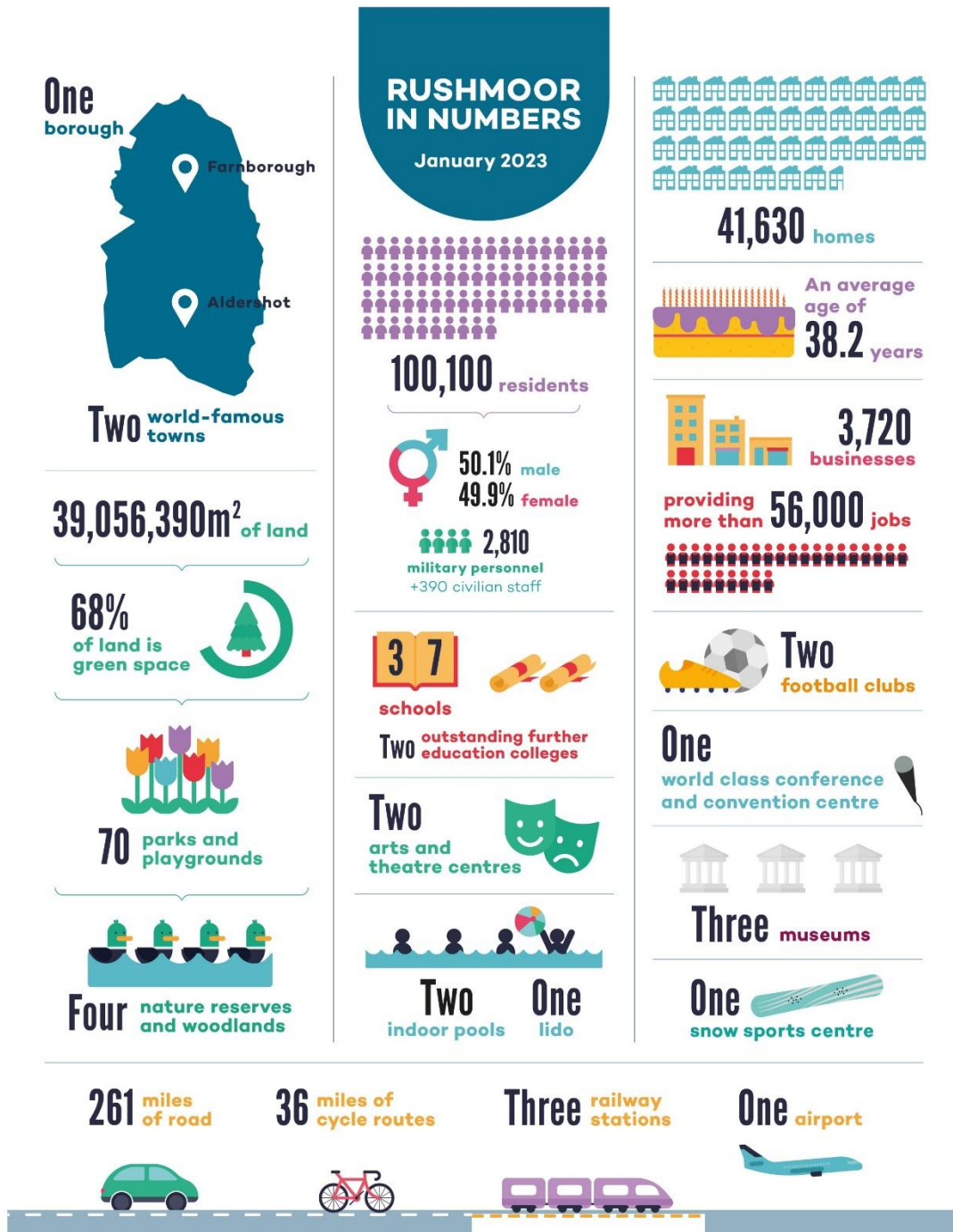
[Corporate Risk Register](#)

13. Non-Financial Performance of the Council

During 2022/23, Rushmoor Borough Council has continued its drive towards a sustainable future, developing plans for a workforce fit for the future, continuing its improvement and efficiency work using System Thinking principles and continuing to deliver high quality services to its residents while seeking to reduce costs. As the financial statements demonstrate, the Council continues to maintain a sound financial position.

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

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



BASIS OF PREPARATION AND PRESENTATION

14. 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 2023

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 2022/23, in turn underpinned by International Financial Reporting Standards.

The Core statements are:

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

The supplementary financial statements are:

- i. The **Expenditure and Funding Analysis** shows the net expenditure that is chargeable to taxation and reconciles it to the Comprehensive Income and Expenditure Statement.
- ii. 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
- iii. 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.
- iv. The **Annual Governance Statement** sets out the governance structure of the Council and its key internal controls. Page

Receipt of further information

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

Acknowledgements

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

Simon Little
Executive Head of Finance and Chief Financial Officer

The Authority's Responsibilities

The Authority is required to:

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

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

The Chief Financial Officer has also:

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

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Rushmoor Borough Council and its income and expenditure for the year ended 31st March 2023.

Simon Little

Executive Head of Finance and Chief Financial Officer

Date:

Movement in Reserves Statement

This Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
31 March 2021	29,986	411	575	30,972	28,264	59,236
Total Comprehensive Income and Expenditure	5,164	-	-	5,164	17,319	22,483
Adjustments between accounting basis and funding basis under regulations (note8)	(11,232)	1,725	444	(9,063)	9,063	-
Net increase/(decrease)	(6,067)	1,725	444	(3,898)	26,382	22,483
31 March 2022	23,918	2,136	1,019	27,074	54,646	81,719
Total Comprehensive Income and Expenditure	(4,141)	-	-	(4,141)	34,579	30,438
Adjustments between accounting basis and funding basis under regulations (note8)	1,359	1,318	200	2,877	(2,877)	-
Net increase/(decrease)	(2,781)	1,318	200	(1,263)	31,702	30,438
31 March 2023	21,137	3,454	1,219	25,810	86,347	112,158

Comprehensive Income and Expenditure Statement

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

Comprehensive Income And Expenditure Statement	Note	2022/23			2021/22		Net (Income) /Exp £000
		Gross Exp £000	Gross Income £000	Net Exp £000	Gross Exp £000	Gross Income £000	
Corporate & Democratic Services		31,707	(25,609)	6,098	32,749	(27,194)	5,555
Customer Experience & Improvement		139	(2)	137	130	(2)	128
Major Projects & Property		4,301	(8,843)	(4,542)	4,225	(8,557)	(4,332)
Operational Services		18,158	(9,914)	8,245	17,285	(8,535)	8,750
Planning & Economy		3,561	(689)	2,873	3,486	(924)	2,562
ICE Programme		159	-	159	628	-	628
Cost of services - continuing operations		58,026	(45,056)	12,970	58,503	(45,212)	13,291
Other Operating Expenditure	10	1,439	(1,611)	(172)	3,374	(1,884)	1,490
Financing & Investment Income & Expenditure	11	5,032	(1,553)	3,480	2,500	(2,183)	317
Taxation & Non-Specific Grant Income & Expenditure	12	17,621	(29,758)	(12,137)	20,512	(40,775)	(20,263)
(Surplus) or Deficit on Provision of Services		82,119	(77,978)	4,141	84,889	(90,053)	(5,164)
(Surplus) or deficit on revaluation of Property Plant and Equipment	13		-			-	
Remeasurement of net defined benefit liability/(asset)	42		(34,579)			(17,319)	
Other Comprehensive Income and Expenditure				(34,579)			(17,319)
Total Comprehensive Income and Expenditure				(30,438)			(22,483)

Balance Sheet

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

Balance Sheet	Note	31-Mar-23 £000	31-Mar-22 Restated '£000
Property, Plant & Equipment	13	109,204	89,566
Heritage Assets		258	258
Investment Property	14	125,920	126,484
Intangible Assets	15	76	136
Long-Term Investments	18	19,293	21,943
Long-Term Debtors	17	8,169	7,308
Long-Term Assets		262,920	245,695
Inventories	19	41	12
Short-Term Debtors	20	6,878	6,865
Cash and Cash Equivalents	21	1,817	13,692
Current Assets		8,736	20,569
Short-Term Borrowing	22	115,000	100,000
Short-Term Creditors	23	16,404	29,190
Other Short-Term Liabilities	18	329	340
Current Liabilities		131,733	129,530
Long-Term Provisions	24	1,688	2,549
Long-Term Borrowing	25	5,000	-
Other-Long Term Liabilities	26	16,052	47,652
Capital Grants Receipts in Advance	36	5,026	4,814
Long-Term Liabilities		27,766	55,015
Net Assets		112,157	81,719
Usable Reserves	MiRS	25,811	27,074
Unusable Reserves	27	86,346	54,645
Total Reserves		112,157	81,719

Cash Flow Statement

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

Cash Flow Statement	Note	2022/23 £000	2021/22 £000
Net surplus or (deficit) on the provision of services	CIES	4,141	(5,164)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	8,437	(8,843)
Adjustments for items that are included in the net surplus or deficit on the provision of services that are investing and financing activities	29	2,806	7,435
Net cash flows from Operating Activities		15,384	(6,572)
Investing Activities	31	20,247	1,594
Financing Activities	32	(23,755)	(3,573)
Net (increase) or decrease in cash and cash equivalents		11,876	(8,551)
Cash and cash equivalents at the beginning of the reporting period		13,692	5,141
Cash and cash equivalents at the end of the reporting period		1,816	13,692

Notes to the core financial statements

1. Accounting principles

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. In accordance with application accounting framework, these accounts are prepared on a going concern basis.

ii. Accruals of Income and Expenditure

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

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

iii. Cash and Cash Equivalents

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

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

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

v. Charges to Revenue for Non-Current Assets

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

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

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

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 Depreciation, revaluation, Benefit 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. Employee Benefits**Benefits Payable During Employment**

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

Termination Benefits

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Hampshire County Council pension fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of x% (based on the indicative rate of return on high quality corporate bond [name of bond or index of bonds]).
- The assets of Hampshire County Council 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 liabilities of the Hampshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees. The assets of Hampshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value. The change in the net pensions liability is analysed into the following components:

Service cost comprising:

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

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 – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

Discretionary Benefits:

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

vii. **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

viii. Events After the Reporting Period

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

Two types of events can be identified:

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

The Council borrowed funds for the purposes of capital expenditure in 2020/21, and therefore has a capital financing requirement in excess of zero at 31 March 2022. Other financial liabilities were trade creditors that occur in the normal course of business and a liability arising from an embedded lease in the Council's contract for Waste, Recycling and Grounds Maintenance. The amount presented in the Balance Sheet in respect of the embedded finance lease is the outstanding principal repayable. Interest payable in the year is calculated and charged to the Comprehensive Income and Expenditure Statement. Financial liabilities entered into with a duration of less than 12 months, such as trade creditors, are recognised at their nominal value.

Financial Assets

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

There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payment are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

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

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services.

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

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

The inputs to the 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)

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

Expected Credit Loss Model

The Council recognises expected credit loss on all its financial assets held at amortised cost or FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to

lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

No impairment losses are recognised for pooled funds.

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

xii. Intangible Assets

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

The Council does not have any internally generated intangible assets. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

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

asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. The 2022/23 external valuation report on all the investment properties and a selection of the other assets was prepared by GSC Harbord MA MRICS IRRV (Hons) RICS Registered Valuer of Wilkes Head and Eve LLP. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xiv. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are arrangements undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, debiting and crediting the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

xv. Leases

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

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

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

The Council as Lessee

Operating leases

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

Finance Leases

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

Lease payments are apportioned between:

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

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

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

The Council as Lessor**Operating Leases**

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

xvi. 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.

xvii. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably (subject to a de-minimus capitalisation threshold of £10,000 for plant vehicles and equipment and £20,000 for land and buildings). Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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 differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

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

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

Depreciation

Depreciation is provided for on all material Property, Plant and Equipment by the systematic allocation of their depreciable amounts over their useful lives.

An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer
- vehicles, plant, and equipment – straight-line allocation over the remaining useful life of the asset.

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

Amounts received for a disposal more than £10,000 are categorised as capital receipts. Capital receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xviii. Provisions and Contingent Liabilities

Provisions

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

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

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

Where some or all 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 certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

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

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

xix. 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 managing 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.

xx. 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.

xxi. VAT

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

xxii. Borrowing Costs Eligible for Capitalisation

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

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

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

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

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued, but has not yet been adopted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- a) IFRS 16 Leases.
- b) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- c) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- e) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

Draft

3. Expenditure and Funding Analysis

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

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

	2022/23			2021/22		
	Net Expenditure chargeable to the General Fund	Adjustments between Accounting and Funding Basis	Net Expenditure charged in CIES	Net Expenditure chargeable to the General Fund	Adjustments between Accounting and Funding Basis	Net Expenditure charged in CIES
	£000	£000	£000	£000	£000	£000
Corporate & Democratic Services	5,617	481	6,098	4,886	669	5,555
Customer Experience & Improvement	(511)	648	137	(539)	668	128
ICE Programme	157	2	159	542	86	628
Major Projects & Property	(4,753)	211	(4,542)	(4,634)	302	(4,332)
Operational Services	6,988	1,257	8,245	7,472	1,278	8,750
Planning & Economy	2,559	314	2,873	2,160	401	2,562
Cost of services - continuing operations	10,058	2,912	12,970	9,887	3,405	13,291
Other income and expenditure not charged to services but is chargeable to the General Fund	(7,276)	(1,552)	(8,829)	(3,819)	(14,637)	(18,456)
(Surplus)/Deficit on the Provision of Services	2,781	1,359	4,141	6,067	(11,232)	(5,164)
General Fund opening balance for the year	(23,918)			(29,985)		
General Fund closing balance for the year	(21,136)			(23,918)		

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

	2022/23 £000	2021/22 £000
General Fund Reserve	(2,000)	(2,000)
Earmarked Reserves	(19,136)	(21,918)
	<u>(21,136)</u>	<u>(23,918)</u>

Notes to the Expenditure and Funding Analysis

The adjustment between Accounting and Funding Basis on within note 8 comprises the following amounts

	2022/23			
	Adjustments for Capital Purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Difference s (Note c)	Total Adjustment s
	£000	£000	£000	£000
Corporate & Democratic Services	18	474	(11)	481
Customer Experience & Improvement	205	450	(7)	648
ICE Programme	-	2	(0)	2
Major Projects & Property	46	168	(3)	211
Operational Services	524	744	(12)	1,257
Planning & Economy	1	319	(6)	314
	794	2,157	(39)	2,912
Net cost of services				
Other income and expenditure from the Expenditure and Funding Analysis	(3,057)	1,148	357	(1,552)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(2,264)	3,305	318	1,359

	2021/22			
	Adjustments for Capital Purposes (Note a)	Net Change for the Pensions Adjustments (Note b)	Other Difference s (Note c)	Total Adjustment s
	£000	£000	£000	£000
Corporate & Democratic Services	31	659	(21)	669
Customer Experience & Improvement	229	449	(10)	668
Major Projects & Property	49	259	(6)	302
Operational Services	420	879	(21)	1,278
Planning & Economy	1	411	(11)	401
ICE Programme	-	86	-	86
Net cost of services	731	2,743	(69)	3,405
Other income and expenditure from the Expenditure and Funding Analysis	(7,007)	1,230	(8,859)	(14,637)
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	(6,277)	3,973	(8,928)	(11,232)

Notes

Note a - Adjustments for Capital Purposes

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

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

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

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

Note b - Net Change for the Pensions Adjustments

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

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

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

Note c - Other Differences

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

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

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

	2022/23	2021/22
	Revenues from external customers (excluding grants & contributions) £000	Revenues from external customers (excluding grants & contributions) £000
Corporate & Democratic Services	(815)	(536)
Customer Experience & Improvement	4	(2)
ICE Programme	-	-
Major Projects & Property	(8,810)	(8,494)
Operational Services	(6,832)	(6,174)
Planning & Economy	(643)	(748)
Total	(17,097)	(15,954)

4. Expenditure and Income Analysed by Nature

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

Expenditure and Income Analysed by Nature	2022/23 £000	2021/22 £000
Expenditure		
Employee Benefit Expenses	16,281	15,860
Changes in the fair value of Investment Properties	-	-
Depreciation, amortisation, impairment	2,389	2,326
Expenditure from Council Tax, Non-Domestic Rates	17,621	20,512
Interest Payments	1,234	369
Other Service Expenses	42,855	43,257
Net Interest on the net defined benefit liability (asset)	1,148	1,230
Gains or Loss on the Disposal of non current assets	591	1,335
Total Expenditure	82,119	84,889
Income		
Changes in the fair value of Investment Properties	-	-
Fees, Charges and Other Service Income	(17,116)	(15,954)
Grants and Contributions	(32,438)	(43,231)
Income From Council Tax, Non-Domestic Rates	(25,280)	(26,802)
Interest and investment Income	(1,528)	(932)
Other Income	(298)	(1,409)
Disposal Proceeds of non current assets	(1,318)	(1,725)
Total Income	(77,978)	(90,053)
(Surplus) or Deficit on the Provision of Services	4,141	(5,164)

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 because 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 must be reduced.
- **Lease Classification.** The Council has made judgments on whether its lease arrangements are operating leases or finance leases. These judgments 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 judgments 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 judgments about the likelihood of potential liabilities and whether a provision should be made. The judgments are based on the degree of certainty and an assessment of the impact.
- **Bad or Doubtful Debts.** The Council has made judgments about the level of bad or doubtful debts and the level of provision that it may need to provide for. These judgments are based on historical experience of debtor defaults and current economic conditions.
- **Business Rate Appeals.** The Council has made judgments about the number of successful appeals under the Business Rates Retention Scheme.

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

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

The Statement of Accounts contain some estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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 judgments. As the number of variables and assumptions affecting the probable future resolution of the uncertainties increases, those judgments become more subjective and complex. As a result, balances cannot be determined with complete certainty, actual results could be different from the assumptions and estimates made.

The items in the Council's Balance Sheet on 31st March 2023 for which there is a risk of adjustment in the forthcoming financial year are provided below:

Item	Uncertainty	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1k for every year that useful lives had to be reduced.
	Land and Buildings and Investment Properties are valued each year. Other	Based on the assets that were valued in the year as part of the five-year rolling

Item	Uncertainty	Effect if actual results differ from assumptions
	assets are valued on a five-year rolling basis. Building indices are not applied to approximate for those assets that are not subject to the revaluation process in the year.	revaluation programme, the average increase in the value of assets was x%. If this percentage increase was also applied to the assets that were not revalued in the year, this would increase their Balance Sheet value by £x, which is not considered material enough to warrant a full valuation of all properties.
Arrears	The NDR arrears balance of £x 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 x% (£x) 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 further, for every 1% reduction in collection rates, an extra £x would be required to be set aside as an allowance.
Pensions Liability	As at 31 March 2023, the net Pension Liability was £14.982m Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pensions' liability of changes in individual assumptions can be measured- (the impact of changes in assumptions are outlined in note 42 During 2022/23, the Council's actuaries advised that the net pensions liability for funded LGPS benefits had decreased by £31.274m n due to: <ul style="list-style-type: none"> • Asset returns over the accounting period being higher than expected • Changes in the financial assumptions - discount rate increase, inflation increase, and salary increase

7. Events after the balance sheet date

The statement of accounts was authorised for issue by the director of finance on 18 July 2023. 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 18 July 2023, 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 the following events, which took place after 18 July 2023, 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:

- On 25 May-23 the Council purchased the leasehold of The Meads Business Centre, the Kingsmead Shopping Centre and other connected buildings for £9.485m. The Council already held the freehold of the land these properties occupy.
- In the 2020 Spending Review the Government announced a £4.8 billion capital fund, known as the Levelling Up Fund, aimed at smaller infrastructure projects that have a visible impact on

people and communities. The first round of funding was awarded in March 2021. The Council applied for funding in the second round in July 2022, under the investment theme of Regeneration and Town Centre Investment, and in January 2023 was notified that it had been successful in its bid for £20m towards a £45m scheme – however this is currently being subjected to subsidy checks prior to being released.

- In December 2022 the Council was informed that it had been awarded £1.02m under the UK Shared Prosperity Funding. The funding is spread over two and a half years with the amounts in each year detailed below
2022-23 £53,868
2023-24 £67,737
2023-25 £898,395

The Council is proposing to use its funding on local projects under the following themes:

Communities and place

- Public realm improvements - for example - wayfinding, cycling and pedestrian access opportunities
- Town centre events and promotions - including town centre management, events, and support for town centre businesses
- Support for place and businesses during town centre regeneration
- Heritage, culture, and arts activities
- Health - addressing priority health needs (such as high blood pressure, childhood obesity and mental health) in areas of deprivation
- Local and neighbourhood support - smaller scale, more local neighbourhood-based projects

Supporting local business

- Sector support - including aerospace, digital and creative and incubator hubs

People and skills

- Apprenticeships, training, and skills development

8. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the 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.

Adjustments between accounting basis and funding basis under regulations	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Mvmt in Unusable Reserves
For the year 2022/23	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets (Property, Plant and Equipment)	1,216			(1,216)
Revaluation gains/losses on Property, Plant and Equipment				
Movements in the market value of Investment Property				
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)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	591			(591)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Statutory provision for the financing of capital investment	(2,437)			2,437
Capital expenditure charged against the General Fund	-			-
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(1,318)	1,318		
Use of the Capital Receipts Reserve to finance new capital expenditure		-		-
Adjustments involving the Pooled Financial Instrument Fund Adjustment 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 debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	5,441			(5,441)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,136)			2,136
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(2,293)			2,293
Adjustment primarily involving the Accumulated Absences Account				
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(39)			39
Total Adjustments	1,359	1,318	200	(2,877)

Adjustments between accounting basis and funding basis under regulations	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Mvmt in Unusable Reserves
For the year 2021/22	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets (Property, Plant and Equipment)	1,389			(1,389)
Revaluation gains/losses on Property, Plant and Equipment	2			(2)
Movements in the market value of Investment Property				-
Amortisation of Intangible Assets	120			(120)
Capital grants and contributions applied	(5,710)		444	5,266
Revenue expenditure funded from capital under statute	816			(816)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,335			(1,335)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Statutory provision for the financing of capital investment	(2,472)			2,472
Capital expenditure charged against the General Fund	(31)			31
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(1,725)	1,725		
Use of the Capital Receipts Reserve to finance new capital expenditure				-
Adjustments involving the Pooled Financial Instrument Fund Adjustment Account:				
Unrealised Fair Value gains/losses on financial investments	(654)			654
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 38)	6,047			(6,047)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,074)			2,074
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(8,205)			8,205
Adjustment primarily involving the Accumulated Absences Account				
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(69)			69
Total Adjustments	(11,232)	1,725	444	9,063

9. Transfers to/from earmarked reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

Earmarked Reserves	Balance as at 31 March 2020/21	Transfers Out 2021/22	Transfers In 2021/22	Balance as at 31 March 2021/22	Internal Transfers 2022/23	Transfers Out 2022/23	Transfers In 2022/23	Balance as at 31 March 2022/23
	£000	£000	£000	£000	£000	£000	£000	£000
Commuted Sums/Amenity Areas	4,550	(54)	35	4,531	-	(44)	1,155	5,642
Stability and Resilience Reserve	4,577	(176)	-	4,401	(513)	(1,143)	168	2,913
Business Rate Equalisation Reserve	-	-	-	-	2,000	-	-	2,000
COVID BRR Earmarked Reserve	10,812	(10,427)	4,162	4,547	-	(2,655)	-	1,892
Commercial Reserve	1,750	(267)	-	1,483	-	-	-	1,483
Flexible Housing Grant	634	(217)	331	748	-	(147)	211	812
Mercury Abatement	408	-	39	447	-	-	41	488
Other Grants (Individually below £45k)	225	(22)	182	385	-	(118)	80	347
Business Sup Grants Admin	-	-	297	297	-	-	-	297
Regeneration Reserve	357	(100)	-	257	-	-	-	257
Insurance Reserve	253	-	-	253	-	-	-	253
Civil Parking Enforcement Surplus	281	(20)	66	327	-	(127)	6	206
A331 Air Quality Project	246	(11)	-	235	-	(8)	-	227
Treasury Earmarked Reserve	400	(180)	-	220	-	-	-	220
Affordable Housing Reserve	400	-	-	400	-	(205)	-	195
Climate Emergency Reserve	239	(31)	-	208	-	(30)	-	178
Homes for Ukraine Support A	-	-	-	-	-	-	165	165
LADGF Discretionary Reserve	-	-	130	130	-	-	-	130
TAG Environmental Fund	95	-	1	96	-	-	34	130
Commercial Property Reserve	121	-	-	121	-	-	-	121
Deprivation Reserve	94	(55)	100	139	-	(28)	-	111
Pipeline -Environment Improvement reserve	-	-	-	-	-	-	107	107
Workforce Reserve	200	(100)	-	100	-	-	-	100
LCTS Scheme Admin Reserve	-	-	93	93	-	-	-	93
Budget Carry Forwards	390	(390)	432	432	-	(432)	93	93
Feasibility for Victoria Road	102	(17)	-	85	-	-	-	85
Custom Build Reserve	75	-	-	75	-	-	-	75
Dilapidation Reserve	-	-	-	-	-	-	71	71
Cohesion/Migration Impact/Gurkha Settlement	65	-	-	65	-	(1)	-	64
Property Services Covenant Release	-	-	-	-	-	-	59	59
UK Shared Prosperity Fund Reserve	-	-	-	-	-	-	48	48
Land Charges	45	-	-	45	-	-	-	45
COVID C/Tax Hardship Earmarked Reserve	108	(17)	-	91	-	(48)	-	43

Earmarked Reserves	Balance as at 31 March 2020/21	Transfers Out 2021/22	Transfers In 2021/22	Balance as at 31 March 2021/22	Internal Transfers 2022/23	Transfers Out 2022/23	Transfers In 2022/23	Balance as at 31 March 2022/23
	£000	£000	£000	£000	£000	£000	£000	£000
Pension Reserve	669	-	818	1,487	(1,487)	-	-	-
COVID19 Test & Trace Reserve	89	(65)	13	37	-	-	-	37
Cyber Security Reserve	100	(51)	-	49	-	(18)	-	31
Homes for Ukraine Expenses B	-	-	-	-	-	-	30	30
Ward Reserve	26	-	-	26	-	-	-	26
Control Outbreak Management Fund Reserve	85	(25)	-	60	-	(37)	-	23
Elections Integrity (Voter ID)	-	-	-	-	-	-	14	14
Afghan Relocation Scheme Admin Support - Benefits Team	-	-	-	-	-	-	14	14
Emergency Assistance Grant	-	-	-	-	-	-	10	10
Service Improvement Fund	64	(19)	-	45	-	(45)	-	-
	129	(129)	-	-	-	-	-	-
Local Election Reserve	87	(87)	-	-	-	-	-	-
Cultural Recovery Earmarked Reserve	47	(47)	-	-	-	-	-	-
Total of all Earmarked General Fund Reserves	27,723	(12,507)	6,699	21,915	-	(5,086)	2,306	19,135

10. Other Operating Income and Expenditure

Other Operating Expenditure	2022/23			2021/22		
	Gross Exp	Gross Inc	Net (Inc) / Exp	Gross Exp	Gross Inc	Net (Inc) / Exp
	£000	£000	£000	£000	£000	£000
Gains/losses on disposal of non-current assets	591	(1,318)	(727)	1,335	(1,725)	(390)
Other Corporate Income & Expenditure	848	(293)	555	2,039	(159)	1,880
Total	1,439	(1,611)	(172)	3,374	(1,884)	1,490

11. Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2022/23			2021/22		
	Gross Exp £000	Gross Inc £000	Net Inc/Exp £000	Gross Exp £000	Gross Inc £000	Net Inc/Exp £000
Interest payable and similar charges	1,234	-	1,234	369	-	369
Net interest on the net defined benefit liability/(asset)	1,148	-	1,148	1,230	-	1,230
Interest receivable and similar income	-	(1,528)	(1,528)	-	(932)	(932)
Changes in the fair value of Investment Property	-	-	-	-	-	-
Unrealised Fair Value gains/losses on financial investments	2,650	-	2,650	597	(1,250)	(654)
Fair value (gains)/losses on financial investments	-	-	-	-	-	-
Impairment losses (including reversals of impairment losses or impairment gains)	-	(24)	(24)	305	-	305
Total	5,032	(1,553)	3,480	2,500	(2,183)	317

12. Taxation and Non-specific Grant Income and Expenditure

Taxation and Non-Specific Grant Income and Expenditure	2022/23			2021/22		
	Gross Exp	Gross Inc	Net Inc/Exp	Gross Exp	Gross Inc	Net Inc/Exp
	£000	£000	£000	£000	£000	£000
Council Tax income	-	(7,196)	(7,196)	-	(6,928)	(6,928)
Collection Fund Surplus/Deficit C/Tax	153	-	153	22	-	22
Collection Fund Surplus/Deficit NNDR	64	-	64	2,177	-	2,177
Non Domestic Rates Income & Expenditure Non-Domestic Rates Income & Expenditure	16,332	(18,084)	(1,752)	16,332	(19,875)	(3,543)
Additional Restrictions Grant (ARG)	-	-	-	-	(1,997)	(1,997)
Local Authority Discretionary Grant Fund (LADGF)	-	-	-	-	(130)	(130)
Non Domestic Rates Safety Net/Levy Payment Non-Domestic Rates Safety Net/Levy Payment	1,073	-	1,073	1,981	-	1,981
COVID Local Restriction	-	-	-	-	(35)	(35)
Covid 19 Furlough Grant Income	-	-	-	-	(16)	(16)
COVID Grant Spending Pressures	-	-	-	-	(489)	(489)
Non-ringfenced Government Grants	-	(4,193)	(4,193)	-	(6,682)	(6,682)
Local Govt Income compensation scheme for lost sales, fees and charges	-	-	-	-	(117)	(117)
Capital grants and contributions	-	(285)	(285)	-	(4,507)	(4,507)
	17,622	(29,758)	(12,136)	20,512	(40,775)	(20,263)

13. Property, Plant and Equipment (PPE)

Movements on balances in 2022/23	Assets Under Construction £000	Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Total PPE Assets £000
Cost or valuation						
As at 1 April 2022	18,657	59,105	8,788	7,396	761	94,707
Additions	19,048	856	790	61	100	20,855
Revaluation increases recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation decreases recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Reversal of previous revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-
Derecognition - Disposals	-	-	(31)	-	-	(31)
Reclassifications	-	-	-	-	-	-
As at 31 March 2023	37,705	59,961	9,547	7,457	861	115,531
Accumulated Depreciation						
As at 1 April 2022	-	(689)	(4,454)	-	-	(5,143)
Depreciation - annual charge	-	(530)	(686)	-	-	(1,216)
Depreciation charge written out and recognised in the Surplus/Deficit on the Provision of Services or Revaluation Reserve	-	-	-	-	-	-
Derecognition - Disposals	-	-	31	-	-	31
As at 31 March 2023	-	(1,219)	(5,109)	-	-	(6,328)
As at 31 March 2023	37,705	58,742	4,438	7,457	861	109,203
As at 31 March 2022	18,657	58,416	4,334	7,396	761	89,564

Movements on balances in 2021/22	Assets Under Construction £000	Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Total PPE Assets £000
<u>Cost or valuation</u>						
As at 1 April 2021	12,355	58,268	8,290	6,988	1,535	87,436
Additions	6,083	1,565	498	426	20	8,592
Revaluation increases recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation decreases recognised in the Revaluation Reserve	-	-	-	-	-	-
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Reversal of previous revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-
Derecognition - Disposals	-	(509)	-	-	(812)	(1,321)
Reclassifications	219	(219)	-	(18)	18	-
As at 31 March 2022	18,657	59,105	8,788	7,396	761	94,707
<u>Accumulated Depreciation</u>						
As at 1 April 2021	-	(8)	(3,743)	-	-	(3,751)
Depreciation - annual charge	-	(681)	(711)	-	-	(1,392)
Depreciation charge written out and recognised in the Surplus/Deficit on the Provision of Services or Revaluation Reserve	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	-	-
As at 31 March 2022	-	(689)	(4,454)	-	-	(5,143)
As at 31 March 2022	18,657	58,416	4,334	7,396	761	89,564
As at 31 March 2021	12,355	58,260	4,547	6,988	1,535	83,685

Depreciation

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

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

Capital Commitments

The Council has £36m in material capital commitments as at 31st March 2022

Effects of Changes in Estimates

In 2022/23, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

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

14. Investment Property

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

Investment Property	2022/23 £000	2021/22 £000
Rental income from investment property	(8,151)	(7,882)
Direct operating expenses arising from investment property	758	1,162
Net (gain)/loss	(7,393)	(6,720)

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 2022.

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

Movements In Fair Value	2022/23 £000	2021/22 £000
Balance at 1 April	126,484	126,563
Additions	28	37
Disposals	(591)	(116)
Net gains/(losses) from fair value adjustments taken to the Comprehensive Income and Expenditure Account	-	-
Balance at 31 March	125,921	126,484

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 of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

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

Valuation Process for Investment Property

The Council's investment property has been valued as at 31st March 2023 by the Wilkes, Head & Eve in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council's investment properties are categorised as follows

Categories of Investment Property	30-Mar-23 £000
Commercial/Industrial Units	26,913
Land leased out for mixed use	5,226
Office Units	50,808
Retail	42,973
Total of all investment properties	125,920

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 £92,000 charged to revenue in 2022/23 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:

Intangible assets	2022/23	2021/22
	£000	£000
Balance at the start of the financial year		
Gross carrying amounts	1,834	1,834
Accumulated amortisation	(1,697)	(1,579)
Net carrying amount at start of year	137	255
Additions	33	-
Disposals	-	-
Amortisation for the period	(92)	(118)
Reversal of past amortisation of disposal	-	-
Net carrying amount at end of year	78	137
Comprising:		
Gross carrying amounts	1,867	1,834
Accumulated amortisation	(1,789)	(1,697)
Net book value of intangible assets	78	137

16. Interests in Jointly Controlled Operations

Jointly Controlled Operations

CCTV Service

On 1 May 2013, the Council entered a jointly controlled operation with Hart District Council to deliver a shared CCTV service. This jointly controlled operation ended on 28 February 2023

Rushmoor Borough Council's element of the shared CCTV service costs are shown on the Operational Services line in the Cost of Services section of the Comprehensive Income and Expenditure Statement. Below is a memorandum account of the financial activity of the shared CCTV service from 1 April 2022 to 28 February 2023.

	Rushmoor Borough Council 2022/23 £000	Hart District Council 2022/23 £000	Total 2022/23 £000
Employee Related Expenditure	167	107	274
Premises Related Expenditure	37	3	40
Supplies and Services	76	9	85
Support Services	77 -		77
Capital Charges	13 -		13
Net Expenditure	370	119	489
Hosting Charge	(15)	15	-

Building Control Service

On 2nd July 2015, the Council entered 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 2022 to 31 March 2023.

	Rushmoor Borough Council 2022/23 £000	Hart District Council 2022/23 £000	Total 2022/23 £000
Employee Related Expenditure	240	311	551
Premises Related Expenditure	4	6	10
Transport Related Expenditure	4	6	10
Supplies and Services	6	9	15
Support Services	138	-	138
Capital Charges	1	-	1
Expenditure	393	332	725
Hosting Charge	(9)	9 -	
Fees and Charges	(197)	-	(197)
Other Income	(31)	-	(31)

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

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

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

17. Long Term Debtors

	31-Mar-23	31-Mar-22
	£000	£000
Farnborough International Airport Loan	6,700	6,700
Rushmoor Development Partnership	63	63
Loan to Subsidiary	1,307	499
Service Provider Loan	60	-
Car Loans	29	34
Rent Free Lease Period	10	12
	8,169	7,308

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.

Financial Assets

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

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

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

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

- money market funds managed by fund managers,

0. • pooled bond, equity and property funds managed by fund managers,

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

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

Financial Assets	Long-term		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	£000	£000	£000	£000
Investments				
At Amortised Cost		-	-	-
At Fair Value through Profit & Loss	19,293	21,943	-	-
Total Investments	19,293	21,943	-	-
Debtors				
At Amortised Cost				
- Trade Receivables	-	395	7,593	7,183
- Loans made for service purposes	8,169	7,308	-	-
- Loss Allowance	-	-	(1,344)	(1,363)
Total Debtors*	8,169	7,703	6,249	5,820
Cash & Cash Equivalents				
At Amortised Cost	-	-	1,817	13,692
Total Cash & Cash Equivalents	-	-	1,817	13,692
Total Financial Assets	27,462	29,646	8,066	19,512

*Debtors due within 1 year excludes £0.347m in respect of Council Tax debtors, HMRC, Non-Domestic Rates and Housing Benefit subsidy payments, from the total of £6.878m reported on the Balance Sheet, as these are statutory levies not falling within the definition of financial instruments. £0.283m is also excluded in respect of Payments in Advance.

Financial Liabilities

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

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

- long-term loans from the Local Enterprise Partnership,
- short-term loans from other local authorities,

- lease payables detailed in note 39, and
- trade payables for goods and services received.

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

Financial Liabilities	Long-term		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
		£000	£000	£000
Borrowing				
Loans at Amortised Cost	5,000	-	115,000	100,000
Total Borrowing	5,000	-	115,000	100,000
Other Long-Term Liabilities				
Finance Lease Liabilities at Amortised cost	1,056	1,396	329	340
Total Other Long-Term Liabilities	1,056	1,396	329	340
Creditors				
Liabilities at Amortised Cost	-	-	9,225	19,075
Total Creditors*	-	-	9,225	19,075
Total Financial Liabilities	6,056	1,396	124,554	119,415

*Creditors due within 1 year excludes £6.383m from the total of £16.404m reported on the Balance Sheet, in respect of Council Tax creditors and payments for Non-Domestic Rates. £0.796m is also excluded in respect of Income in Advance as these do not meet the definition of a financial liability as they relate to non-exchange transactions.

Gains and Losses

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

	Financial Liabilities	Financial Assets		2022/23	2021/22
	Amortised Cost	Amortised Cost	Fair Value PL	Total	Total
	£000	£000	£000	£000	£000
Interest expense	1,234	-	-	1,234	369
Interest paid and similar charges	1,234	-	-	1,234	369
Interest revenue	-	(1,528)	-	(1,528)	(933)
Interest receivable and similar income	-	(1,528)	-	(1,528)	(933)
Losses from changes in fair value (Unrealised)			2,650	2,650	597
Gains from changes in fair value (Unrealised)				-	(1,250)
Fee income/(expense)	94			94	81
Other investment income	94	-	2,650	2,744	(572)
Net impact on Surplus/Deficit on Provision of Services	1,140	(1,528)	2,650	2,450	(1,136)

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

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

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

Fair values are assessed against the following fair value hierarchy:

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

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

19. Inventories

	31-Mar-23	31-Mar-22
	£000	£000
Memorial Vaults	-	8
Bar Stock	4	4
Fuel Stock	37	-
	41	12

20. Short-Term Debtors

Short-Term Debtors	31-Mar-23	31-Mar-22
	£000	£000
Trade Receivables	673	1,737
Prepayments	283	367
Other Receivables	5,922	4,761
Total Short-term Debtors	6,878	6,865

Debtors for Local Taxation

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

	31-Mar-23	31-Mar-22
	£000	£000
Less than three months	-	-
Three to six months	-	-
Six months to a year	725	812
More than one year	920	1,138
	1,645	1,950
Less provision for debts	(1,012)	(1,133)
Total	633	817

21. Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-23	31-Mar-22
	£000	£000
Cash held by the Council	717	(458)
Short-term cash deposits	1,100	14,150
Total Cash and Cash Equivalents	1,817	13,692

22. Short-Term Borrowing

Short-Term Borrowing	31-Mar-23	31-Mar-22
	£000	£000
Borrowings from Local Authorities	115,000	100,000
Total Short-Term Borrowing	115,000	100,000

23. Short-Term Creditors

Short-Term Creditors	31-Mar-23	31-Mar-22
	£000	£000
Trade Payables	604	318
Payments in Advance	1,546	2,890
Other Payables	14,254	25,982
	16,404	29,190

The Council are the Local Trusted Organisation for the Prospect Estate Big Local Partnership. As at 31 March 2023, the Council held £48,234 for this purpose in the "Other entities and individuals" line of the creditors analysis (£102,287 on 31st March 2021)

24. Provisions

Long-Term Provisions	31-Mar-23	31-Mar-22
	£000	£000
Balance at 1st April	2,550	4,480
Additional provision made in the year	3,013	1,233
Amounts used in the year	(3,875)	(3,163)
Balance at 31st March	1,688	2,550

The Council had one long-term provision at 1 April 2022 for £2.550m in respect of Business Rate appeals, this has decreased to £1.688m at 31 March 2023

25. Long-Term Borrowing

Long-Term Borrowing	31-Mar-23	31-Mar-22
	£000	£000
Borrowings from Local Authorities	5,000	-
Total Long-Term Borrowing	5,000	-

26. Other Long-Term Liabilities

	31-Mar-23	31-Mar-22
	£000	£000
Other Long-Term Liabilities (Pension Liability)	14,981	46,256
Finance Lease Liabilities	1,071	1,396
Balance at 31st March	16,052	47,652

27. Unusable Reserves

Unusable Reserves	31-Mar-23	31-Mar-22
	£000	£000
Revaluation Reserve	35,223	35,526
Capital Adjustment Account	68,656	67,608
Pooled Investment Fund Adjustment Account	(2,605)	44
Pensions Reserve	(14,982)	(46,256)
Collection Fund Adjustment Account	178	(2,116)
Accumulated Absences Account	(124)	(162)
Total Unusable Reserves	86,346	54,644

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.

Revaluation Reserve	31-Mar-23	31-Mar-22
	£001	£000
Balance at 1st April	35,526	36,949
Upward revaluation of assets		
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		
Movement in year	-	-
Difference between fair value depreciation and historical cost depreciation	(303)	(1,065)
Accumulated gains on assets disposals	-	(358)
Amount written off to the Capital Adjustment Account	(303)	(1,423)
Balance at 31st March	35,223	35,526

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Property and gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 13 details of the source of all the transactions posted to the account,

Capital Adjustment Account	31-Mar-23 £000	31-Mar-22 £000
Balance at 1st April	67,608	62,078
Amount written out of the Revaluation Reserve		
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>		
Charges for depreciation and impairment of non-current assets (Property, Plant and Equipment)	(914)	(1,392)
Net revaluation gains/(losses) on Property, Plant and Equipment		-
Amortisation of intangible assets	(92)	(118)
Revenue expenditure funded from capital under statute	(1,080)	(816)
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive I&E Statement	(591)	(1,335)
Net of the above transactions	(2,677)	(3,661)
Adjusting amounts written out of the Revaluation Reserve to account for difference between fair value depreciation and historical cost depreciation		1,422
Net written out amount of the cost of non-current assets consumed in the year	(2,677)	(2,239)
<u>Capital financing applied in the year:</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure		
Capital grants and contributions credited to the Comprehensive I&E Statement that have been applied to Capital financing	1,288	5,266
Statutory provision for the financing of capital investment charged against the General Fund balances	336	369
Capital expenditure charged against the General Fund	2,101	2,134
Net of the above transactions	3,725	7,769
Movements in the market value of Investment Property debited or credited to the Comprehensive I&E Statement	-	-
Balance at 31st March	68,656	67,608

Pooled Investment Fund Adjustment Account

Pooled Investment Fund Adjustment Account	31-Mar-23 £000	31-Mar-22 £000
Balance at 1st April	44	(609)
Upward revaluation of investments charged to the Surplus/(Deficit) on the Provision of Services	-	1,250
Downward revaluation of investments charged to the Surplus/(Deficit) on the Provision of Services	(2,650)	(597)
Balance at 31st March	(2,606)	44

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.

	31-Mar-23 £000	31-Mar-22 £000
Balance at 1st April	(46,256)	(59,602)
Remeasurements of the net defined benefit (liability)/asset	34,579	17,319
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,441)	(6,047)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,136	2,074
Balance at 31st March	(14,982)	(46,256)

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 taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Information for the Collection Fund Adjustment Account is shown below:

	31-Mar-23 £000	31-Mar-22 £000
Balance at 1st April	(2,116)	(10,321)
Amount by which council tax income and NDR income is (credited) or debited to the Comprehensive Income and Expenditure Statement is different from council tax income and NDR income calculated for the year in accordance with statutory requirements	2,294	8,205
Balance at 31st March	178	(2,116)

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.

Accumulated Absences Account	31-Mar-23 £000	31-Mar-22 £000
Balance at 1st April	(162)	(231)
Settlement or cancellation of accrual made at the end of the preceding year	162	231
Amounts accrued at the end of the current year	(124)	(162)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(124)	(162)
Balance at 31st March	(124)	(162)

28. Cash Flow Statement – Adjustment to net surplus or deficit on provision of services for non-cash amounts

	2022/23	2021/22
	£000	£000
Depreciation	1,216	1,390
Amortisation	92	118
Impairment and downward valuations	2,650	(662)
Increase/(decrease) in provision for doubtful debts	(223)	(1,925)
Increase/(decrease) in Interest Creditors	735	(321)
Increase/(decrease) in Creditors	(11,979)	3,911
(Increase)/decrease in Interest and Dividend Debtors	(74)	(2)
(Increase)/decrease in Debtors	(3,859)	937
(Increase)/decrease in Inventories	(29)	(12)
Movement in pension liability	3,305	3,972
Contributions to Provisions	(862)	-
Carrying amount of non-current assets sold	591	1,437
Total adjustment of net surplus or deficit on the provision of services for non-cash movements	(8,437)	8,843

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

Cash Flow Statement - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2022/23	2021/22
	£000	£000
Capital Grants credited to surplus or deficit on the provision of services	(1,488)	(5,710)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,318)	(1,725)
Total adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(2,806)	(7,435)

30. Cash Flow Statement – Operating Activities

Cash Flow- Operating Activities	2022/23	2021/22
	£000	£000
Interest received	1,454	909
Interest paid	(443)	(666)
Net interest received	1,011	243

31. Cash Flow Statement – Investing Activities

	2022/23	2021/22
	£000	£000
Purchase of Property, Plant and Equipment, investment property and intangible assets	(20,915)	(8,628)
Other payments for investing activities	(650)	(693)
Other receipts from investing activities	1,318	7,726
Net cash flows from investing activities	(20,247)	(1,595)

32. Cash Flow Statement – Financing Activities

	2022/23	2021/22
	£000	£000
Receipts of short & long term borrowing	136,702	100,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases & on-balance sheet PFI contracts	(336)	(369)
Repayments of short- & long-term borrowing	(114,962)	(101,507)
Other receipts /(payments) for financing activities	2,351	5,449
	23,755	3,573

33.Reconciliation of liabilities arising from financing activities

Cash Flow Statement - Financing Activities	01-Apr-22	Financing	Non-cash	31-Mar-23
	cash flows	changes		
	£000	£000	£000	£000
Long-term borrowings	-	5,000	-	5,000
Short-term borrowings	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

34.Officers Remuneration and Termination Benefits

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

Officers' Remuneration and Termination Benefits		Salary and	Expenses	Pension	Total
		Allowances	Allowances	Contribution	
		£	£	£	£
Chief Executive	2022/23	135,243		23,420	158,663
	2021/22	142,007	-	25,845	167,852
Executive Director	2022/23	99,341	349	18,033	117,723
	2021/22	94,643	349	17,288	112,280
Executive Director	2022/23	98,093	349	17,806	116,248
	2020/21	91,559	349	17,096	108,635
Head of Financial Services and Chief Finance Officer. Left Oct 2022	2022/23	47,960	-	8,729	56,689
Interim Head of Financial Services and Chief Finance Officer. Sept-Dec 2022	2022/23	71,920	-	-	71,920
Interim Head of Financial Services and Chief Finance Officer. Jan-Mar 2022	2022/23	61,070	-	-	61,070
Head of Financial Services and Chief Finance Officer	2021/22	79,923	-	14,546	94,469

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

The number of employees whose remuneration (including benefits, but excluding employers' pension contributions) was £50,000 or more, in bands of £5,000	2022/23	2021/22
	No of employees	No of employees
Remuneration Band		
£50,000 - £54,999	21	16
£55,000 - £59,999	10	10
£60,000 - £64,999	8	7
£65,000 - £69,999	7	5
£70,000 - £74,999	3	4
£75,000 - £79,999	3	1
£80,000 - £84,999	1	
£85,000 - £89,999		2
£90,000 - £94,999		2
£95,000 - £99,999	3	
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999		
£115,000 - £119,999		
£120,000 - £124,999		
£125,000 - £129,999	1	
£130,000 - £134,999		
£135,000 - £139,999	1	
£140,000 - £144,999		1

Exit Packages

Exit Package	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/2	2021/2	2022/2	2021/2	2022/2	2021/2	2022/23	2021/22
	3	2	3	2	3	2		
	No.	No.	No.	No.	No.	No.	£	£
£0-£20,000	2	1	3	2	5	3	46,328	24,536
£20,001-£40,000	1	1	5	2	6	3	164,854	92,823
£40,001-£60,000	2				2		93,362	-
£60,001-£80,000	1			1	1	1	71,432	63,753
£80,001-£100,000							-	-
£100,001-£120,000		1				1	-	119,978
Total	6	3	8	5	14	8	375,976	301,090

35. External Audit Costs

External Audit Costs Restated	2022/23 £000	2021/22 £000
Fees payable to Ernst and Young with regard to external audit services carried out by the appointed auditor	142	81
Fees payable to KPMG for the certification of grant claims and returns	22	11
Refund of fee payable to Ernst and Young	-	(6)
Total	164	86

36. Grant Income

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

Grant Income	2022/23 £000	2021/22 £000
<u>Credited to Taxation and Non-Specific Grant Income & Expenditure</u>		
New Homes Bonus	344	863
Section 31 Grants in Relation to Business Rates	3,265	5,267
Capital Grants & Contributions	285	4,507
New Burden Grant	310	450
Other COVID Related Grants	-	2,784
Service Grant	164	-
Lower Tier Service Grant	109	101
Total	4,478	13,972
<u>Credited to Services</u>		
Department for Levelling Up, Housing and Communities		
Flexible Homelessness Grant	483	473
Localising Council Tax Admin Subsidy	95	92
Other & COVID Related Grants	278	441
Department for Works and Pensions		
Housing Benefit Subsidy	23,838	25,515
Housing Benefit Admin Subsidy	257	265
Discretionary Housing Payment	160	226
Other	39	56
Developers Contributions		
	1,268	250
Hampshire County Council		
Better Care Fund	1,203	1,203
Household Support	57	
Other & COVID Related Grants	231	252
Department for Communities and Local Government		
	-	126
Other Grants and Contributions		
Contributions for other projects	45	48
Other COVID Related Grants	-	306
Supported through Big Local, administered by Local Trust for the Big Lottery Fund	4	5
Total	27,959	29,259

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

The value of grants and contributions that have yet to be recognised as income as they have conditions attached to them	2022/23 £000	2021/22 £000
S 106 grants - Developers' contributions & capital grants	5,027	4,813
Creditor - Armed Forces Community Covenant	16	25
Total	5,043	4,838

37. Members' Allowances

In 2022/23 a total of £353,812 was paid out in members' allowances, compared with a total of £338,116 in 2021/22

38. 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 2022/23, the Council provided financial assistance to 113 organisations by way of direct loans (£1,456,000), direct grant payments (£535,599), awards of rent relief (£171,123), awards of business rates relief (£538,215) and free parking permits (£68,469)

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

	£
Rushmoor Homes Ltd	1,456,000
Rushmoor Citizens Advice	249,142
Places for People Leisure Ltd	106,496
Step-by-Step	89,653
Rushmoor Voluntary Services	76,324
British Heart Foundation	57,274
Basingstoke Canal Management Committee	42,246
Ndreams Limited	36,666
Dial-a-Ride	32,591
Aldershot Military Museum	31,612
Farnborough Air Sciences Museum	29,660
Royal Aeronautical Society	25,114
Salus Medical Services	25,025

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council

has with other parties (e.g. council tax bills, housing benefits). Details of funding transactions with government departments in the form of grants and contributions are set out in Note 35

Members

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 37

During 2022/23 no works or services were commissioned from companies in which members had an interest.

Financial assistance totalling £2,255,493 was awarded to voluntary organisations in which 22 members and 3 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 £1,471,192 was awarded to organisations in which 2 chief officers of Rushmoor Borough Council had an interest.

Entities Controlled or Significantly Influenced by the Council

The Council controls Rushmoor Homes 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. Since 2021/22 the council has made a long-term loan of £1,307.2k and a short-term loan of £225.2k to the company.

The Council holds a 50% stake in Rushmoor Development Partnership (RDP). The partnership is currently in development with the objective to redevelop sites in Farnborough and Aldershot. The first full year of operation was 2020/21, the Council invested £168,000 in set up of the partnership.

39. Capital Expenditure and Financing

As at 31 March 2023 use of borrowing for capital expenditure resulted in the Council incurring a capital financing requirement of £144.2m. As of 31 March 2022 use of borrowing for capital expenditure resulted in the Council incurring a capital financing requirement of £144.2m. Total capital expenditure in 2022/23 was £22.5m, of which £1.0m was revenue expenditure funded from capital under statute. No monies were drawn from available capital receipts and government grants and contributions amounted to £1.5m. No monies were drawn from available capital receipts and government grants and contributions amounted to £1.5m. A summary of this expenditure and how it was financed is shown below.

Capital Expenditure and Capital Financing	2022/23 £000	2021/22 £000
Opening Capital Financing Requirement	121,922	118,918
<u>Capital Investment</u>		
Loans to external body	632	672
Property, Plant and Equipment	20,845	8,469
Investment Property	16	37
Intangible Assets	33	-
Revenue Expenditure Funded from Capital under Statute	1,021	771
Total Capital Investment	22,547	9,949
<u>Sources of Finance</u>		
Capital receipts	-	(287)
Government grants and other contributions	(1,249)	(4,507)
Direct revenue contributions	-	(46)
Minimum Revenue Provision	(2,105)	(2,105)
Total sources of finance applied	(3,354)	(6,945)
Closing Capital Financing Requirement	141,115	121,922
<u>Explanation of movements in year</u>		
Increase in underlying need to borrowing (unsupported by government financial assistance)	18,824	2,635
Asset acquired under finance lease	(369)	(369)
Increase/(Decrease) in Capital Financing Requirement	18,455	2,266

40. Leases

Council as Lessee

Operating Leases

The Council has various operating leases related to property, vehicle and equipment. 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:

Operating lease Minimum Lease Payments	2022/23	2021/22
	£000	£000
Not later than one year	147	105
Later than one year and not later than five years	108	125
Later than five years	-	1
Total	255	231

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

Minimum lease payments	2022/23	2021/22
	£000	£000
Minimum lease payments	50	50
Total	50	50

Finance Leases

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

Finance Lease Assets	2022/23	2021/22
	£000	£000
Vehicles, Plant and Equipment	1,560	1,932
Total	1,560	1,932

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:

Finance Lease Liability	2022/23	2021/22
	£000	£000
Finance lease liability (net present value of minimum lease payments)	1,377	1,736
Finance costs payable in future years	50	50
Total	1,427	1,786

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

Finance lease Minimum Lease Payments	2022/23	2021/22
	£000	£000
Not later than one year	329	358
Later than one year and not later than five years	1,098	1,319
Later than five years	-	109
Total	1,427	1,786

Finance lease liability over the following periods:

Finance Lease Liabilities	2022/23	2021/22
	£000	£000
Not later than one year	329	340
Later than one year and not later than five years	1,067	1,288
Later than five years		108
Total	1,396	1,736

Council as Lessor

Operating Leases

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

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

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

Operating lease minimum lease payments	2022/23	2021/22
	£000	£000
Not later than one year	8,316	8,330
Later than one year and not later than five years	27,087	28,915
Later than five years	108,050	117,851
Total	143,452	155,096

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, contingent rents of £64,267.00, were receivable by the Council (£14,762.42 in 2021/22).

41. Capital Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements is as follows:

The Council has a contract with Hill Construction Limited for the redevelopment of Union Yard, Aldershot, the value of the remaining contract work is £18,867,840. This is based on the latest cost report from the contractor.

42. Defined Benefit Pension Schemes

Participation in pension schemes

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

The Council participates in two post-employment schemes:

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

Transactions relating to post-employment benefits

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

Amounts recognised in the Comprehensive Income and Expenditure Statement	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £m	2021/22 £m	2022/23 £m	2021/22 £m
Cost of Services:				
Service cost comprising:				
· current service cost	4.24	4.76		
· past service costs	0.06	0.06		
Financing and Investment Income and Expenditure				
Net Interest Expense	1.06	1.15	0.09	0.08
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	5.35	5.97	0.09	0.08

Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement

Remeasurement of the net defined benefit liability comprising:

Return on Plan Assets (Excluding the amount included in the net interest expense)	10.20	(5.79)	-	-
Actuarial (gains) and losses arising on changes in financial assumptions	(56.05)	(10.25)	(0.56)	(0.09)
Actuarial (gains) and losses arising on changes in demographic assumptions	-	(1.65)	0.02	(0.06)
Actuarial (gains) and losses arising from liability experience	11.82	0.52	(0.01)	0.01

Total Amount Recognised in Other Comprehensive Income (34.04) (17.18) (0.55) (0.14)

Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement (28.69) (11.21) (0.46) (0.06)

Movement in Reserves Statement

Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(5.35)	(5.97)	(0.09)	(0.08)
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Actual amount charged against the General Fund Balance for pensions in the year:

Employers' contributions payable to scheme	1.89	1.82	0.25	0.26
Retirement benefits payable to pensioners	(5.45)	(4.45)	(0.25)	(0.26)

Allowance for administration expenses included in Current Service Cost £30,000

Impact on the Council's cash flow

The objectives of the scheme are to keep the employers' contribution 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 2024.

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 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 pension and other benefits to certain public servants.

The Council is anticipated to pay the amounts detailed below in 2023/24:

Funded Benefits	Period ending 31 March 2023 31-Mar-24
Current Service Cost	1.99
Interest on net defined benefit liability	0.40
Total estimated pension expense	2.39

LGPS Unfunded Benefits	Period ending 31 March 2024
Interest on net defined benefit liability	0.128
Total estimated pension expense	0.128

Pension 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: -

Reconciliation of funded status to balance sheet	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	£m	£m	£m	£m
Fair value of plan assets	110.701	120.86	2.85	3.55
Present value of the defined benefit obligation	120.187	163.56	2.85	3.55
Net liability arising from defined benefit obligations	9.486	42.71	-	-

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	35%
Deferred Pensioners	20%
Pensioners	45%

Reconciliation of present value of the defined benefit obligation

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23	2021/22	2022/23	2021/22
	£m	£m	£m	£m
Opening balance at 1 April	160.57	167.34	3.55	3.87
Current service cost	4.24	4.76	-	-
Interest cost	4.27	3.54	0.09	0.08
Contributions by scheme participants	0.74	0.71	-	-
Remeasurement (gains) and losses:				
Actuarial (gains) and losses arising on changes in financial assumptions	(56.05)	(10.25)	(0.56)	(0.09)
Actuarial (gains) and losses arising on changes in demographic assumptions	-	(1.65)	0.02	(0.06)
Actuarial (gains) and losses arising from liability experience	11.82	0.52	(0.01)	0.01
Net Benefits paid	(5.45)	(4.45)	(0.25)	(0.26)
Past service costs	0.06	0.06	-	-
Closing balance at 31 March	120.18	160.57	2.85	3.55

Changes to the fair value of assets

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

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

Changes to the fair value assets

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23	2021/22	2022/23	2020/21
	£m	£m	£m	£m
Opening fair value of scheme assets	120.52	114.26	-	-
Interest income	3.22	2.39	-	-
Remeasurement gain/(loss) on assets	(10.21)	5.79	-	-
Contributions from employer	1.89	1.82	0.25	0.26
Contributions from employees into the scheme	0.74	0.71	-	-
Net Benefits paid	(5.45)	(4.45)	(0.25)	(0.26)
Closing balance at 31 March	110.70	120.52	-	-

Actual return on assets

	Period ending 31 March 2023 £m	Period ending 31 March 2022 £m
Interest income on assets	3.22	2.39
Remeasurement gain/(loss) on assets	(10.21)	2.79
Actual return on assets	(7.00)	5.18

Scheme History

Scheme History	31-Mar- 23 £m	31-Mar- 22 £m	31-Mar- 21 £m
<u>Present value of liabilities:</u>			
Local Government Pension Scheme	(120.19)	(160.57)	(170.34)
Fair value of assets in the Local Government Pension Scheme	110.701	120.52	114.60
<u>Surplus/(deficit) in the scheme:</u>			
Local Government Pension Scheme	(9.49)	(40.05)	(55.74)
Discretionary Benefit Obligation	(2.85)	(3.55)	(3.87)
Total Surplus/(Deficit) in the Scheme	(12.33)	(43.61)	(59.61)

The liabilities show the underlying commitments that the Council has eventually to pay post-employment (retirement) benefits. The total liability of £12.33m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Ltd, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as of 31st March 2022.

The principal assumptions used by the actuary have been:

Financial Assumptions

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	31-Mar-23 %	31-Mar-22 %	31-Mar-23 %	31-Mar-22 %
Discount	4.7	2.7		2.7
Rate of inflation (CPI)	2.7	3.0	3.0	
Pension increases	2.7	3.0	3.0	
Pension accounts revaluation rate	2.7	3.0		-
Salary increases	3.7	4.0		-

Mortality assumption

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	31-Mar-23 Years	31-Mar-22 Years	31-Mar-23 Years	31-Mar-22 Years
Longevity at 65 for current pensioners:				
Men	23.3	23.2	23.3	22.9
Women	25.7	25.6	25.7	25.4
Longevity at 45 for future pensioners:				
Men	23.8	23.7	-	-
Women	26.7	26.36	-	-

Pension Assets

The Discretionary Benefits arrangements have no assets to cover its liabilities.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Figures in %	Value at 31-Mar-23			Value at 31-Mar-22
	Quoted %	Unquoted %	Total %	%
Equities	42.0	15.6	57.6	55.7
Property	1.4	5.4	6.8	6.9
Government Bonds	16.5	-	16.5	18.0
Corporate Bonds	-	-	-	-
Multi Asset Credit	-	-	-	9.2
Cash	1.1	-	1.1	0.9
Other assets	-	18.0	18.0	9.3
Total	61.0	39.0	100.0	100.0

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions outlined above.

Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as of 31 March 2023 and the projected service cost for the period ending 31 March 2023 is set out below.

In each case, the only assumption mentioned is altered; all other assumptions remain the same as detailed above

Discount rate assumption adjustment	+0.1% pa	Base Figure	(0.1)%
	Present value of total obligation £m	118.26	120.19
% change in present value of total obligation	(1.6)%		100.0%
Projected service cost £m	1.91	1.99	2.06
Approximate % change in projected service cost	(3.9)%		4.0%

Rate of general increase in salaries adjustment	+0.1% pa	Base Figure	(0.1)%
	Present value of total obligation £m	120.21	120.19
% change in present value of total obligation	0.1%		(0.1)%
Projected service cost £m	1.99	1.99	1.99
Approximate % change in projected service cost	-		-

Rate of increase to pensions and rate of revaluation of pension accounts adjustment	+0.1% pa	Base Figure	(0.1)%
Present value of total obligation £m	121.99	120.19	118.36
% change in present value of total obligation	1.5%		(1.5)%
Projected service cost £m	2.06	1.99	1.91
Approximate % change in projected service cost	4.0%		(3.9)%

Post Retirement mortality assumption adjustment	+0.1% pa	Base Figure	(0.1)%
Present value of total obligation £m	123.31	120.87	117.06
% change in present value of total obligation	2.6%		(2.6)%
Projected service cost £m	2.06	1.99	1.91
Approximate % change in projected service cost	3.6%		(3.6)%

A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is a year older than them.

43. Nature and Extent of Risks arising from Financial Instruments

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

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

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

The main risks covered are:

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

Credit Risk

Treasury Instruments

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies and adjusted for current and forecast economic conditions. A two-

year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. As at 31 March 2023, £0 (2021: £0) of loss allowances related to treasury investments.

Trade and Lease Receivables and Contract Assets

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

	31-Mar-22	31-Mar-21
	£000	£000
Neither past due or impaired	4,295	6,229
Less than two months	796	951
Two to six months	943	243
Six months to one year	21	318
More than one year	1,094	792
Total Receivables	7,149	8,533

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

Receivables are written off to the Surplus or Deficit on the Provision of Services when the debtor are formally insolvent, but steps are still taken to collect sums owing. The amount written off but still subject to enforcement action as of 31st March 2022 is £25,000 (2021: £25,000).

Loans, Financial Guarantees and Loan Commitments

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

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

Borrower	Exposure type	Balance sheet 31-Mar-22	Risk exposure 31-Mar-22	Balance sheet 31/3/2021 Restated	Risk exposure 31/3/2021
		£000	£000	£000	£000
Company loan	Loans at market rate	7,383	-	6,709	-
Company loan	Loan commitment at market rate	-	-	-	-
Total		7,383	-	6,709	-

Borrower	Exposure Type	Balance sheet	Risk Exposure	Balance sheet	Risk Exposure
		31-Mar-23	31-Mar-23	31-Mar-22	31-Mar-22
Company Loan	Loans at market rate	8,071	-	7,282	-
		8,071	-	7,282	-

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

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

Liquidity Risk

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

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

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

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer-term financial assets. The approved limits placed on investments of greater than one year in duration, are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters.

This includes monitoring the maturity profile of investments to ensure liquidity is available for the Councils' day-to-day cash flow needs and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The maturity analysis of its financial assets and analysis of financial liabilities is as follows:

Maturity Analysis of Financial Assets	31-Mar-22	31-Mar-21
	£000	£000
Less than one year	20,903	9,723
Between one and two years	22	27
Between two and three years	13	18
More than three years	30,719	29,151
Total	51,657	38,919

Maturity Analysis of Financial Liabilities	31-Mar-22	31-Mar-21
	£000	£000
Less than one year	119,415	120,940
Between one and two years	328	369
Between two and three years	320	369
More than three years	748	998
Total	120,811	122,676

Market Risks

Interest rate risk

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

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

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

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy and Capital Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From the strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, in periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns. On 31 March 2023, £78.2m (2021: £ (80.7m)) of net principal borrowed (i.e., borrowing net of investments) was exposed to fixed rates.

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

On 31st March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	5
 Impact on Surplus or Deficit on the Provision of Services	 5

The impact of a 1% fall in interest rates would be to push interest rates below zero and therefore would mean no interest would be receivable in the year.

Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £5m. A 5% fall in commercial property prices on 31st March 2023 would result in a £219k (2022: £266k) charge to Other Comprehensive Income and Expenditure which is then transferred to the Pooled Investment Funds Adjustment Account, when not elected.

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £5m. A 5% fall in share prices on 31st March 202 would result in a £294,358 (2022: £1,096k) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account, when not elected.

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.

Collection Fund Income and Expenditure Account	2022/23			2021/22
	£000 Council Tax	£000 NDR	£000 Total	£000
<u>Income</u>				
Income from Council Taxpayers	63,190		63,190	60,321
Income from Non-Domestic Rate payers		42,979	42,979	40,190
Income Total	63,190	42,979	106,169	100,511
<u>Expenditure</u>				
Precepts				
Hampshire County Council	45,614		45,614	43,632
Police and Crime Commissioner for Hampshire	7,755		7,755	7,316
Hampshire Fire and Rescue	2,474		2,474	2,276
Rushmoor Borough Council	7,196		7,196	6,927
<u>Business rates:</u>				
Allowance for collection		117	117	119
Payments to Hampshire County Council		4,068	4,068	4,472
Payments to Hampshire Fire and Rescue Authority		452	452	497
Payments to Rushmoor Borough Council		18,084	18,084	19,874
Payments to Government		22,605	22,605	24,843
<u>Provision for bad and doubtful debts</u>				
Council Tax	978		978	1,446
NDR		(34)	(34)	653
Provision for NDR appeals		(2,154)	(2,154)	(4,826)
<u>Collection fund surplus/deficit</u>				
Council Tax	(101)		(101)	(872)
NDR		(6,088)	(6,088)	(26,067)
Expenditure Total	63,916	37,050	100,966	80,290
Net Movement in Fund	726	(5,929)	(5,203)	(20,221)
Balance b/fwd 1 April	(428)	5,403	4,975	25,196
Balance c/fwd 31 March (surplus)/deficit	298	(526)	(228)	4,975
The (surplus)/deficit as at 31st March allocated to:				
Hampshire County Council	216	(47)	169	178
Police and Crime Commissioner for Hampshire	35		35	(57)
Hampshire Fire and Rescue	11	(5)	6	37
Rushmoor Borough Council	36	(211)	(175)	2,657
Government		(264)	(264)	2,160
	298	(527)	(229)	4,975

1. Council Tax

Council Tax derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hampshire County Council, Police and Crime Commissioner, Fire and Rescue Authority and the Council for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted to convert the number to a Band D equivalent and adjusted for discounts: (32,018 for 2022/23). This basic amount of Council Tax for a Band D property (£1,861.76 for 2022/23) is multiplied by an appropriate ratio to produce the amount due for the bands A to H. Council Tax bills are based on the following dwellings and proportions.

Tax Band	Discounted Equivalent Dwellings	Weighting	Band D Equivalent
A (Disabled Relief)	-	5/9	-
A	840	6/9	560
B	6,238	7/9	4,852
C	12,623	8/9	11,220
D	7,144	1	7,144
E	3,618	11/9	4,422
F	1,102	13/9	1,592
G	282	15/9	470
H	9	18/9	18
O (Army)	1,740	-	1,740
Total			32,018

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 2022 is £116,008,655 and the national non-domestic multiplier was 49.9p. This gives a potential business yield of £57.9 million. The actual business rates collectable for 2022/23 after reliefs is £45.1 million. In addition, there is an adjustment to the business rates income for the provision on appeals to the collection fund.

Business Rates Revaluation 2017

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

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

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

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

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

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

Collection Fund - Provisions for bad or doubtful debts	2022/23	2021/22
	£000	£000
<u>Council Tax</u>		
Provisions on 1 April	3,592	2,347
Provisions made in year	978	1,445
Written off in year	(158)	(200)
Provisions on 31 March	4,412	3,592
<u>NDR</u>		
Provisions on 1 April	1,807	1,275
Provisions made in year	(34)	653
Written off in year	(478)	(121)
Provisions on 31 March	1,295	1,807
<u>NDR Valuation Appeals</u>		
Provisions on 1 April	6,374	11,200
Provisions made in year	(2,174)	(4,826)
Provisions on 31 March	4,200	6,374

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Annual Governance Statement 2022/23

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 its 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) 2022/23 states how the Council has complied with the Code and 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 plan 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.

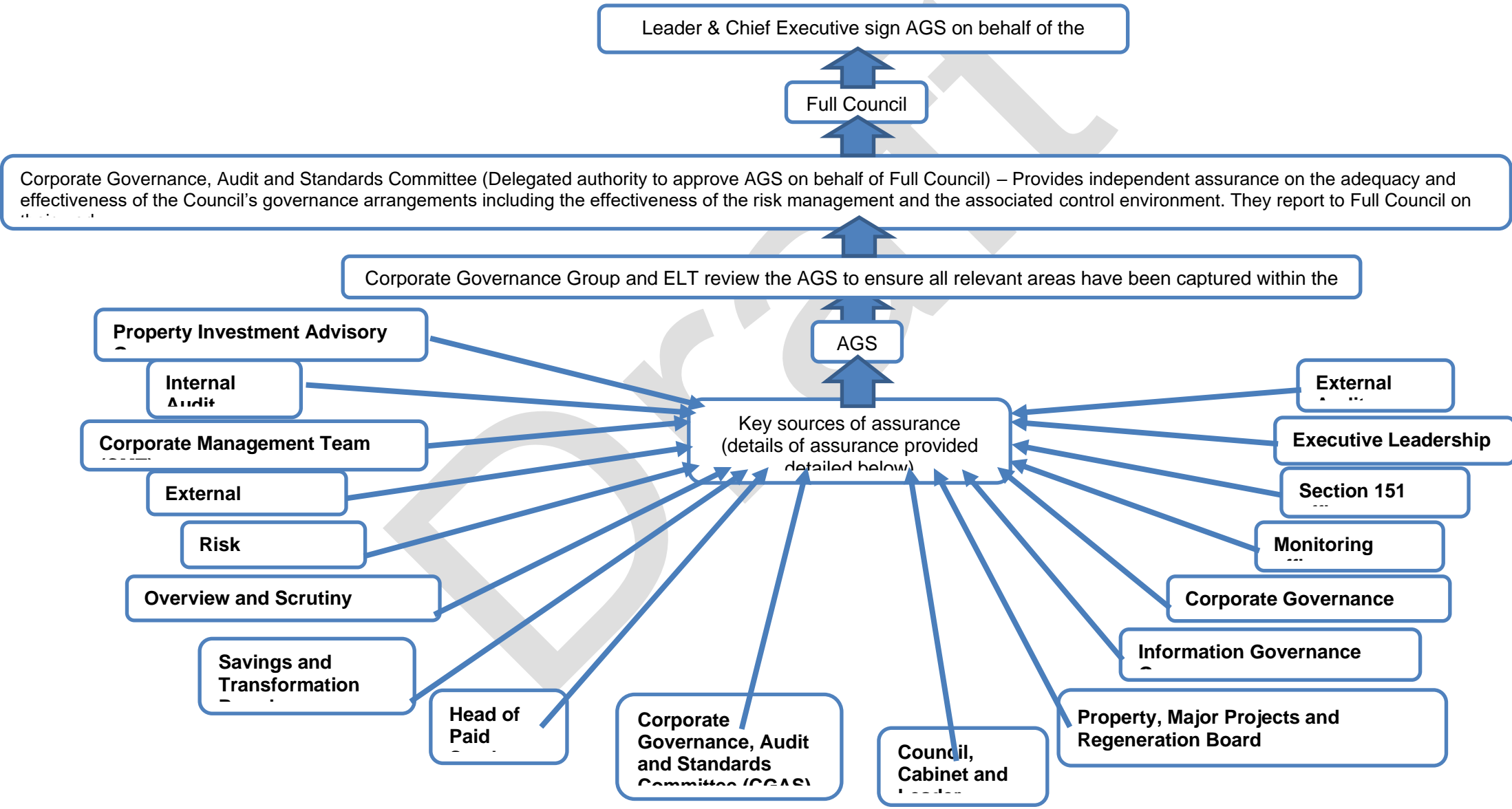
What is the Annual Governance Statement (AGS)?

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



C o r p o r a t e G o v e r n a n c e	Council, Cabinet and Leader	<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.
	Overview and Scrutiny Committee	<ul style="list-style-type: none"> • Pre and post decisions made are subject to scrutiny/ call in for review by the Committee.
	Corporate Governance, Audit and Standards Committee (CGAS)	<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
	Risk Management	<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.
	Corporate Governance Group (CGG)	<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.
	External assurances	<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
	Information Governance Group (IGG)	<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.
	Property, Major Projects and Regeneration Board (Capital Programme Board)	<ul style="list-style-type: none"> • Review of governance and risk management over major projects, for example Civic Quarter and Union Yard.

C o r p o r a t e G o v e r n a n c e	Head of Paid Services	<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.
	Monitoring Officer	<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.
	Section 151 Officer	<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.
	Executive Leadership Team (ELT)	<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.
	Corporate Management Team (CMT)	<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
	External Audit	<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).
	Internal Audit	<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.
	Property Investment Advisory Group	<ul style="list-style-type: none"> Oversees the Council's commercial property.

Post Covid Environment

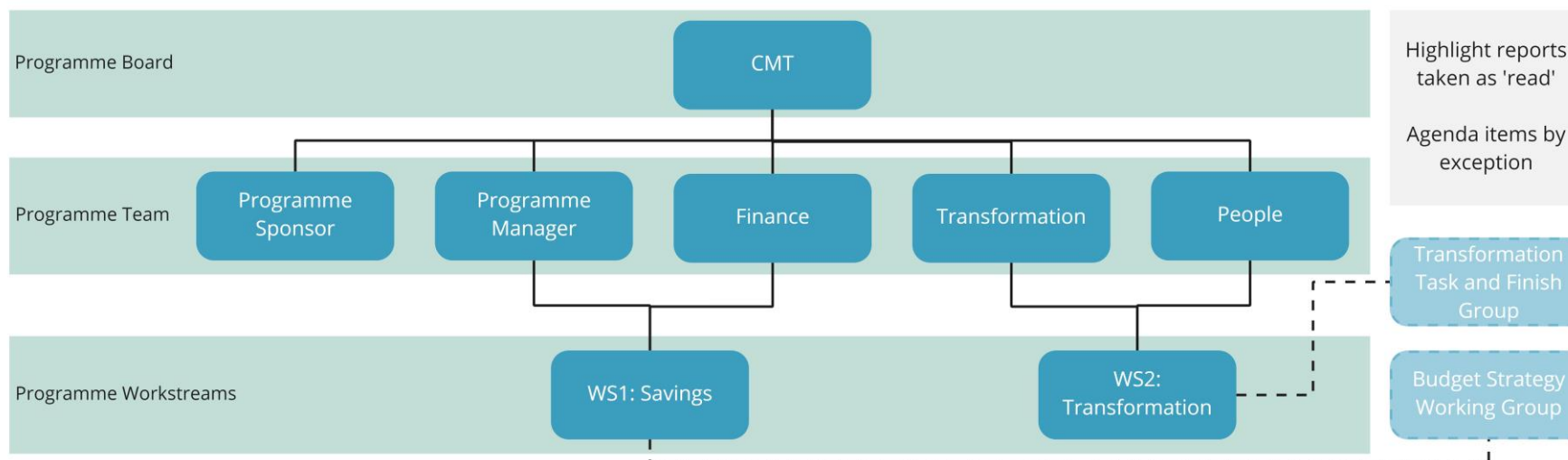
Hybrid Working

Since the mandatory requirement for the Council to implement remote working during the Covid-19 pandemic the Council has now opted to continue to provide a hybrid working environment for employees. A hybrid approach is also being taken with non-decision-making committees where attendance can be in person or remote.

Outcomes Based Budgeting (OBB)

The level of uncertainty around national policy issues (Levelling-up and the Local Government Finance Settlement) and the global economy makes it more difficult to predict the financial impact on the Council. The scale of the challenge currently faced for the Council in 2023/24 is c£3.250m. As a result, the Council's ELT and Service Managers have shared views with the Council's Cabinet on the most appropriate methodology to produce new savings and income at a level suited to the materiality of the budget gap.

The OBB approach was determined through consultation and engagement as the primary methodology to apply for addressing the budget gap for 2023/24 and future years. The OBB work has identified c£2.3m in potential savings in 2023/24, in addition to the £1.8m previously identified savings. The work towards realising these savings will be monitored throughout the year as set out below



Two budget reductions groups from Workstream 1:**1. Budget monitoring:**

- 69 items totalling £1.2 million
- Items are low risk, low value and/or complete
- Any variation to their respective budget/expenditure codes can be reported through budget monitoring in the usual way.

2. Programme monitoring:

- 36 items totalling £1.9 million
- These items are high risk, high value and/or have activity outstanding.
- They may need to be applied or increased in 24/25.
- They need to report more frequently to give us the opportunity to respond to any issues.
- Any variation should be reported through a more frequent, but parallel governance arrangement to budget monitoring.

This approach maintains monitoring and reporting of all budget reductions, at a reduced administrative burden through a risk-based approach.

Those items which are more likely to vary, or whose variance would have a disproportionate impact, will continue to be more closely monitored.





Levelling up fund

The Council has secured £20 million from the Governments Levelling up funding to develop a new leisure centre and cultural hub. As part of the regeneration of the Civic quarter. A project has been established and governance arrangement will be in place and regular meetings scheduled with Department for Levelling Up, Housing and Communities (DLUHC), to ensure that spending of this funding is in line with their requirements.

External Audit

It is key to highlight that the Council has been working with the Council's External Auditors, Ernst and Young, in order to sign off the 2019/20 accounts. This has now been completed and the 2019/20 accounts signed off by EY as both a 'true and fair view' and 'compliant' with the CIPFA/LASAAC code of practice. Work has been undertaken by the Finance and Property teams to ensure that the process and record keeping for the remaining years are in line with the requirements of EY to ensure there are no unnecessary delays.

Our values

 <p>COLLABORATE</p> <p>We achieve excellence by working together</p> <ul style="list-style-type: none"> • We involve the right people, at the right time and work together with enthusiasm • We recognise and appreciate the contribution of others • We help each other to bounce back from setbacks and persevere to reach our goals • We work openly, and share our knowledge, expertise and plans • We celebrate success and focus on positives 	 <p>INNOVATE</p> <p>We are always thinking of new and better ways to make a difference</p> <ul style="list-style-type: none"> • We look for creative ways to drive improvement • By taking responsibility for our own learning and development, we will explore new ideas and ways of working • We will not just do what we did before, we seek to innovate • We encourage each other and develop the shared vision and purpose • We look outside our organisation for ideas, inspiration and new ways of thinking 	 <p>BRAVE</p> <p>We are ambitious for Rushmoor</p> <ul style="list-style-type: none"> • We are willing to make bold decisions to make a difference to our community • We have the courage to do things differently and 'give it a go' • We take managed risks and view mistakes as opportunities to learn • We will get things done quickly and efficiently • We provide, seek and act on constructive feedback 	 <p>INTEGRITY</p> <p>We uphold high standards of service through honesty, respect and compassion</p> <ul style="list-style-type: none"> • We put customers at the heart of what we do • We take pride in being open and transparent • We are personally accountable for our decisions and action and do what we say we will do, on time • We respect and value difference, and listen to other perspectives • We work to understand how others feel and how we can respond appropriately
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Our values and behaviours set out what our organisation stands for and what is important to us collectively. Through embedding them into everything we do, we will work together to achieve success.



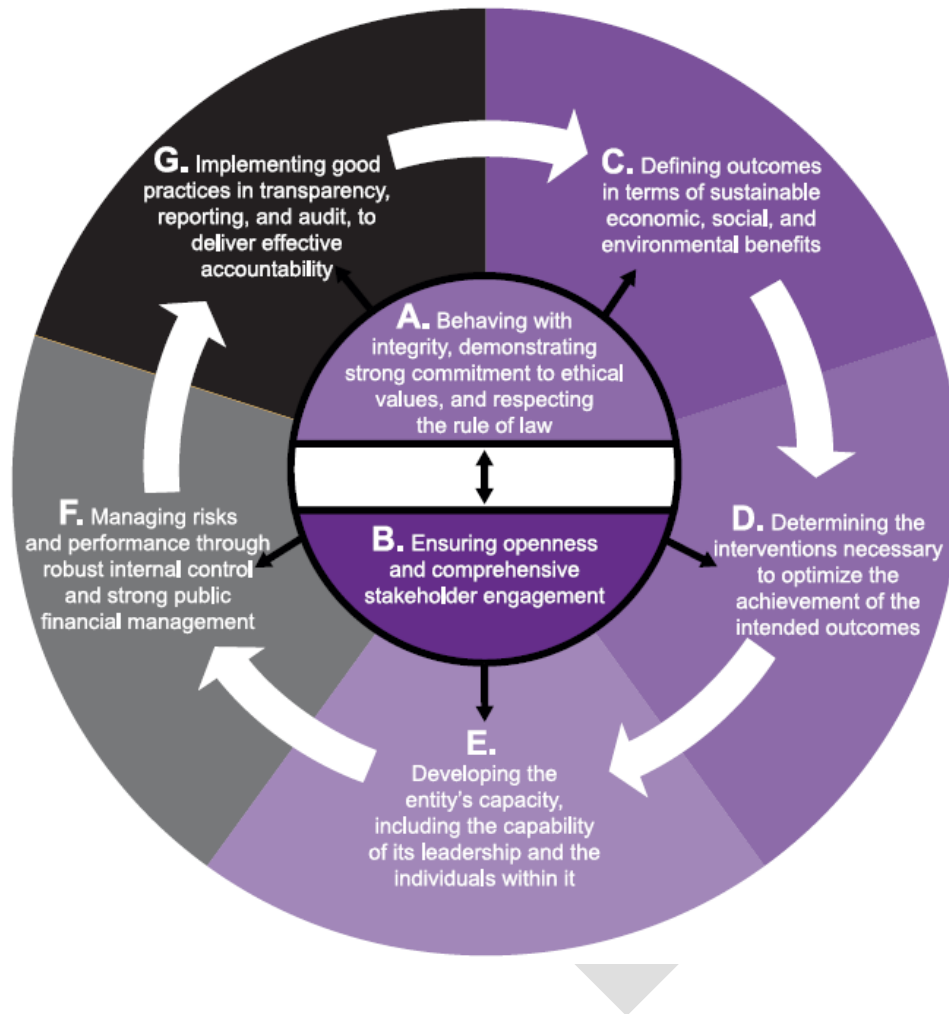
How does the Council monitor and evaluate the effectiveness of its governance arrangements?

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 and the Corporate Governance Group.
- 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. 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 for Regeneration. • 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 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.

	<ul style="list-style-type: none"> • Procurement processes are currently being reviewed to be made more robust to ensure high quality suppliers are selected and value for money is obtained. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development, managed by South East Employers. Re-accreditation was achieved in March 2020. Furthermore, specific training has been provided by South East Employers to the Overview and Scrutiny Committee on effective scrutiny. • 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 Equality, Diversity and inclusion. • 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

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| | <ul style="list-style-type: none">• 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. |
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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. • During 2022/23 the Council published 4 Arena magazines, to inform the community of the work and services carried out by the Council. However, due to the Council providing more of a digital offering in response to local appetite this will be reduced to 2 magazines being produced in the next financial year. • 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.

	<ul style="list-style-type: none"> • 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. • 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. • Local Enterprise Partnership (LEP) (Enterprise M3) – The Council has established good relationships and partnership arrangements as part of the involvement with the LEP. • 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
- On 26th October 2021, a news article was published inviting residents to shape the future of Southwood Country Park starting a public consultation on the proposed refurbishments running until 12th November and further information was provided on the Rushmoor website alongside an online survey. There were also two drop-in sessions where residents could find out more about the proposals and chat to the team about the project. Finally, there have been regular updates on progress provided in the quarterly Arena publications and via online social media.
- In May 22, local families were invited to vote for their preferred playground design and provide input to a Southwood Country Park playground online survey. The results were used to determine the final design and planning submission.
- Examples of consultation exercises carried out during 2022/23 included:
 - Community Safety Survey 2023

	<ul style="list-style-type: none">- Living in Rushmoor – Tell us what you think (2022 resident survey)- Housing and Homelessness Prevention Strategy 2022-2027- Redan Hill Gardens playground <ul style="list-style-type: none">• 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.
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PRINCIPLE C
Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub principles	Demonstrated by
Defining outcomes	<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"> - Aldershot Town Centre Strategy - Communications and Engagement strategy - Customer, Digital & Technology strategy - Car Parking Strategy - Cultural Strategy - Housing and Homelessness Strategy - UK Shared Prosperity Fund Investment Plan • 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,

	<p>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 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.• The Cost Reduction & Efficiency Programme (CREP) was initiated to review significant expenditure across the Council's services with a view to making savings. It has since been subsumed by the Savings & Transformation Programme (STP) and more recently the Outcomes Based Budgeting (OBB) approach was adopted to support the STP. A funding gap was identified, and to ensure a balanced budget for this financial year and the next an Outcomes Based Budgeting (OBB) approach was adopted. This was taken within a larger context of the Council's business plan. A governance framework to monitor the savings along with the Council's regular spend forecasts has been put into place and report regularly to the Corporate Management Team. In addition, section reporting on a risk-based approach will be included in the quarterly financial monitoring report to Cabinet.• Option appraisals are undertaken for all key decisions and are a standard part of the operations.• Governance arrangements have been clearly set out for Rushmoor Homes Limited (RHL). There is proper management of Board reporting and relationship with Council.• 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.
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**Sustainable
economic, social and
environmental
benefits**

- 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 November 2020, members of the council's Cabinet approved the council's Climate Change Action Plan 2020-2030. There are more than 90 actions in the plan, which will be updated in 2023 and includes plans to
 - increase recycling and reduce waste, including by introducing a weekly food waste collection service in 2021/22, ahead of the anticipated national introduction.
 - To look at how we make sure Aldershot and Farnborough town centre regeneration schemes include measures like energy efficient buildings, energy generation, and green transport
 - To involve local people in our efforts, including through things like community gardens and helping people get more involved in their local neighbourhoods
 - To make our own buildings more energy efficient, moving to green energy where possible, and to look at how our staff can work differently to reduce our impact on the environment
- Rushmoor Development Partnership
 Through its business plan and site development plans the economic, social and environmental benefits of regeneration are quantified including:

	<ul style="list-style-type: none"> • Placemaking – ensuring the that the developments proposed provide enhancements to the vitality of the local community and the physical environs. • Sustainability – with the Climate Emergency declared by the Council the redevelopment of Farnborough town centre has been identified as offering the opportunity to display an exemplar approach to design, transportation and community facilities. • Financial returns – developments are viable and deliverable while still achieving community support for transforming the town centres. • Utilising external expertise – a partnership approach is taken to development making the most of the attributes of the respective partners in terms of risk, knowledge management, data assessment and communications. In addition, external advice has been sought to bolster officer capacity and expertise in deciding upon the best routes to deliver regeneration in terms of value for money.
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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 and the Principal Solicitors are 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.

	<ul style="list-style-type: none"> - 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 22/23 include: <ul style="list-style-type: none"> ▪ Oversight of the economic and environmental impact of Farnborough Airport ▪ An understanding of the condition of property in the Borough in relation to damp and mould and its impact on local living conditions ▪ An in-depth analysis of the impact of the “cost of living crisis” on local residents ▪ Scrutiny of the Council’s performance in managing its own property and assets ▪ Oversight of the Council’s plan for the provision and maintenance of playgrounds and play equipment within the Borough ▪ An analysis and understanding of customer contact to the Council and how this has changed post pandemic - 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.
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PRINCIPLE E

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

Sub principles	Demonstrated by
<p>Developing the entity's capacity</p>	<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 property and regeneration service has historically been reliant on consultants for support on specific projects and to fill vacancies on an interim basis. A new structure has been approved in order to strengthen the Council's capacity and resilience by developing internal employees and create more of a succession pipeline to assist recruitment and retention. • 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 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 weekender events across a number of topic areas including finance, climate change and equalities.
<p>Developing the capability of the entity's leadership and other individuals</p>	<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. 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 13 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.
- 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

Sub principles	Demonstrated by
<p>Managing risk</p>	<ul style="list-style-type: none"> • The Risk management policy has been embedded over 2021/22 and 2022/23. 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

	<p>its Cyber Security arrangements. A new cyber security programme has been established and the next steps are to develop the Cyber Incident Response Plan and test it. A recent internal cyber audit was conducted along with a LGA 360 Peer Review. The recommendations of both have recently been received and are being reviewed and adopted where appropriate. Priorities 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>
<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 and Investigation Team 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 and Covid 19 measures.
<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.

	<ul style="list-style-type: none"> 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. In the past year, a new property system, Concerto, has been implemented, and a data validation exercise has been carried out to ensure that the data within the system is relevant, up to date and correct. The Finance Manager (deputy S151 officer) is member of Information Governance Group and the Council's SIRO
<p>Strong public financial management</p>	<ul style="list-style-type: none"> There are effective mechanisms in place for financial planning, budgetary control and reporting, including the management of financial risk. External Audit review and report on the Council's financial statements providing an opinion on the accounts. The Council is developing its programme to ensure compliance with the CIPFA Financial Management Code.

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.• A review and subsequent update of the Constitution has recently been carried out and reported to Council for adoption.
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How has the Council addressed the governance improvement actions from 2021/22 AGS?

The Annual Governance Statement 2021/22 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 2023/24 Action plan.

Governance Issue	Action	Current status
Compliance with the CIPFA Financial Management Code	The Executive Head of Finance will undertake an assessment of the Council's compliance with the CIPFA Financial Management Code during Q3 2021 and prepare an Action Plan on matters or areas for improvement. These will be included in subsequent reports to the Corporate Governance, Audit and Standards committee as part of the update on the Annual Governance Statement Action Plan.	The Deputy S151 undertook a review, the Interim Executive Head of Finance further reviewed as part of Letter of Representation. A continual review of updates is now in place. COMPLETED
External Audit have yet to provide an opinion for the 2019/20 accounts.	The Executive Head of Finance will ensure that the necessary information is provided to the external auditors to enable them to finalise their opinion on the 2019/20 accounts.	The external auditors provided a clean audit opinion in March 2023, the accounts have now been signed. Plans for the audit for 2020/21 starting in June 2023 have been agreed. COMPLETED
Office 365 governance set-up <i>(Information Governance Officer and IT Services Delivery Manager)</i>	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.	The work started with Silversands in September 2022 with the pilot going live in March 2023. The pilot focus was on data loss prevention with document labelling as RBC has become a subscriber to LG Inform Plus, and adopted the LG Inform Plus Records Retention schedule. The

	<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>pilot has just come to an end with the service area (HR and payroll). IG and IT are to have a follow up meeting with Silversands and discuss moving beyond the pilot. There will need to be further wider discussions about how to implement and roll out the document labelling functionality within Office365 council wide. This will need to be planned around other projects that IT will be supporting as there will need to be training delivered on the functionality, possible ongoing support.</p> <p>PROGRESSING</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>2023 PSN compliance achieved. DLUHC treatment plan, part 2 to be completed by Sept 2023. LGA Peer Review* – complete Internal audit – complete, 'Reasonable Assurance' Members briefings – complete Priorities from cyber security plan 2023/24;</p> <ul style="list-style-type: none"> • Cyber supply chain review* • Cyber Incident Response Plan*

		<ul style="list-style-type: none"> • NCSC Cyber Security Framework – continued implementation • Training & awareness & policy refresh <p>PROGRESSING</p>
Implementing a Capital Strategy to comply with the revised Prudential Code and the Treasury Management Code of Practice <i>(b/f from previous year)</i>	Finalise development of the Asset Management Strategy which supports the approved annual Capital Strategy.	<p>The Asset Management Plan was agreed by Cabinet in March 2023. Further work to ensure we are meeting our requirements under the transparency regulations will be undertaken in 2023/24.</p> <p>COMPLETED</p>
Ensuring compliance with the mandatory elements of the Local Government Transparency Code	Relevant services to carry out the necessary work to ensure that the mandatory elements of the transparency code are appropriately published as required. The Corporate Governance Group will have oversight to ensure that this is implemented.	<p>Process for achieving this has now been agreed and will be implemented in 2023/24. This will include monitoring and reporting on compliance with the Transparency Code.</p> <p>PROGRESSING</p>

Governance issues identified for 2022/23

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2023/24, 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
External Audit to complete work and sign off 2020/21 and 2021/22 accounts.	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.	2020/21 – To be finalised by the end of the financial year 2021/22 – preparation work to be underway this financial year.	Simon Little, Interim Executive Head of Finance and S151 Officer
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.	Check if automated processes can be introduced and alerts to Service Managers/Heads of Service to avoid missing statutory deadlines. Review the current system for logging FOIs and check whether it can be more robust (assuming no additional budget for 2023/2024)	October 2023	Sophie Thorp, Corporate Manager – Legal Services
Ensure appropriate documentation is held within the Council for surveillance work.	Liaise with Service Managers and Heads of Service to ensure compliance with Regulation of Investigatory Powers Act (RIPA)	September 2023	Sophie Thorp, Corporate Manager – Legal Services

	<p>or non-RIPA surveillance activities, carried out across the Council.</p> <p>Check documentation is correctly filled out and submitted by Service Teams to RIPA Coordinator (within Legal), as required by legislation.</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>From election in May 23 – and by 30th Sept 23</p> <p>Ongoing</p> <p>Individuals will complete training no later than annually from their start of service – regular reporting to CMT will commence from June 23 onwards.</p>	<p>Corporate Manager – Democracy</p> <p>Corporate Manager – Democracy, in liaison with Member Development Group and Corporate Governance Group Enabled by Corporate Manager, People and performance managed and overseen by CMT</p>

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 29 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:



David Clifford
Leader of the Council

Date: June 2023



Paul Shackley
Chief Executive

June 2023

Glossary of Terms

Assets Held for Sale

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

Billing Authority

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

Capital Expenditure

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

Capital Receipts

The proceeds from the disposal of land or other assets.

Collection Fund

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

Community Assets

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

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The costs of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

Current Assets

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

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Financial Instruments

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

Finance Lease

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

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)

Government Grants

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

Glossary of Terms

Heritage Assets

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

Intangible Assets

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

Inventories

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

Investments

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

Investment Properties

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

Joint Ventures

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

Liabilities

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

Long-Term Assets

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

Non-Distributed Cost

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

Operating Leases

A lease other than a finance lease.

Provisions

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

Related Party Transactions

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

Reserves

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

Glossary of Terms

Revenue Expenditure

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

Revenue Support Grant

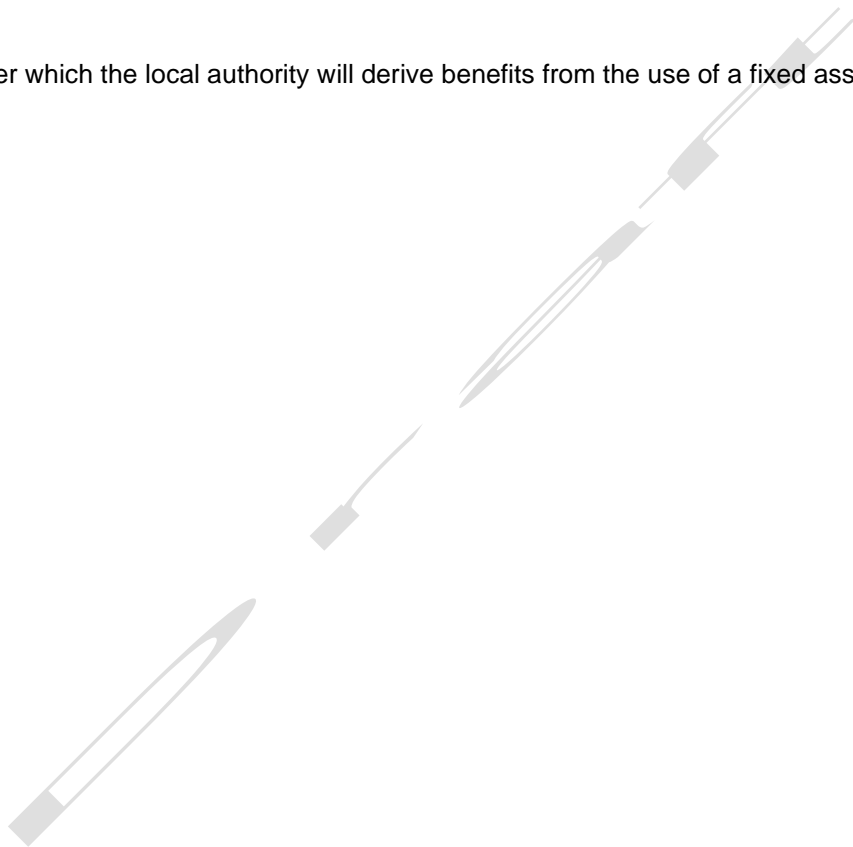
Grant paid by the Government to local authorities to help them finance the cost of their services. The system is designed so that if all local authorities spend at the level determined by the Government, the Council tax would be the same across the country.

Unfunded Benefits

The unfunded benefits are pensions arising from additional service awarded on a discretionary basis e.g., Compensatory Added Years pensions that have not previously been 'converted' to funded benefits. Such benefits are charged to the employer as they are paid. This is in contrast to funded pensions, which are paid for out of the assets of the Fund, and which the Employer has responsibility for funding by paying contributions to the Fund.

Useful Life

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



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May 2023