



RUSHMOOR BOROUGH COUNCIL

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

*at the Council Offices, Farnborough on
Wednesday, 23rd July, 2025 at 7.00 pm*

To:

Cllr Bill O'Donovan (Chairman)
Cllr Rhian Jones (Vice-Chairman)

Cllr Gaynor Austin
Cllr C.W. Card
Cllr Sue Carter
Cllr P.J. Cullum
Cllr C.P. Grattan
Cllr M.J. Roberts
Cllr Sarah Spall
Cllr P.G. Taylor
Cllr Jacqui Vosper

Non-Voting Member:

Mr. Tom Davies – Independent Member (Audit)

Standing Deputies:

Cllr Leola Card, Cllr Thomas Day, Cllr A.H. Gani, Cllr S.J. Masterson, Cllr T.W. Mitchell, Cllr.Ivan Whitmee.

Enquiries regarding this agenda should be referred to the Committee Administrator,
Lucy Bingham, Democratic Services, Tel. (01252 398128) or email
lucy.bingham@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 8)**

To confirm the Minutes of the Meeting held on 22nd May, 2025 (copy attached).

2. **INTERNAL AUDIT PROGRESS REPORT – (Pages 9 - 20)**

To receive the Southern Internal Audit Partnership's (SIAP) Report No. SIAP25/03 (copy attached) which includes the internal audit progress report from the Council's internal auditors, for the 2025/26 audit.

3. **ANNUAL CORPORATE HEALTH AND SAFETY REPORT – (Pages 21 - 32)**

To receive the Executive Director's Report No. ED2505 (copy attached) which sets out the annual corporate health and safety report for 2024/25.

4. **FREEDOM OF INFORMATION - ANNUAL UPDATE REPORT 2025 – (Pages 33 - 38)**

To receive the Corporate Manager – Legal Services' Report No. LEG2502 (copy attached) which presents the Council's performance on Freedom of Information requests.

5. **ANNUAL STATEMENT OF ACCOUNTS REPORT – (Pages 39 - 118)**

To receive the Executive Head of Finance's Report No. FIN2514 (copy attached) which provides an update to the Committee including the unaudited statement of accounts report for the 2024/25 audit.

6. **2024/25 TREASURY MANAGEMENT OUTTURN AND 2025/26 Q1 TREASURY PRUDENTIAL INDICATORS REPORT – (Pages 119 - 136)**

To consider the Executive Head of Finance's Report No. FIN2515 (copy attached) which sets out the activities of the Treasury Management and Non-Treasury Management Investment Operations for Quarter 1, 2025/26, reports on compliance with Prudential Indicators and sets out the 2024/25 Treasury Management Outturn, for recommendation to full Council.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Thursday, 22nd May, 2025 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Bill O'Donovan (Chairman)
Cllr Rhian Jones (Vice-Chairman)

Cllr Gaynor Austin
Cllr C.W. Card
Cllr Sue Carter
Cllr P.J. Cullum
Cllr C.P. Grattan
Cllr M.J. Roberts
Cllr Jacqui Vosper

Apologies for absence were submitted on behalf of Cllr Sarah Spall and Cllr P.G. Taylor.

Cllr Thomas Day attended the meeting as a Standing Deputy.

Non-Voting Member

Mr. Tom Davies – Independent Member (Audit)

1. MINUTES

The minutes of the meeting held on 2nd April 2025 were agreed and signed as a correct record of the proceedings.

2. AUDITOR'S ANNUAL REPORT 2023/24

The Chairman welcomed Simon Mathers, Director, from the Council's external auditors, Ernst and Young (EY), who joined the meeting remotely via Microsoft Teams.

The Committee received the Executive Head of Finance's Report No. 24RBC. The purpose of the Auditor's Annual Report was to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, the auditors comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). The commentary aimed to draw to the attention of the Council and the wider public, relevant issues from the auditing work, including recommendations

arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they had been implemented satisfactorily.

The Committee noted that the report expressed an opinion on the 2023/24 financial statements, conclusions related to going concern and the consistency of other information published with the financial statements, including the narrative statement.

The Committee were advised that the Council needed to fully implement and action its Financial Resilience Plan which contained a range of medium and shorter-term actions designed to ensure its financial sustainability. Specifically:

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

During discussion, Committee Members commented on the use of reserves to ensure the achievement of a balanced budget and raised a question regarding asset disposal.

RESOLVED: That the Auditor's Annual Report No. RBC24 be noted.

3. EXTERNAL AUDIT PROPOSED AUDIT PLANNING REPORT 2024/25

The Committee received the 2024/25 Audit Planning Report No. RBC25. The report aimed to provide Members with a basis to review the proposed audit approach and scope for the 2024/25 audit. This was in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. The report summarised the evaluation of the key issues driving the development of an effective audit. The report also addressed the broader impact of the Government's proposals aimed at establishing a sustainable local audit system.

During discussion, Members raised questions regarding materiality, discounted rates and valuation of properties.

In answer to a question regarding assurance, the Committee were advised that almost a full programme of work was undertaken by the external auditors in 2024/25 and the level of assurance they could give would increase each year.

RESOLVED: That the Auditor's Annual Report No. RBC25 be noted.

4. **ANNUAL GOVERNANCE STATEMENT 2024/25**

The Committee considered the Financial Governance Manager's Report No. AUD25/03 which presented the Draft Annual Governance Statement 2024/25 for review and approval.

The Accounts and Audit Regulations 2015 stated that, for each financial year, the Council must conduct a review of the effectiveness of the Council's internal control and prepare an annual governance statement for review and approval by the Committee prior to it being signed by the Interim Managing Director and Leader of the Council. The statement would then be finalised with the signed Statement of Accounts.

The Report set out the methodology for compiling the Annual Governance Statement and the requirements of the Committee to ensure a meaningful review of the Annual Governance Statement. Members were reminded that they needed to be satisfied that the Annual Governance Statement reflected the governance environment and any actions required to improve it. Members also had to be satisfied that it demonstrated how governance supported the achievement of the Council's objectives.

During discussion, a question was raised regarding cyber security.

RESOLVED: That the Council's Annual Governance Statement 2024/25 be approved.

5. **INTERNAL AUDIT - ANNUAL AUDIT OPINION 2024/25**

The Committee considered the Financial Governance Manager's Report No. AUD25/04 which set out the Internal Audit Manager's independent annual audit opinion for 2024/25 on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control environment. The Financial Governance Manager presented the report as, although they had changed roles from Audit Manager in February 2025, they were best placed to share the report. With reference to Appendix 1 of the Report, the Committee noted that assurance levels had been provided for each of these areas in order to provide a clear assessment:

- Internal Control Environment – It was noted that, in the opinion of the Audit Manager, the internal control environment for the Council was reasonable. The level of substantial assurances had decreased; however the level of reasonable has increased significantly, along with the limited assurances decreasing. No limited assurances had been given for the key financial systems across the 3-year cycle.
- Governance - It was noted that, in the opinion of the Audit Manager, governance for the Council was reasonable. Governance issues were addressed through the corporate governance group, and it had been acknowledged that work needed to be done to improve the governance arrangements within the Council following the CIPFA and Peer Challenge reviews carried out in June 2024. As a result of the reviews, action plans had been put in place to implement the

recommendations made. The Council took a view on outstanding audit recommendations given the passage of time and the evolution of processes over the years. Accordingly, a reduced number of recommendations were present to Corporate Governance, Audit and Standards Committee as still outstanding. These would continue to be followed up for implementation.

- Risk Management – It was noted that, in the opinion of the Audit Manager, risk management for the Council was reasonable. Whilst a reasonable assurance has been provided, the process continued to require improvement to ensure that it was an effective management tool rather than just process driven. The Committee heard that the Council had in place Service Risk Registers and a Corporate Risk Register. Quarterly, the overall changes were reported to the Corporate Management Team (CMT) for review and scrutiny. Following this, the report was presented to Cabinet. CMT and Cabinet acted as layers of defence to ensure that risks had been identified and where necessary, actions taken to appropriately mitigate the risk. The Committee noted that a risk appetite statement had not been defined and agreed with Members. However, work was progressing in this area with a workshop being held and facilitated by an external consultant in order to define risk appetite for the Council.

During discussion, a question was raised regarding how the Council could gain full assurance in all areas. It was noted by the Committee that, as it was a risk-based audit, the Council needed to seek out areas of weakness, in order to make improvements and make it a better environment in terms of risk and control. Questions were also raised regarding risk management, procurement cards and an update was given on areas shown by the audit to have limited levels of assurance.

RESOLVED That:

- (1) the Audit Opinion given for governance, risk management and internal control for 2024/25 be noted, and
- (2) the self-assessment exercise against the Public Sector Internal Audit Standards (PSIAS) be noted.

6. TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2024-25

The Committee considered the Executive Head of Finance Report No. FIN2511 which set out the activities of the Treasury Management Strategy and Non-Treasury Investment Operations for Quarter 4 in the Financial Year 2024/25, as at 31st March 2025 and reported on compliance with Prudential Indicators. These were a statutory requirement under the Chartered Institute of Public Finance Accountants (CIPFA) Code of Practice on Treasury Management.

The Committee noted that for the forecast to 31st March 2025, the Council was estimated to have net borrowing of £125.20m arising from its revenue and capital income and expenditure. At 31st March 2025, the Council held £166m of loans, (an increase of £4m on 31st March 2024), as part of its strategy for funding previous and current years' capital programmes.

It was advised that all activity was conducted within the approved Treasury Management Practices (TMPs). The majority of borrowing was currently short-term Local Authority (LA), although the Public Works Loan Board (PWLB) interest rate was lower than LA rates and therefore some borrowing was secured with PWLB for 18 months. This diversified the borrowing the Council held. The Committee noted that the Council had borrowed substantial sums of money and was therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remained central to the Authority's treasury management strategy.

During discussion, a question was raised about the Council's loan to Farnborough International Limited, who were supported during the Covid Pandemic. The Committee noted that the money would be paid back in two tranches over the following two years. Questions were also asked about debt counterparties and prudential indicators.

The Committee **RECOMMENDED TO CABINET** that the Executive Head of Finance Report No. FIN2511, be noted.

7. GRANTING DISPENSATION FROM PROVISIONS OF THE CODE OF CONDUCT FOR MEMBERS

The Committee were advised that the Monitoring Officer's Report No. LEG25/01, which sought the granting of dispensations relating to the declarations of interest, as set out in the Code of Conduct for Members, be withdrawn from the Meeting. The Committee noted that it was not considered to be of Pecuniary Interest and it was the decision of the Monitoring Officer, who was new to the post, to withdraw the report which had been submitted by their predecessor.

8. CONSTITUTION AND COMMITTEE REVIEW UPDATE

The Committee considered the Corporate Manager – Democracy Report No. DEM2505, which set out proposed updates to the Constitution in respect of:

- a proposed update to Standing Orders with a scheme to enable public questions at full Council Meetings (as set out in Para 3 and attached to the Report)
- a proposal to specify expected core training topics for all Elected Members in the Code of Conduct for Councillors (as set out in Para 4)
- a proposal to split the current Corporate Governance Audit and Standards Committee (CGAS) into two committees – creating an 'Audit and Governance Committee', and 'Licensing & Council Business Committee', with training plans to support Members on each.
- a proposal for a cross party 'work programme management group' to co-ordinate the work programmes of the non-executive committees (Policy & Project Advisory Board (PPAB), Overview and Scrutiny Committee (OSC) and the Committee with responsibility for audit and governance). The individual Progress Groups would no longer meet.

- the PPAB work programme to be more closely aligned to deliver Council Plan Priorities and with Cabinet Member engagement.

The Committee discussed the principle of splitting the CGAS Committee, and the responsibilities to be allocated to the new Licensing and Corporate Business Committee. A question was raised regarding political balance, and it was confirmed that the balance calculation would enable a seat on both committees for the Liberal Democrat group, and it was noted that licensing hearings did not need to be politically balanced. It was indicated that three meetings of the Licensing and Corporate Business Committee would be scheduled per annum.

During discussion on the proposed scheme for public questions at full Council, it was confirmed that the scheme included provision to reject questions and there were parameters for limits on time allowed.

In terms of next steps, it was agreed that the Constitution Working Group would progress the further detailed work to update the terms of reference for the committees to support the changes to the committee structure arising from the Committee Review. It was requested that there be an opportunity for the Members of the Corporate Governance and Audit Committee to review the proposed updates in advance of a report to the full Council.

- (i) **RECOMMENDED TO THE COUNCIL** that subject to any further modifications recommended by the Constitution Working Group the updates to the Constitution in respect of public questions at the full Council Meeting as set out in Para 3 of the Report, and updates to the Councillors Code of Conduct, as set out in Para 4 of the Report be approved, as set out in the Corporate Manager – Democracy Report No. DEM2505;
- (ii) **RESOLVED** that the Constitution Working Group be asked to progress the further detailed work to support the changes to the committee structure arising from the Committee Review as set out in paras 5.5. and 5.6 of the report, with an opportunity for the Committee to review the proposed updates in advance of a report to Council.
- (iii) **RESOLVED** that the Corporate Manager – Democracy be authorised, in consultation with the Chairman of CGAS, and Leader of the Council to make any further minor updates to the Constitution documents to be recommended for update to the Council, in advance of the report to the Council.

9. **APPOINTMENTS TO OUTSIDE BODIES, LICENSING SUB-COMMITTEES AND CONSTITUTION WORKING GROUP**

(1) **Outside Bodies –**

RESOLVED: That the appointment of representatives to outside bodies for the 2025/26 Municipal Year, as set out in the attached Appendix, be approved, with the following amendments:

- Councillors Lisa Greenway and Ivan Whitmee be appointed to the Aldershot and Farnborough Festival of Music and Art.
- Councillor Clive Grattan was appointed to the Hampshire Buildings Preservation Trust AGM

(2) Appointments and Appeals Panels –

RESOLVED: That the Corporate Manager – Democracy be authorised to make appointments to Appointments and Appeals Panels in accordance with the membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

(3) Licensing Sub-Committee –

RESOLVED: That the following Members be appointed to serve on the Licensing Sub-Committee for the 2025/26 Municipal Year (three Labour representatives; two representatives of other Groups):

Labour Group: Cllrs Rhian Jones, Bill O'Donovan and Sarah Spall

Conservative Group: Cllr Jacqui Vosper

Liberal Democrat: Cllr C.W. Card

(4) Licensing Sub-Committee (Alcohol and Entertainments) –

RESOLVED: That the Corporate Manager – Democracy be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(5) Licensing Sub-Committee (Taxis) –

RESOLVED: That the Corporate Manager – Democracy be authorised to make appointments from the membership of the Corporate Governance, Audit and Standards Committee, in accordance with the procedure agreed by the Committee at its meeting on 27th June 2021 and detailed in the Licensing Sub-Committee (Taxis) Hearings Protocol and Procedure.

(6) Constitution Working Group –

RESOLVED: That the following Members be appointed to serve on the Constitution Working Group for the 2025/26 Municipal Year (seven Members, including a Cabinet Member, the Chairman of the Committee and representatives of other groups):

- two Cabinet Members (Cllr Sophie Porter and a vacancy to be decided by the Leader of the Council)
- the Chairman of the Corporate Governance, Audit and Standards Committee (Cllr Bill O'Donovan)

- one representatives of the Labour Group (Cllr Gaynor Austin)
- two representatives of Conservative Group (Cllrs G.B. Lyon and Steve Harden)
- one representative of the Liberal Democrats (Cllr Craig Card)

The meeting closed at 9.02 pm.

CLLR BILL O'DONOVAN (CHAIRMAN)

**CORPORATE GOVERNANCE
AUDIT AND STANDARDS COMMITTEE**

**Head of Partnership
REPORT NO. SIAP 25/03**

23rd July 2025

INTERNAL AUDIT PROGRESS REPORT JUNE 2025

SUMMARY:

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report June 2025.

- The Internal Audit Progress Report - June 2025 (Appendix A) provides the Corporate Governance, Audit and Standards Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of key updates pertinent to the discharge of the committee's role in relation to internal audit.

RECOMMENDATION:

Members are requested:

- to **note** the Internal Audit Progress Report – June 2025 (Appendix A).

1 Introduction

- 1.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

- 1.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 1.3 The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

- 1.4 The proposed risk based internal audit plan for 2025-26 is attached at Appendix B and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's strategic outcomes. It is based on a range of inputs including review of the Council's strategic risk register, In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), the Chief Internal Auditor is required to provide a written status report to the Corporate Governance, Audit & Standards Committee, summarising:
- ongoing confirmation or otherwise regarding independence, and impairment [Standard 7.1]
 - a summary of significant issues and escalation of matter of importance [Standard 8.1]
 - overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3]
 - communicating of unresolved issues that fall outside of the Council's risk tolerance [Standard 11.5]
 - update on progress and any changes to the annual audit plan [Standard 9.4]
 - internal audit performance measures [Standard 12.2]
 - status of 'live' internal audit reports and status on the implementation of management actions [Standard 15.2]
- 1.5 Appendix A summarises the activities of internal audit for the period up to June 2025

2 Recommendation

- 2.1 Members are requested to note the Internal Audit Progress Report – June 2025 (Appendix A)

AUTHOR: Neil Pitman, Head of Southern Internal Audit Partnership
Neil.pitman@hants.gov.uk

HEAD OF SERVICE: Peter Vickers, Executive Head of Financial Services and S151 Officer

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Internal Audit Progress Report
Rushmoor Borough Council – June 2025

Prepared by: Neil Pitman, Head of Partnership

1. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations

as are considered necessary by those conducting the internal audit.'

The role of internal audit is best summarised through its definition within the Standards, as an:

'An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

2. Internal Audit Standards

With effect from 1 April 2025, the 'Standards' against which internal audit within the public sector must conform are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector.

3. Purpose of Report

In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Corporate Governance Audit & Standards Committee, summarising:

- The monitoring of 'live' internal audit reports
- an update on progress against the annual audit plan and any subsequent revisions
- acknowledgement of any actual or perceived impairments to internal audit independence
- internal audit performance, planning and resourcing issues
- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

4. Resourcing

As Chief Internal Auditor I am of the opinion that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan (2025/26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

- **Human Resource** - the Southern Internal Audit Partnership has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and risk-based audit plan.
- **Financial Resource** - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.
- **Technological Resource** - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

I have not been made aware of any implications on organisational capacity that may adversely affect the delivery of the internal audit plan.

5. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance, or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

7. Rolling Work Programme

The internal audit plan for 2025-26 was originally presented to Senior Management and approved by the Corporate Governance Audit & Standards Committee in April 2025. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed below.

Audit Review	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Disabled Facility Grants	01.05.24	03.06.24	17.06.24	11.10.24	13.06.25	Limited	2024/25
Capital Programme	22.07.24	03.09.24	18.09.24	23.04.25			2024/25
Effectiveness of Financial Rules	23.09.24	13.11.24	18.11.24	28.05.25			2024/25
NNDR	09.10.24	07.11.24	16.12.24	30.04.25			2024/25
FMS & Bank Reconciliations	07.11.24	16.01.25	04.03.25	27.05.25			2024/25
Sales Ledger	06.03.25	26.03.25	22.04.25				2024/25
Union Yard	27.01.25	TBC	14.04.25				Awaiting agreement of ToR
Pay360	12.02.25	19.06.25					Discussions ongoing re timing
Risk Management							Q3
Programme / Project Management							Q2
Contract Management							Q4
Procurement	20.05.25	10.06.25	30.06.25				
Cyber – Training & Awareness							Q3
IT Contingency							Q4
Treasury Management							Q3
Financial Recovery Plan	15.05.25	28.05.25	25.06.25				Q1
Recruitment & Retention							Q3
LGA Peer Review – Action Plan	04.06.25	27.06.25					
Temporary Accommodation							Q3
Asset Management & Disposal							Q3
Agency Staff							Q2
Budget Management							Q2
Contingency – Devolution & LGR							Q2-Q4

8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and Corporate Governance Audit & Standards Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

Additions	Audit Review	Reason for inclusion in the plan
	None	N/A
Withdrawals	Audit Review	Reason for removal from the plan
	None	N/A

9. Acceptance of Risk

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and Corporate Governance Audit & Standards Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

10. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

Title: Disabled Facility Grants		
Audit Sponsor	Assurance opinion	Management Actions
James Duggin, Executive Head of Operations	 Limited	 8 High  10 Medium  1 Low
Summary of key observations: Rushmoor Borough Council offer a means tested approach to providing additional support and assistance through grants such as the Mandatory Disabled Facility Grant, Discretionary Disabled Facility Grants, Top Ups and Discretionary Adaptations Grants. Positively the DFG processes in place at the Council are generally sound, however, concerns were highlighted regarding the procurement of contractors and surveyors. Contract standing orders have not been followed for the engagement of the supplier who undertakes surveying and design work for the Council relating to DFGs. This supplier subsequently engages contractors for some of the DFG work on behalf of the Council but does not follow contract standing orders. At the time of the audit the supplier maintained a list of contractors they regularly use for DFG work and from which they were obtaining quotes to determine who would undertake the work; however, the work was not offered to the wider market and therefore value for money cannot be assured. New contractors approach Rushmoor Borough Council to initiate a request to be considered for DFG work. However, testing found that there was no contractor framework in place nor was there a formalised approach to annual checks or onboarding any new contractors. Additional, testing found that DBS checks on contractors in relation to DFG works are not currently part of the due diligence checks undertaken. In addition to procurement arrangements assurance could not be provided that policy and procedure guidance had been updated in accordance with scheduled timelines including the "Financial Assistance Policy for Housing Grants and Loans" that was dated March 2018. A retention guidelines document is in place, providing the retention periods across all service areas within Rushmoor Borough Council. DFG documentation is not currently maintained in accordance with the retention policy. This is a known issue, and the housing and IT department are aware.		

11. Analysis of 'Live Audit Reviews'

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions											
				Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
Building Control	24.10.24		Reasonable	1	3	1	-	-	-	1	3	1	-	-	-
Princes Hall	16.01.25		Reasonable	1	7	2	-	-	-	1	7	2	-	-	-
Biodiversity BNG	28.05.25		Reasonable	-	6	2	-	4	1		2	1	-	-	-
Elections	11.06.25		Reasonable	5	-	-	5	-	-	-	-	-	-	-	-
Disabled Facility Grants	13.06.25		Limited	1	10	8	1	10	7	-	-	1	-	-	-
Total															

*It is recognised that there remain several outstanding management actions due from internal audit reports issued prior to the engagement of the Southern Internal Audit Partnership. We have now acquired a full listing of historic reports and outstanding management actions which will be followed up and reported in this section of the Progress Report from September 2025.

Annexe 1

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25/26	Status	Direction of Travel
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	0%		n/a
2. Audits delivered within agreed timescales (% year to date)					
○ To issue of draft report	Ongoing	80%	n/a	n/a	n/a
○ To issue of final report	Ongoing	80%	n/a	n/a	n/a
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Conforms	Conforms*		
4. Audits conducted optimising the effect use of data analytics (% year to date)	Ongoing	60%	n/a	n/a	n/a
5. Stakeholder satisfaction (annual survey)					
○ Audit Committee	Annual	90%	99%**		
○ Senior Management		90%	99%**		
○ Key Contacts		90%	98%**		
6. Internal audit effectively communicates with key stakeholders					
○ Audit Committee	Annual	90%	99%**		
○ Senior Management		90%	99%**		
○ Key Contacts		90%	98%**		
7. Sufficiency of input to and discussion of the internal audit plan					
○ Audit Committee	Annual	90%	97%**		
○ Senior Management		90%	98%**		
8. Appropriate focus on key risks					
○ Audit Committee	Annual	90%	97%**		
○ Senior Management		90%	100%**		
○ Key Contacts		90%	97%**		

* EQAs undertaken under the PSIAS remain valid for the successive five years (from the date of award). The SIAP will be commissioning an EQA against the GIAS in the UK Public Sector during 2025.

**Due to Rushmoor BC only joining SIAP in April 2025 Council specific results are not available therefore the wider Partnership results are presented for information

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CGAS
23 JULY 2025

EXECUTIVE DIRECTOR
REPORT NO. ED2505

KEY DECISION? NO

CORPORATE HEALTH & SAFETY ARRANGEMENTS 2025/26

SUMMARY AND RECOMMENDATIONS:

This paper updates Members of the Corporate Governance, Audit and Standards Committee on the ongoing development and maintenance of the Council's Corporate Health & safety arrangements.

Attached to this report is the current Corporate Health & Safety Policy.

CGAS Members are asked to note this report and comment on the adequacy of the Council's health & safety arrangements.

1 Background & History

- 1.1 The Constitution states that one of the roles of the Corporate Governance, Audit and Standards Committee (CGAS) is to *"provide independent assurance of the adequacy of the risk management framework"*. Specifically in relation to risk management, the Constitution states that CGAS should *"monitor the effective development of risk management in the Council"*.
- 1.2 For the purposes of this report, risk management is being considered in the context of the legal duties placed upon the Council by the Health & Safety at Work etc Act 1974, and any associated regulations.
- 1.3 In line with arrangements set out in the Council's Corporate Health & Safety Policy, attached as Appendix A, this report provides an update to CGAS Members on the Council's health & safety arrangements and key activity that has taken place over the course of 2024/25 and the plans in place for 2025/26.
- 1.4 Following the response to Covid and the significant changes made to working practices across the majority of the Council's services during that period, the health & safety risk profile of the Council's business activities has now stabilised, with more employees now routinely working from home and other remote locations.
- 1.5 The overall health & safety risk profile of the Council remains low, with the majority of high-risk work activity contracted out, and only a few specific roles with an enhanced level of risk. Examples of these would be technical staff working at Princes Hall, or members of our Place Protection team.

2.0 Corporate Health & Safety Arrangements

- 2.1 The Council receives advice on its arrangements from the Corporate Health & Safety Advisor, employed directly by the Council.

- 2.2 As detailed within the Corporate Health & Safety Policy, there continues to be a number of operational procedures that fall under this scope of work. This includes a number of 'Codes of Practice' (CoP) that act as internal procedures and guidance for complying with specific legislative requirements or subject areas, particularly where a single corporate approach can be taken. This includes subject areas such as risk assessment, COSHH, manual handling, DSE, first aid and fire safety.
- 2.3 The new CoP for 'Staged Audit' provides a new process by which all Services will initially be required to assess their own compliance with the Council's arrangements and provide a central return of their findings. This has been reviewed and approved by CMT and was rolled out during Q1 2025/26. Responses to this self-audit from all Services are expected by the end of August 2025.
- 2.4 The Policy and all associated documents and procedures, including CoPs, are made readily available to staff through a corporate Sharepoint portal. This portal also includes access to the digital links to the potentially violent persons and accident/incident reporting forms.
- 2.5 The Council has an established Corporate Health, Safety & Welfare Group with defined terms of reference that meets at least quarterly. Subgroups to this include Health & Wellbeing and First Aid. Officers from all Services and all levels, including Senior management and the Union, are represented at this group. The last meeting took place on 15th July 2025.

3.0 Data and Reporting

- 3.1 The Corporate Health & Safety Advisor maintains a reporting regime on corporate health & safety matters that is taken quarterly to CMT. This relates predominately to operational matters, with this annual report to CGAS for an overview of arrangements.
- 3.2 The numbers of accidents/incidents and violence at work incidents, including trends and a summary of those reports, are also routinely reported to CMT and Cabinet via the quarterly performance management report.
- 3.3 The number of accidents and incidents seen at the Council is low and has remained relatively stable for a number of years. The Council's recent data on accidents/incidents is displayed in the following table.

Rushmoor Work Related Accident / Incident Data – Q1 2025/26					
Target or expected range: No target, although ideally we would like to see a reduction in the numbers.					
2024/25	Q1	Q2	Q3	Q4	Year Total
Employee	5	3	4	5	17
Public	0	1	2	0	3
Near miss / Other incident (New for 2023/24)	0	0	1	1	2
Total	5	4	7	6	22
2025/26	Q1	Q2	Q3	Q4	Year Total
Employee	4				4
Public	1				1
Near miss / Other incident	0				0
Total	5				5
(trend )					

- 3.4 In contrast to accidents, the negative interactions that employees and Elected Members experience with members of the public, collectively referred to as 'violence at work' incidents is still a concern. The significant rise in incidents seen in Q1 & 2 last year has however not continued and there has been a fall in comparison to this time period last year. This data is presented in the following table.

Violence at Work Data – Q1 2025/26					
Target or expected range: No target, although ideally we would like to see a reduction in the numbers.					
2024/25	Q1	Q2	Q3	Q4	Year Total
Verbal abuse / threats	12	16	6	4	38
Physical attack (persons or property)	0	0	2	0	2
Other	3	7	2	3	15
Total	15	23	10	7	55
2025/26	Q1	Q2	Q3	Q4	Year Total
Verbal abuse / threats	7				7
Physical attack (persons or property)	0				0
Other	1				1
Total (trend ←↑↓)	8 ↓				8 ↓

- 3.5 The arrangements to protect the personal safety of Officers and Members at public meetings continued to be monitored during Q1, with security booked for all full Council Meetings. For other meetings, additional security will continue to be booked on an 'as needed' basis. In addition, in July 2025 the Council will publicly sign up to the LGA's Debate Not Hate Campaign, supported by all political groups on the Council, which commits to the regular review of support available to councillors and officers in relation to abuse and intimidation.

4.0 Conclusion

- 4.1 CGAS is asked to note this report which summarises how corporate health & safety has been managed across the Council and provide comments and feedback.

BACKGROUND DOCUMENTS:

Appendix A – Corporate Health & Safety Policy

CONTACT DETAILS:

Karen Edwards, Executive Director
karen.edwards@rushmoor.gov.uk

Roger Sanders, Corporate Risk Manager
roger.sanders@rushmoor.gov.uk

RUSHMOOR BOROUGH COUNCIL

CORPORATE HEALTH AND SAFETY POLICY

RUSHMOOR BOROUGH COUNCIL – CORPORATE HEALTH AND SAFETY POLICY

Introduction

The Council is required to have a health and safety policy in accordance with the Health and Safety at Work etc. Act 1974. The Council's Corporate Health and Safety Policy consists of a Statement of Intent (Section 1) and the Organisation and Arrangements for carrying out the policy (Section 2). These are supplemented by a series of Corporate Codes of Practice (CoP) and related Policies which provide further support and guidance in specific areas, but which are not part of this core policy.

1. Statement of Intent

The Council recognises its responsibility to protect, so far as is reasonably practicable, the health, safety and welfare of all employees and those people affected by the Council's activities. This includes staff, the public, contractors and visitors. This responsibility is in accordance with the Health & Safety at Work etc. Act 1974 and relevant statutory provisions.

The Council, through the Corporate Management Team and elected members, consider health and safety at work to be a primary and collective management responsibility and will meet its statutory obligations by providing health and safety leadership to ensure:

- Risk assessments are carried out pro-actively to eliminate and/or adequately control risks.
- The provision and maintenance of plant, environment and systems of work that are safe and without risks to health.
- Arrangements for ensuring safety and controlled risks to health in connection with the use, handling, storage and transportation of articles and substances.
- The provision and communication of information, instruction, consultation, training and supervision necessary to ensure the health and safety at work of employees, contractors and visitors.
- The provision of competent advice on health and safety and consultation with appropriate external sources of expertise where necessary.
- The provision of adequate welfare, occupational health and first aid facilities.
- The provision of appropriate personal protective equipment where a risk assessment dictates.
- The revision of this policy at least annually or where there is a significant change.

Having defined the Council's responsibilities and leadership objectives it is also important to recognise that all employees have a statutory obligation and responsibility to co-operate with health and safety. The responsibilities and duties of all employees are detailed the section of this policy 'Organisation and Arrangements for Health and Safety'.

Ian Harrison
Interim Managing
Director
(Head of Paid Service)

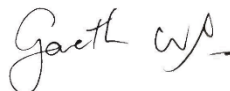
Signature:



Date: 10/07/25

Cllr Gareth Williams
Leader of the Council

Signature:

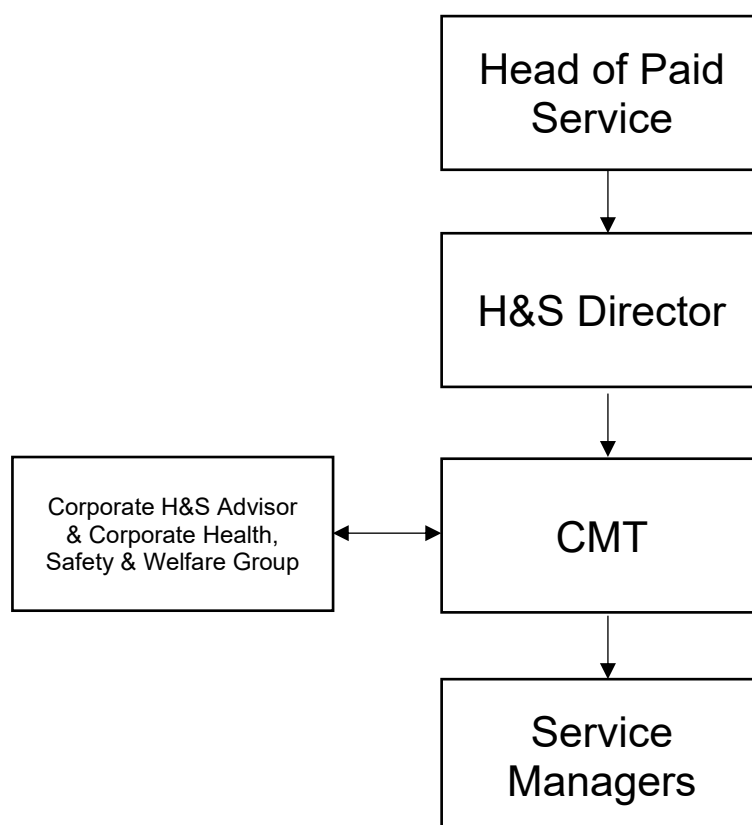


Date: 10/07/25

2. Organisation and Arrangements for Health and Safety

This section details the organisation and arrangements for carrying out the Council's corporate health and safety policy. The Council will, as a responsible employer, ensure that suitable arrangements and resources are in place to effectively manage health and safety.

Rushmoor Borough Council organisational structure chart for the purposes of operational health & safety management:



2.1 The Head of Paid Service

The Head of Paid Service has overall responsibility for health and safety within the Council and shall:

- Ensure that the Policy is effectively implemented and that proper resources are made available to achieve this.
- Ensure that Senior Managers such as Executive Directors and Heads of Service are familiar with the Policy and successfully implement it within their area of responsibility.
- Provide the final authority on matters concerning health, safety and welfare at work.
- Ensure that responsibility for health and safety is properly assigned and accepted at all staffing levels.
- Ensure that the Policy is reviewed at least annually and, if necessary, revised.

To manage health and safety effectively, the Head of Paid Service appoints the Executive Director as the Health and Safety Director. This Director will have primary responsibility for the delivery of the Corporate Health & Safety Policy and the management of the Corporate Health & Safety Advisory Service.

2.2 Director of Health and Safety

The Executive Director with the responsibility for Operational Delivery (Karen Edwards) is appointed as the Director of Health and Safety.

The Director of Health and Safety will ensure that the CMT's directional role in health and safety is maintained as a continuing responsibility. The Director shall:

- Act as CMT lead and liaison for health and safety.
- Monitor the effectiveness of health and safety processes.
- Bring appropriate matters of health and safety to the attention of CMT and Members.

2.3 The Corporate Management Team (CMT)

CMT collectively determines matters of health and safety policy to ensure the Council has a committed health and safety culture.

- CMT has the overall responsibility of ensuring that the Policy and all associated arrangements are implemented within all Services.
- In particular, they will make sure that adequate budgetary provision and staff resource is made to meet the cost of fulfilling responsibilities in relation to health, safety and welfare.

CMT provides strategic leadership, direction and oversight on health and safety at the Council.

2.4 CMT

Each member of CMT, such as Head of Service, are responsible for the health, safety and welfare of their staff, sites, contractors and persons affected by their work within the services that they line manage. They shall:

- Monitor the management of health and safety, and the standard of compliance with the Council's Policy, codes of practice, risk assessments and controls, and relevant statutory provisions.
- Conduct and record workplace self-audits at least annually to assess compliance and identify any shortcomings.
- Ensure risk assessments are carried out and reviewed at least annually in accordance with Rushmoor Policy, and ensure that suitable controls are identified and implemented.
- Ensure that health and safety incidents (accidents, diseases, dangerous occurrences, near misses, etc.) are actively recorded and investigated. An investigation must ensure that appropriate and timely action is taken to ensure the circumstances are not repeated. For more serious incidents (such as those required by regulations to be reported to the

Health and Safety Executive), the Head of Service shall ensure that the incident is correctly reported in liaison with the Corporate Health and Safety Adviser.

- Ensure that all their staff receive adequate information, instruction, training and supervision to enable them to work safely, protecting themselves, their colleagues, the public and Council property and premises, particularly where contractors, young, inexperienced or otherwise vulnerable workers are concerned.
- Stop work and take remedial action where a hazard or defect presents an imminent risk to health or safety.
- Liaise with Trade Union Safety Representatives as required and as appropriate.
- Ensure that safeguards provided at the workplace are properly used and maintained. This includes safeguarding machinery, correct use and storage of protective clothing and equipment, and maintenance of a clean working environment and facilities.
- Before starting any new process or using a new substance, check that all hazards have been identified, risk assessed and safeguarded against, and that proper instructions and information have been given to any employee or contractor.

2.5 Elected Members / Corporate Governance

The Corporate Governance, Audit and Standards Committee (CGAS) holds Corporate Health & Safety within its portfolio.

It is the responsibility of CGAS to maintain oversight of the management processes in place at the Council for Corporate Health & Safety and to ensure that they remain effective.

The Director of Health & Safety will report Corporate Health & Safety to CGAS on an annual basis, where the role of the Committee is to provide independent assurance of the adequacy of the general arrangements in place.

2.6 Service Managers

Service Managers are responsible for the delivery of the Council's health & safety arrangements within the teams and services that they line manage, as instructed by their CMT representative, such as their Head of Service.

2.7 Corporate Health and Safety Adviser (CHSA)

Without reducing the primary responsibility of CMT and other employees to maintain safe conditions at work, the CHSA will provide professional advice on health and safety and will assist as required. The CHSA will consult other stakeholders and will provide advice and support on health and safety issues.

In particular the CHSA will:

- Provide advice and support to CMT, Service Managers and employees, and to Trade Union safety representatives on matters of health and safety.

- Provide updates on changes to statutory provisions and codes of practice.
- Act as arbitrator between line management and employees and the Trade Unions on health and safety.
- Upon request, carry out inspections and audits, review accident reports, risk assessments and controls and other safety documentation and liaise with interested parties as appropriate to maintain standards of health and safety.
- Advise managers and safety representatives of hazards and unsafe practices which are identified.
- Monitor the Council's safety performance, including the provision of quarterly performance data.
- Make adequate arrangements for the maintenance of a Corporate Health, Safety and Welfare group to assist in the delivery of health & safety arrangements, including the maintenance of the Council's Health & Safety Policies and associated Codes of Practice.
- Provide health and safety induction training to all staff, as requested and arranged by HR.
- Assist the Director of Health & Safety in the production of an annual report to CGAS.

2.8 Safety Representatives – Corporate Health, Safety and Welfare Group (CHSWG)

In line with the Health and Safety at Work etc. Act and relevant statutory provisions, the Council recognises the need to appoint suitable Safety Representatives to represent the employees. These representatives will make up the membership of the CHSWG.

To fulfil their duties under Section 2(4) of the Regulations, Safety Representatives shall:

- Keep informed as to the legal requirements relating to the health and safety of persons at work and the Council's associated arrangements, particularly for the persons/department/technical specialism that they represent.
- Keep informed of any hazards and risks within the workplace for the area they represent and the measures necessary to eliminate or minimise the risk.
- Assist in the development and maintenance of the Council's Health & Safety arrangements such as Policies and associated Codes of Practice.
- Carry out any other specific duties identified by the CHSWG, as identified within the terms of reference.

2.9 Employees

It is the duty of every employee to take responsibility for his or her personal safety, and to take reasonable care for the safety of others, including those who may be affected by his or her actions. It is the duty of each employee to:

- Comply and co-operate with safety duties and requirements laid down by the Council and to use only equipment that is properly maintained and in good condition, report any defect immediately, and to not misuse or interfere with any safety equipment provided for use at work.
- Wear appropriate safety equipment provided, and use it in line with management and the manufacturer's instructions.
- Promptly report all accidents, incidents and near misses via the mechanisms provided by the Council.
- Promptly report any matters of health and safety concern such as uncontrolled risks to their line manager.
- Read all relevant safety documents issued by the Council and comply with their requirements. If any employee is in any doubt as to their safe working, duties and or responsibilities, they must initially discuss this with their line manager.
- Be aware of the location of the first aiders, fire escape routes, assembly points and fire fighting equipment (as appropriate to their role).

2.10 Other specific responsibilities

The **Executive Head of Finance** will ensure that insurance cover is in place for the employment of manpower and the provision of services to the public. A Certificate of Employers' Liability will be displayed at each of Rushmoor's occupied premises.

The **Corporate Manager – Legal Services** will advise on the interpretation of legislation upon request.

The **Lead Officers for Council Offices Facilities and Property / Estates** will ensure a systematic regime of property maintenance for all the Council's buildings and assets for which they hold responsibility. This includes structural matters, pressure systems, fire safety, electricity, gas, asbestos and water safety. It is for each Head of Service to be satisfied that this function is delivered satisfactorily on their behalf.

The ultimate responsibility for health and safety standards in connection with a Council property rests with the managing Head of Service.

The **Corporate Manager – People** will provide advice on employee relations aspects of health and safety and make adequate arrangements for the provision of health and safety information/instruction/training for all employees. In addition, they will manage an Occupational Health Advisory Service to provide staff welfare and counselling, give advice on pre-employment health matters, provide a pro-active health surveillance programme and to provide medical advice to staff and management. They will also make arrangements for the risk assessment and appropriate mitigations to deliver an effective workplace stress management programme for the Council.

2.11 Contractors

The Council has a responsibility for the health and safety of all people on its premises. Therefore, there is a shared responsibility for the conduct of contractors employed to work on the premises.

All contractors are required to conduct their work in compliance with the Health & Safety at Work etc. Act 1974, and relevant statutory provisions. Work specifications placed on contractors by the contracting officer are to include these requirements.

The staff responsible for appointing and monitoring contractors will take all reasonable steps to ensure safety standards are in place and maintained throughout the term of the contract.

Normally, instructions and dialogue with contractors will be made through the contracting officer. However, employees should not hesitate to question what could be unsafe practices.

Managers must be ready to take action, immediately if necessary, to remove/control the risk. Contractors are required to:

- Take all reasonable care for people in the area that could be affected by the work and maintain the highest standard of housekeeping. Contractors must refer to the contracting officer any non-routine work before it is started and provide at all times “safe” access and exits to all places of work.
- Be compliant with health and safety legislation and any relevant Council policies at all times and ensure that tools and equipment used are safely used and maintained in good working order. As appropriate, protective clothing and safety equipment must be available and used.

2.12 Resolving Health and Safety Concerns

Health and safety matters are treated in broadly the same way as other staffing issues:

Stage One - Staff with a health and safety query/concern should raise it with their line manager. An aggrieved individual may elect to refer it to their union representative. The union representative should then raise it with the relevant Head of Service forthwith.

Stage Two - If the matter is not resolved following Stage One then it may be referred to the Head of Service.

Stage Three - If the matter remains unresolved the Head of Service should report the matter to the Lead Director for Health & Safety.

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**CORPORATE GOVERNANCE, AUDIT
AND STANDARDS COMMITTEE**

14 July 2025

**COUNCILLOR JULES CROSSLEY
LEGAL SERVICES
PORTFOLIO HOLDER
REPORT NO. LEG2502**

KEY DECISION? YES/NO

Freedom of Information – Yearly Update Report 2025

SUMMARY AND UPDATE:

The Freedom of Information Act 2000 (FOIA 2000) provides public access to information held by public authorities. Freedom of Information requests encourage openness and scrutiny of the Council's decisions. Rushmoor Borough Council has a statutory duty to fulfil its obligations under FOIA 2000.

The Council's performance on FOIs continues to steadily improve and is responding within the target response rate. There is further work planned, including training, and publishing more information online to continue improvements already made.

A new Microsoft Lists system had been launched part way into Q2 to improve resilience, and increase oversight by senior management.

1. INTRODUCTION

- 1.1 Public authorities spend money collected from taxpayers and make decisions that can significantly affect many people's lives. Access to information helps the public keep public authorities accountable for their actions, and allows public debate to be better informed.
- 1.2 Any member of the public or external organisation can submit a freedom of information request (FOI) to Rushmoor Borough Council. Rushmoor Borough Council is under a duty to comply with the statutory timeframes to respond to requests (20 working days to process for a normal FOI request). This can be extended for more complex requests.
- 1.3 Rushmoor has 1 part-time officer overseeing information requests and data protection, along with support from 1 full time paralegal (who also undertakes other legal work), and the Corporate Manager, Legal Services, who also is the Data Protection Officer and Monitoring Officer. Service teams can liaise with the Legal team for complicated requests and FOI advice.

2. FOI SNAPSHOT

Services that receive a high number of requests

- **HCC** – 111 requests for information not held by RBC but would be held by Hampshire County Council, 16.44% of all requests. Requests include looking for information about social care, public health, highways, schools, and trading standards.
- **Finance** (including Council Tax, Business Rate and Revenues and Benefits) – 92 requests (including cross service requests), 13.62% of all requests. Requests include asking for business rates dates, council spending, funding gap and Council Tax information.
- **Housing Options** - 75 requests (including cross service requests), 11.1% of all requests. Requests include looking for homelessness figures and housing list waiting times.
- **Environmental Health & Services** – 51 requests (including cross service requests), 7.55% of requests. Requests include bin and missed bin collections, recycling, public toilets, food ratings/reports fly tipping and noise complaints.
- **Planning** – 45 requests (including cross service requests), 6.66% of requests. Requests include looking for s106 agreements, planning breaches, Tree Preservation Orders (TPOs) and conservation areas.
- **Property Team** – 37 requests (including cross service requests), 5.48% of requests. Requests include energy usage, council owned properties, empty council properties.
- **HR** – 35 requests (including cross service requests, 5.18% of requests. Requests include looking for council structure, equality roles, zero hours contracts, pay levels, contractors and consultants and training software.
- **Private Sector Housing** - 32 requests (including cross service requests), 4.74% of all requests. Requests include looking for complaints about landlords and damp and mold, Disabled Facilities Grants, HMOs and Minimum Energy Efficiency Standards (MEES).
- **IT** - 31 requests (including cross service requests), 4.59% of all requests. Requests include were looking at systems we use, use of AI, phone contracts and network providers. Most are marketing requests or looking for business.
- **Crematorium/Bereavement Services** – 25 requests (including cross service requests, 3.7% of all requests. Requests include looking for public health funeral and cremation data.

3. FOI PERFORMANCE UPDATE

3.1 Freedom of information requests data (Rushmoor)

TABLE A

Number of requests received	Q1	Q2	Q3	Q4
2020/21	114	131	174	156
2021/22	142	139	141	166
2022/23	155	131	108	149
2023/24	167	162	162	193
2024/25	198	137	175	165

TABLE B

% responded to on time (one month behind)	Q1	Q2	Q3	Q4
2017/18	85%	89%	89%	85%
2018/19	87%	83%	87%	81%
2019/20	84%	93%	85%	81%
2020/21	68%	65%	60%	82%
2021/22	58%	63%	76%	71%
2022/23	62%	37%	50%	70%
2023/24	73%	72%	68%	86%
2024/25	71%	81%	91%	95%

We calculate this data one month behind to allow for the time to responses. So Q1 (April, May and June) data would be March, April, May.

3.2 Whilst there had been a fall in Q1 2024/2025 for FOI response turnaround times, there has been an increase generally in percentage turnaround time since 2023.

3.3 Q2 – Q4 saw a substantial increase in requests being responded to within the statutory 20 working days, with Q3 and Q4 seeing over 90% of requests being responded to within the 20 working days – which hasn't been the case since Q2 of 2019/20.

3.4 The regulatory body, the Information Commissioner's Office (ICO) expect to see 90% responded to within the 20-working day statutory timeframe - as a minimum.

3.5 There could be a potential financial penalty from the ICO or a decision notice due to lack of responses/not responding in time and therefore not complying with our obligations under the Freedom of Information Act 2000 (FOIA).

- 3.6 FOI performance and management is discussed regularly at the Corporate Governance Group (CGG). The Legal team are liaising with Service Managers and individual officers to continue reducing those FOIs that go overdue.
- 3.7 On 15 July 2024, the Legal and Transformation Team jointly launched Microsoft (MS) Lists across the Council as a tool to manage the handling of FOIs. The MS system sends automatic reminders to the relevant officers/services once an FOI has been assigned and at three stages of the FOI being live. including when an FOI is nearing the end of the time to comply. It also allows senior management better oversight of the number of outstanding and overdue FOIs across the Council.
- 3.8 One way to reduce the burden of dealing with FOIs is to publish more data proactively. This is ideal for requests that we receive on a frequent basis. If we get requests for information that we publish or are due to be publish on our website, it is a simple refusal response from the service detailing that the information is already in the public domain with a link to the data under section 21 of the FOIA or that the information is intended for future publication under section 22 of the FOIA (if the data was not yet published).
- 3.9 According to FOI statistics for central government for January to March 2025, across all monitored bodies, 76% of requests were responded to in time, the same as in Q1 2024. This remains down from 86% in Q1 2023. The volume of FOI requests across all monitored bodies has steadily increased from 2021 until 2025. Please see Annex A.

4) LEGAL IMPLICATIONS

- 4.1 As above, Rushmoor Borough Council is under a statutory obligation to respond to FOI requests within the timeframes.
- 4.2 The ICO is taking a robust approach with local authorities who do not comply with FOIA 2000 and/or who do not have a clear action plan in place to reduce any backlog of overdue FOIA request. This is typically done through the ICO issuing enforcement notices or a reprimand to local authorities.

5) FINANCIAL AND RESOURCE IMPLICATIONS

5.1 There are no direct financial implications. The processing of FOIs across the Council takes considerable officer time and resource.

5.2 There is a continuing drive to ensure that any overdue FOIs are reduced to zero.

5.3 The increase in the number of the FOI requests received, increases workload across the Council.

6) EQUALITIES IMPACT IMPLICATIONS

There are no equality issues relating to this report.

7) RECOMMENDATION:

It is recommended that officers:

- (a) Continue their work on reducing the number of overdue FOIs within the system in 2025 and continue to ensure that 90% of requests are responded to within the statutory 20 working days, per the ICO target;
- (b) Continue to raise FOI awareness and knowledge across employees, through regular training and guidance; and
- (c) Publish as much information proactively to reduce the number of FOI requests.

CONTACT DETAILS:

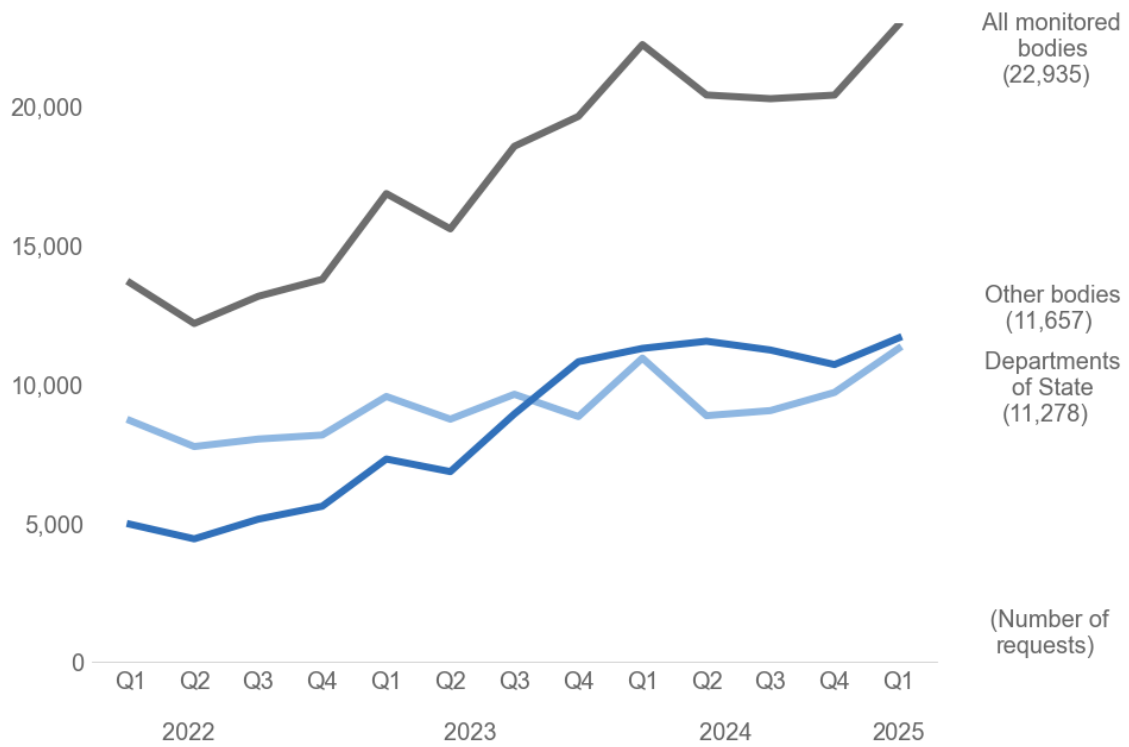
Report Author

Amanda Bancroft – Corporate Manager and Data Protection Officer – Legal Services

amanda.bancroft@rushmoor.gov.uk

Annex A

Volume of FOI requests by quarter since Q1 2022 ([see Worksheet 2 of data tables](#))



Unaudited Statement of Accounts

SUMMARY:

The purpose of the report is for the committee to note the publishing of the 2024/25 Statement of Accounts

RECOMMENDATIONS:

Members are requested to:

- (i) Note the Statement of Accounts

1. INTRODUCTION

- 1.1 The Councils Constitution sets out in Part 3, Section 6 (Roles and Responsibilities of Council Decision Making Bodies) that it is the CGAS committees' responsibility to:

"Financial Reporting

28. To approve the annual Statement of Accounts and consider whether appropriate accounting policies have been followed and whether any concerns arising from the financial statement or from the audit need to be brought to the attention of the Council.

29. To consider the external auditor's report to those charged with governance on any issues arising from the audit of the accounts."

2. PURPOSE

- 2.1 This report sets out the unaudited Statement of Accounts for 2024/25 which were published 27 June 2025 in line with the statutory deadlines.

Appendix 1 – 2024/25 Statement of Accounts

BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 set out the requirements for the production and publication of the annual Statement of Accounts. These Regulations incorporate a statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 31 July for the relevant year.
- 3.2 The Local Audit the Accounts and Audit (Amendment) Regulations 2022 introduced a temporary change to the required dates, moving the dates statutory requirement for the Statement of Accounts to be approved by a

resolution of a Committee of the relevant body to later in the year for a temporary period. From 2024/25 the publishing deadline date was 30 June 2025 and the approval deadline date is 27 February 2026.

- 3.3 The Chief Finance Officer (Section 151 Officer) retains responsibility for the preparation of the Statement of Accounts and is required to certify that they give a true and fair view of the financial position of the Council. Members' role in approval is to demonstrate their ownership of the Statement of Accounts and their confidence in both the Chief Finance Officer and the process by which the accounting records are maintained and the Statement of Accounts prepared.

4 STATEMENT OF ACCOUNTS

- 4.1 The Unaudited Statement of Accounts 2024/25 are included at Appendix 1.
- 4.2 The Narrative Reports within each set of Accounts highlights the key issues and shows the headline figures.
- 4.3 The format and content of the accounts is largely prescribed by regulation and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Local Authority Accounting (the Code). It is a requirement that the accounts are arranged with all core financial statements grouped together followed by all notes to these statements in a separate section.
- 4.4 The unaudited Statements of Accounts are available on the Council's website.

5 AUDIT

- 5.1 The committee received the Audit Planning Report from Ernst and Young on 22 May 2025. This report set out the proposed audit approach and scope for the 2024/25 audit.
- 5.2 The audit work has begun on the 2024/25 unaudited Statement of Accounts and is due to complete in Autumn 2025.

6 CONSULTATION

- 6.1 Each of the unaudited accounts are available for public inspection for 30 working days following publishing as required in Section 25 of the Local Audit and Accountability Act 2014 This period is Monday 30 June to Friday 8 August 2025.

7 IMPLICATIONS

- 7.1 Risks
The preparation of the Statement of Accounts and the audit scrutiny provide reassurance that the accounts give a true and fair view of the financial position of the Council. The process of clearing down the backlog of the Annual Statements means full audit sign off has not been achieved for the

three years 2020-2023, therefore risks of the Councils financial accounts not showing a true and fair financial position are increased.

7.2 Legal

The Accounts set out Waverley's financial position at the year-end in a format which is prescribed by Regulations and the Local Government Accounting Code of Practice.

7.3 Financial and Resource

There are no additional resource implications resulting from the prior years Statement of Accounts. The Accounts set out Waverley's financial position at the year-end in a format which is prescribed by Regulations and the Local Government Accounting Code of Practice.

Audited accounts give strong evidence for a financially sound Council and are a key document that helps to demonstrate the Council's accountability for public funds.

7.4 Equalities Impact

No direct implications.

7.5 Other

Not applicable.

8. CONCLUSIONS

- 8.1 The unaudited accounts are to be noted and the Audited Statement of Accounts will require the committee's approval following the completion of audit.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

Report Author: Rosie Plaistowe-Melham – Financial Services Manager
rosie.plaistowe@rushmoor.gov.uk

Head of Service: Peter Vickers – Executive Head of Finance, S151
peter.vickers@rushmoor.gov.uk

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UNAUDITED STATEMENT OF ACCOUNTS 2024/25

RUSHMOOR
BOROUGH COUNCIL

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Narrative Statement

Introduction

This Narrative Statement provides an overview of Rushmoor Borough Council's financial performance and position for the year ended 31 March 2025. It aims to offer a clear and accessible summary of the Council's financial activities, key achievements, and challenges during the year, as well as the context in which the financial statements have been prepared.

Organisational Overview and Environment

An introduction to Rushmoor

The Borough of Rushmoor, with an estimated population of around 100,000, 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, once completed, will provide an additional 3,850 properties.

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.

Strategic Objectives and Corporate Delivery Plan

The Council provides services under its overarching Corporate Delivery Plan which was agreed in November 2024. The plan sets out what the Council is doing, why and how it will work with its partners to deliver.

The full plan is available on our website - www.rushmoor.gov.uk/your-council/council-delivery-plan-2025-26/

The Council's priorities include:

- [Skills, Economy and Regeneration](#)
- [Homes for All: Quality Living, Affordable Housing](#)
- [Community and Wellbeing: Active Lives, Healthier & Stronger Communities](#)
- [Pride in Place: Clean, Safe and Vibrant Neighbourhoods](#)
- [The Future and Financial Sustainability](#)

The Cabinet reviews progress against the Council's 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.

Key Achievements in 2024/25

- **Regeneration and Growth:** Continued progress on the regeneration of Aldershot town centre with the completion of Union Yard and Farnborough Civic Quarter, supported by external funding and strategic partnerships
- **Climate and Sustainability:** Ongoing implementation of the Council's Climate Change Action Plan, including energy efficiency improvements in council buildings and expansion of green infrastructure
- **Community Support:** Delivery of targeted support to vulnerable residents through the Council's hardship schemes and community partnerships.
- **Digital Transformation:** Further investment in digital services to improve customer access and internal efficiency
- **Financial Sustainability:** Agreed a budget for 2025/2026 with a clear strategy for addressing the medium-term budget shortfall

Challenges facing the Council

- Budget shortfalls for the period of the MTFS
- Reducing government funding and uncertainty about future funding coming from the Government's Fair Funding Review and Business Rates proposals
- Demographic changes and the budget pressures of adult social care demands being felt by Hampshire County Council and filtering down to Borough Councils
- Staff recruitment and retention in key professional roles
- Local high house prices and demand for affordable housing

Medium-Term Financial Strategy

The Council set its 2024/25 budget and Medium-Term Financial Strategy (MTFS) on 22nd February 2024.

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

[Revenue Budget, MTFS, Capital Programme 2024-25.pdf](#)

This 2024/25 budget identified a budget gap of £4.6m in the 2024/25 financial year and looking forward a further £11.2m in the MTFS by 2027/28. A financial resilience plan was proposed and approved to support the Council's financial recovery. This involved identifying revenue savings in the 2024/25 financial year and future years, and disposing of council assets to reduce the levels of borrowing which are currently unaffordable.

Significant work was undertaken in year and permanent savings of £926k have been delivered in 2024/25 and further in year savings of £4.2m have been delivered. A project to dispose of assets is in place and the first disposal was achieved in April 2025, with further disposals programmed for 2025/26 and future financial years.

4. Resource Allocation

Rushmoor Borough Council manages gross resource flows of £238m and assets of £291m by:

- i. Holding a General Fund balance of £2m
- ii. Collecting £60m 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 £20m, then a further payment to central government of £15m is made, leaving The Council with £5m to support the General Fund budget
- iii. Collecting £70m of council tax payments. 89% of council tax collected is passed on to, Hampshire County Council, Fire and Rescue Authority and Police and Crime Commissioner. The Council retains £7.7m

Narrative Statement

- iv. Managing a £231m portfolio of investment properties, land, building and equipment that generates £9.8m of income
- v. Managing a £15m portfolio of and investments that generates £4.1m of income
- vi. Managing £166m of borrowing which costs the Council £7.0m
- vii. Receiving grants and contribution of £39.1m mainly from central government.

Total asset cash flows through the Council are shown below:

Total Assets Brought Forward			
£312.1 m			
Net Additions/ (Disposals)	Depreciation	Change in Current Assets	Other Changes
£13.5m	(£1.1m)	(£34.5m)	£1.4m
Property, Plant & Equipment	Investment Property	Other Long Term Assets	Current Assets
£82.6m	£148.2m	£20.2m	£40.3m
Total Assets Carried Forward			
£291.5m			

Total revenue cash flows through the Council are shown below:

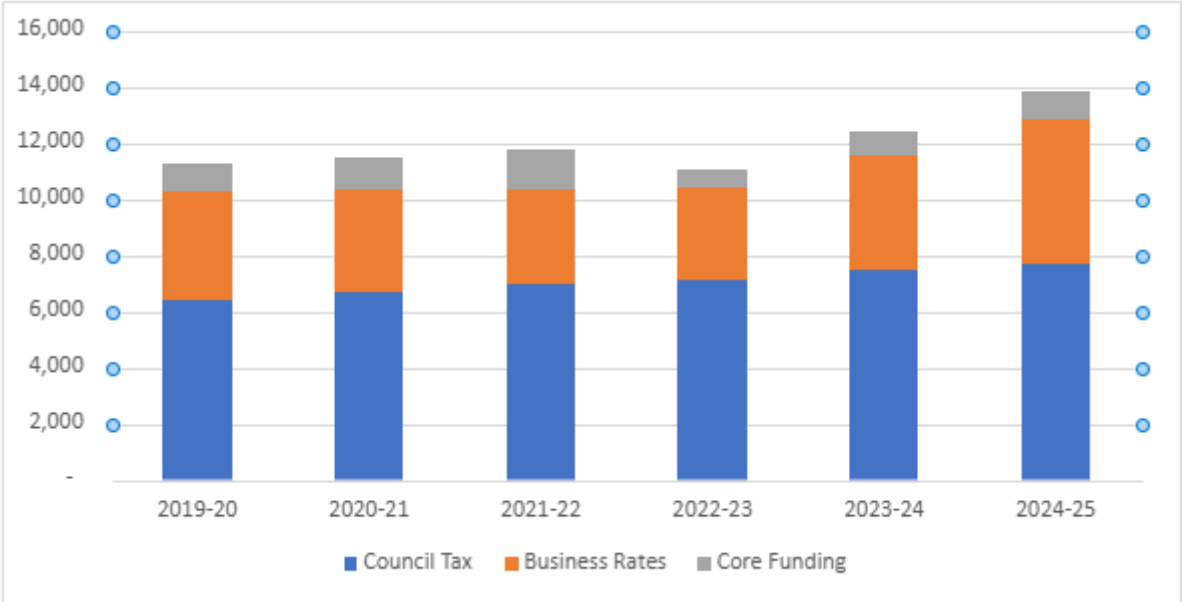
Business Rates	Council Tax	Grants / Contributions	Fees & Charges	Other Income	Investment Income
(£25.0m)	(£7.7m)	(£39.1m)	(£25.7m)	£0.3m	(£4.1m)
Total Resources					
(£101.3m)					
Paid to Others			Financing Local Services		
£46.0m			£55.3m		
Housing Benefit	Interest Payable	Business Rates / Council Tax	Operating Expenses	Capital Costs	Staffing Costs
£23.4m	£7.0m	£24.5m	£34.7m	£31.9m	£15.6m
Net (Surplus)/Deficit on Providing Services					
£35.9m					

Financial performance

Core Funding

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

Core funding trend:



To address future challenges and reinvest in the Borough, Council Tax has increased by 2.99% in 2024/25 from 2023/24 for an equivalent Band D property.

Financial position

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

31 March 2024			31 March 2025		
Net Assets		(£115.6m)	Net Assets		(£105.4m)
Funded by:			Funded by:		
Usable Reserves:		(£29.3m)	Usable Reserves:		(£31.0m)
Un-usable Reserves		(£86.3m)	Un-usable Reserves		(£74.5m)
Composed of:			Composed of:		
Long Term Assets	Net Current Assets / (Liabilities)	Long Term Liabilities and Provisions	Long Term Assets	Net Current Assets / (Liabilities)	Long Term Liabilities and Provisions
£283.3m	(£148.3m)	(£19.5m)	£115.6m	(£84.9m)	(£60.7m)

Revenue Outturn

Through financial management and budgetary control during 2024/2025 the Council has maintained service delivery. The outturn position for 2024/2025 is to be reported to the Cabinet in July 2025.

In 2024/2025 Council spending on General Fund Services reported an overall saving against approved budget of £4.2million against an approved budget gap of £4.6m. This has allowed the Council to maintain an improved reserve level as only £224k has been required to balance the General Fund against an original approval of £4.6million. Revenue carry forwards of £129k have been approved to be utilised in 2025/2026.

Narrative Statement

The main contributors to the reported saving are:

- Reduced Borrowing Interest costs
- Additional Investment Interest income
- Staff savings

The outturn for 2024/25 against budget is shown in the table below;

Services:	Budget	Outturn	Variance
	£'000	£'000	£'000
Community & Residents	1,360	1,337	(23)
Development & Economic Growth	1,095	1,126	31
Enabling Services	5,751	5,230	(521)
Finance	1,968	1,565	(403)
Neighbourhood Services	5,406	4,732	(674)
Policy Climate & Sustainability	879	830	(48)
Regeneration	574	362	(212)
Property	(6,406)	(6,094)	311
Property Meads Business Centre	(37)	(46)	(9)
Property Meads Blocks 1&2	(774)	(787)	(14)
Property Meads Car Park	22	(83)	(105)
Property Meads Shopping Centre	384	351	(32)
Property Union Yard Commercial	28	117	88
Property Union Yard Energy	10	61	51
Property Union Yard PRS	0	46	46
Property Union Yard Student	(157)	(226)	(69)
Service-related grants	0	(168)	(168)
Total: services	10,105	8,354	(1,751)

Capital Outturn

The 2024/25 capital programme was approved at February 2025 Budget Council. There is a reported saving of £7.4million in 2024/25, with £3.6m of this saving approved to be carried forward into 2025/26 to continue to deliver projects.

The outturn for 2024/25 against budget is shown in the table below;

Capital Programme by Scheme	2024/25 Current budget	2024/25 Outturn	2024/25 Variance	Slippage to 2025-26
	£'000	£'000	£'000	£'000
Union Yard commercial units fit out lease contributions	175	-	(175)	175
Union Yard construction	5,929	7,604	1,675	-
RHL development of private rented units	-	36	36	-
Leisure and Civic Hub (CQ Plot B)	333	333	-	-
Civic Quarter (All other Plots - excluding Pinehurst Car Park)	65	65	-	-
Southwood Park (s106)	450	164	(286)	286
Crematorium	4,781	3,145	(1,636)	1,636
Temporary Housing	742	-	(742)	-
Hawley Lane	351	78	(273)	-
Frimley Business Park Plots 4.2 and 4.3	226	132	(94)	-
Ashbourne House	74	-	(74)	74
CQ Pinehurst Car Park Demolition	1,660	1,055	(605)	605
The Galleries	3,400	3	(3,397)	-
CCTV	185	79	(105)	-
Food Waste	7	5	(2)	-
Wheeled Bins	120	108	(12)	-
Disabled Facilities Grants	1,632	1,040	(592)	-
Aldershot Pools Solar panels	208	138	(71)	71
Asset Management Capital expenditure provision	109	-	(109)	-
ICT Services Capital Schemes	775	45	(730)	650
Meads block 4 contract costs UKSPF	399	399	0	-
Council Offices	-	(60)	(60)	-
Various S106 projects (s106 funded)	397	282	(115)	115
LTA Tennis Court Refurbish	33	32	(0)	-
Ceremonial Asset Construction	25	12	(13)	13
Princes Hall Lighting Desk	13	13	0	-
Total:	22,089	14,710	(7,379)	3,624

Narrative Statement

Organisational Model

Political Structure of the Council in the 2024/25 Municipal Year

Rushmoor has 13 Wards and the Council consists of 39 elected Members. The political make-up of the Council during 2024/25 was as stated below:

Party	Number of Councillors
Labour	21
Conservative	14
Liberal Democrat	3
Independent	1
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.

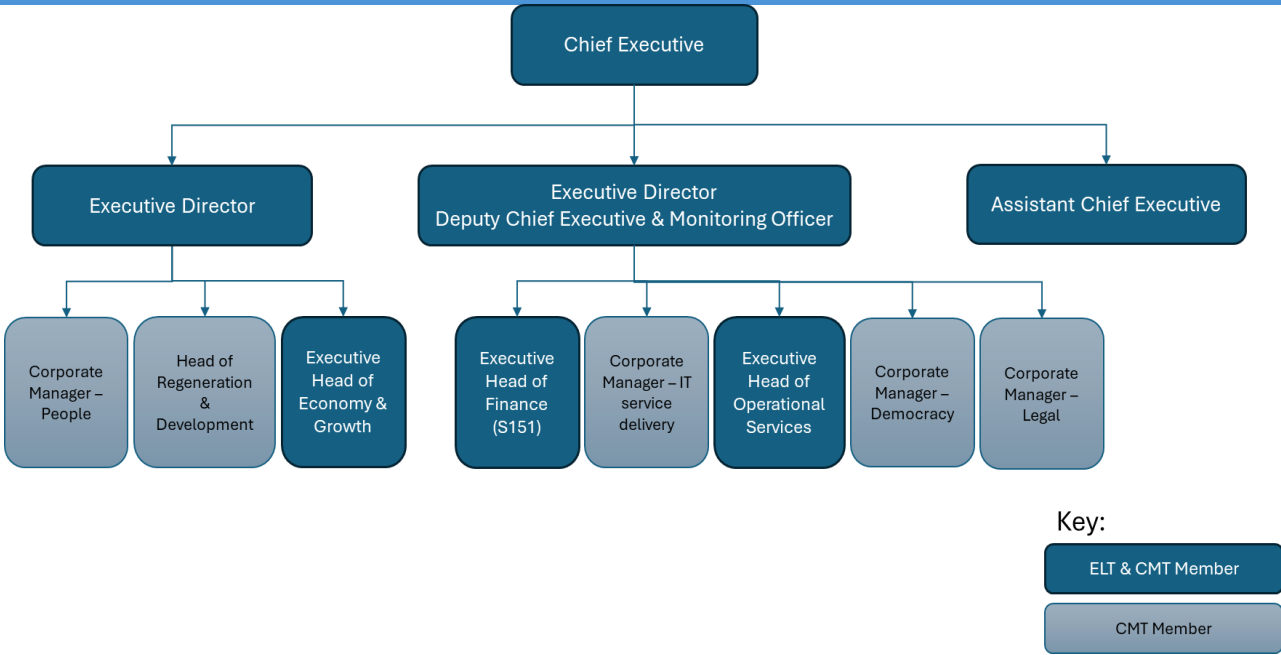
Management Structure of the Council

The Council has two senior management boards in 2024/25

Executive Leadership team (ELT), which consisted of the Chief Executive, two Executive Directors, Executive Head of Finance, Assistant Chief Executive, Executive Head of Operations and Executive Head of Property and Growth. ELT consider and co-ordinates the strategic direction of the Council.

The Corporate Management Team (CMT) consisted of the Chief Executive, two Executive Directors and three Heads of Service, Assistant Chief Executive and four Corporate Managers. The CMT considers and co-ordinates the management and future plans of the Council, providing operational leadership and support to elected Members alongside the delivery of Council services.

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



As at April 2025, the Management Structure is under review, the Chief Executive role has been removed and an Interim Managing Director is currently the Head of Paid Service.

Governance

The Council maintains robust governance arrangements, including regular review of strategic risks and internal controls. The Corporate Governance, Audit and Standards Committee plays a key role in overseeing financial reporting and audit processes.

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

Risk and Opportunities

A risk management strategy is in place to evaluate and identify risk. This strategy is subject to regular review and updates. 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 Council's Corporate Risk register sets out on the key risks to the Council in achieving its objectives. The key themes include;

- Financial Sustainability
- Financial Sustainability of Public Sector Partners
- External Factors - Economic Conditions & Changing External Policy
- Infrastructure Investment
- Decline in Retail Sector and impact on Town Centres
- Demographic Change
- Poor education attainment
- Poor health outcomes
- Cyber Security
- Data Breach
- Climate Change and achieving carbon neutrality by 2030

Non-Financial Performance of the Council

During 2024/25, Rushmoor Borough Council has continued its drive towards a sustainable future, developing plans for a workforce fit for the future, continuing its improvement and efficiency work and continuing to deliver high quality services to its residents while seeking to reduce costs.

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

In 2024/25 the Chartered Institute of Public Finance and Accountancy (CIPFA) was engaged as a critical friend to support the Council through a financial resilience review to provide constructive challenge, advice and insight. An action plan with monitoring process is in place to ensure delivery of recommendations.

Financial Statements

This Narrative Report accompanies the Statement of Accounts. The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position at 31 March 2025. The Statement of Accounts, which comprises statements and disclosure notes, has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and complies with International Financial Reporting Standards (IFRS).

The statement of accounts is subject to external audit scrutiny and opinion. This Narrative Report and the Annual Governance Statement, whilst outside the scope of this certification, are considered by the external auditors to confirm in their opinion they are materially consistent with their knowledge of the Council.

The Core Financial Statements are:

The **Comprehensive Income and Expenditure Statement** (page 5) which records all the Council's income and expenditure for the year based on the organisational structure under which it operates and manages its services. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** (page 7) shows movement in the year on the different reserves held by the Council, analysed into 'usable' reserves, those that can be applied to fund expenditure, invest in capital projects or service improvements and 'unusable' reserves which reflect the value of the Council's non-current assets (Property, Plant and Equipment, Investment Property, Heritage Assets and Intangible Assets) and are not available to be spent. Usable reserves are maintained at prudent levels and are subject to any statutory limitations on their use. The Council's approved minimum levels of working balances is £2million for the General Fund.

The **Balance Sheet** (page 9) shows the value, as at the balance sheet date, of the Council's assets, liabilities, cash balances and reserves.

The **Cash Flow Statement** (page 10) shows the changes in actual cash and cash equivalents during the year and whether that change is due to operating activities, new investment, or financing activities (such as the repayment of borrowing).

The **Collection Fund** (page 56) summarises the collection of Council Tax and Business Rates and the redistribution to preceptors, the Government, and the Council's General Fund.

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

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

...[Signed].....
Peter Vickers BSc FCA

Date: 27 June 2025

The Authority’s Responsibilities

The authority is required to:

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

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the authority’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

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

The Chief Finance Officer has also:

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

Certificate of Executive Head of Finance and Section 151 Officer

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2025. I confirm that the date of this declaration is the date up to which events have been considered for inclusion within the Council’s Statement of Accounts and that events after the Balance Sheet date have been considered to this date and the accounts amended accordingly for such events and adjustments arising from audit. The accounts are therefore authorised for issue.

...[Signed].....

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

Dated 27 June 2025

Certificate of Approval by Audit and Governance Committee

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

.....
Councillor O’Donovan, Chairman - Corporate Governance,
Audit & Standards Committee

Dated _____

Expenditure and Funding Analysis

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

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

	2023/24				2024/25	
Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
3,901	(1,357)	2,544	Community & Residents	1,603	16	1,619
2,028	606	2,634	Development & Economic Growth	639	(21)	618
426	100	526	Enabling Services	3,795	1,332	5,127
1,111	(260)	851	Finance	(202)	(17)	(219)
6,656	2,712	9,368	Neighbourhood Services	3,776	1,091	4,867
281	(80)	201	Policy, Climate & Sustainability	985	(7)	978
1,695	(3,048)	(1,353)	Regeneration & Property	970	29,794	30,764
16,098	(1,327)	14,771	Net Cost of Service	11,566	32,188	43,754
(17,679)	10,949	(6,730)	Total: Other Income & Expenditure	(12,905)	5,007	(7,898)
(1,581)	9,622	8,041	(Surplus) or Deficit on Provision of Services	(1,339)	37,195	35,856
(2,104)			Opening General Fund Balance	(3,350)		
(1,581)			(Surplus) or Deficit on Provision of Services	(1,339)		
335			Transfer to and from Earmarked Reserves	1,578		
(3,350)			Closing General Fund Balance	(3,111)		

Group Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the Movement in Reserves Statement.

	2023/24					2024/25		
	Gross Expenditure	Gross Income	Net Expenditure	CIES Single	Note	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000			£'000	£'000	£'000
	4,720	(2,176)	2,544	Community & Residents		3,386	(1,767)	1,619
	4,275	(1,641)	2,634	Development & Economic Growth		3,269	(2,651)	618
	5,718	(5,192)	526	Enabling Services		7,421	(2,294)	5,127
	30,873	(30,022)	851	Finance		28,141	(28,360)	(219)
	18,436	(9,068)	9,368	Neighbourhood Services		15,293	(10,426)	4,867
	1,918	(1,717)	201	Policy, Climate & Sustainability		1,000	(22)	978
	2,829	(4,182)	(1,353)	Regeneration & Property		32,646	(1,882)	30,764
	68,769	(53,998)	14,771	Net Cost of Service		91,156	(47,402)	43,754
	9,892	(25)	9,867	Other Operating Expenditure	10	(461)	(46)	(507)
	13,537	(15,149)	(1,612)	Financing and Investment I&E	11	21,938	(13,648)	8,290
	18,127	(33,112)	(14,985)	Taxation & Non-specific Grant Income	12	24,494	(40,175)	(15,681)
	110,325	(102,284)	8,041	(Surplus)/Deficit on Provision of Service		137,127	(101,271)	35,856
			2,553	(Surplus)/Deficit on revaluation of PPE	13			(7,914)
			(5,195)	Remeasure of net defined benefit liability/(asset)	40			(17,813)
			(2,642)	Other Comprehensive I&E				(25,727)
			5,399	Total Comprehensive I&E				10,129

Group Comprehensive Income and Expenditure Statement (CIES)

Group CIES

The Group Comprehensive Income and Expenditure Statement shows the total income earned and money spent for the financial year by the council and all the entities it controls, combined as if they were one single organisation. It presents a complete picture of the group's financial performance, removing any transactions between the council and its companies to avoid double-counting. The final figure on this statement reveals the overall surplus or deficit generated by the group's activities throughout the year..

	2023/24				2024/25	
Gross Expenditure	Gross Income	Net Expenditure	Group CIES	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,720	(2,176)	2,544	Community & Residents	3,386	(1,767)	1,619
4,275	(1,641)	2,634	Development & Economic Growth	3,269	(2,651)	618
5,718	(5,192)	526	Enabling Services	7,421	(2,294)	5,127
30,873	(29,956)	917	Finance	28,141	(28,283)	(142)
18,436	(9,068)	9,368	Neighbourhood Services	15,293	(10,426)	4,867
1,918	(1,717)	201	Policy, Climate & Sustainability	1,000	(22)	978
2,829	(4,182)	(1,353)	Regeneration & Property	32,646	(1,882)	30,764
35	(1,345)	(1,310)	# Rushmoor Homes Ltd #	133	(134)	(1)
68,804	(55,277)	13,527	Cost of Service	91,289	(47,459)	43,830
9,892	(25)	9,867	Other Operating Expenditure	(461)	(46)	(507)
13,537	(15,044)	(1,507)	Financing and Investment I&E	21,938	(13,483)	8,455
18,127	(33,112)	(14,985)	Taxation & Non-specific Grant Income	24,494	(40,175)	(15,681)
110,360	(103,458)	6,902	(Surplus)/Deficit on Provision. of Service	137,260	(101,163)	36,097
0		0	# Tax expense of Subsidiary #	8	0	8
110,360	(103,458)	6,902	# (Surplus)/Deficit on Group #	137,268	(101,163)	36,105
		2,553	(Surplus)/Deficit on revaluation of PPE			(7,460)
		(5,195)	Remeasure of net defined benefit liability/(asset)			(17,813)
		(2,642)	Other Comprehensive I&E			(25,273)
		4,260	Total Comprehensive I&E			10,832

Movement in Reserves Statement (MIRS)

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

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

MIRS SINGLE 2024/25	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March brought forward		(3,350)	(19,470)	(3,537)	(2,945)	(29,302)	(86,255)	(115,557)
(Surplus)/Deficit on Provision of Services		35,856				35,856		35,856
Other Comprehensive I&E						0	(25,727)	(25,727)
Total Comprehensive I&E		35,856	0	0	0	35,856	(25,727)	10,129
Adjustments between accounting basis & funding basis under regulations	8	(37,195)		(475)	147	(37,523)	37,523	0
Transfer to/from Earmarked Reserves	9	1,578	(1,578)			0	0	0
(Increase) or Decrease in year		239	(1,578)	(475)	147	(1,667)	11,796	10,129
Balance at 31 March carried forward		(3,111)	(21,048)	(4,012)	(2,798)	(30,969)	(74,459)	(105,428)

MIRS SINGLE 2023/24	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March brought forward		(2,104)	(19,135)	(3,454)	(1,439)	(26,132)	(94,823)	(120,955)
(Surplus)/Deficit on Provision of Services		8,041				8,041		8,041
Other Comprehensive I&E							(2,642)	(2,642)
Total Comprehensive I&E		8,041	0	0	0	8,041	(2,642)	5,399
Adjustments between accounting basis & funding basis under regulations	8	(9,622)		(83)	(1,506)	(11,210)	11,210	0
Transfer to/from Earmarked Reserves	9	335	(335)			0	0	0
(Increase) or Decrease in year		(1,246)	(335)	(83)	(1,506)	(3,169)	8,568	5,399
Balance at 31 March carried forward		(3,350)	(19,470)	(3,537)	(2,945)	(29,301)	(86,255)	(115,556)

Balance Sheet

The Group Movement in Reserves Statement explains how the reserves, of the entire group have changed from the start of the year to the end. It takes the surplus or deficit from the Group CIES and shows how this and other accounting adjustments have affected the different types of reserves. This statement helps to understand the change in the group's overall financial health and highlights the resources it has available for future spending

MIRS Group 2024/25	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Council Share of Subsidiary P&L Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March brought forward		(3,350)	(19,470)	(3,537)	(2,945)	(945)	(30,246)	(86,706)	(116,952)
(Surplus)/Deficit on Provision of Services		35,856				249	36,105		36,105
Other Comprehensive I&E							0	(25,273)	(25,273)
Total Comprehensive I&E		35,856	0	0	0	249	36,105	(25,273)	10,832
Adjustments between accounting basis & funding basis under regulations (Note 8)		(37,195)	0	(475)	147		(37,523)	37,523	0
Transfer to/from Earmarked Reserves		1,578	(1,578)	0	0		0	0	0
(Increase) or Decrease in year		239	(1,578)	(475)	147	249	(1,418)	12,250	10,832
Balance at 31 March carried forward		(3,111)	(21,048)	(4,012)	(2,798)	(696)	(31,664)	(74,456)	(106,120)

MIRS Group 2023/24	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Council Share of Subsidiary P&L Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March brought forward		(2,104)	(19,135)	(3,454)	(1,439)	195	(25,937)	(95,274)	(121,211)
(Surplus)/Deficit on Provision of Services		8,041				(1,140)	6,901		6,901
Other Comprehensive I&E								(2,642)	(2,642)
Total Comprehensive I&E		8,041	0	0	0	(1,140)	6,901	(2,642)	4,259
Adjustments between accounting basis & funding basis under regulations (Note 8)		(9,622)		(83)	(1,506)		(11,210)	11,210	0
Transfer to/from Earmarked Reserves		335	(335)				0	0	0
(Increase) or Decrease in year		(1,246)	(335)	(83)	(1,506)	(1,140)	(4,309)	8,568	4,259
Balance at 31 March carried forward		(3,350)	(19,470)	(3,537)	(2,945)	(945)	(30,246)	(86,706)	(116,952)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority.

The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.

Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'

Peter Vickers BSc FCA, Chief Finance Officer.....[Signed].....

Date: 27 June 2027

SINGLE	GROUP	Balance Sheet	Single	SINGLE	GROUP
31/03/2024	31/03/2024			31/03/2025	31/03/2025
£'000	£'000		Note*	£'000	£'000
119,755	119,755	Property, Plant and Equipment (PPE)	13	82,557	82,557
258	258	Heritage Assets	-	258	258
135,812	138,734	Investment Property	14	148,206	151,246
36	36	Intangible Assets	15	65	65
19,470	19,470	Long Term Investments	18	11,913	11,913
7,972	6,612	Long Term Debtors	17	7,987	6,627
283,303	284,865	Long Term Assets		250,986	252,666
15,000	15,000	Short Term Investments	18	5,000	5,000
5	5	Inventories	-	14	10
7,271	7,039	Short Term Debtors	19	14,360	13,603
6,550	6,617	Cash and Cash Equivalents	20	20,928	21,054
28,826	28,661	Current Assets		40,302	39,667
(157,000)	(157,000)	Short Term Borrowing	21	(102,000)	(102,000)
(19,563)	(19,563)	Short Term Creditors	22	(22,524)	(22,558)
(199)	(199)	Short Term Revenue Grants- Receipts in Advance	35	(372)	(372)
(324)	(324)	Other Short Term Liabilities (Leases)	18	(301)	(301)
(177,086)	(177,086)	Current Liabilities		(125,197)	(125,231)
(2,949)	(2,949)	Long Term Provisions (NNDR only)	23	(2,510)	(2,510)
(5,000)	(5,000)	Long Term Borrowing	24	(64,000)	(64,000)
(8,106)	(8,106)	Other Long Term Liabilities (Pensions & Leases only)	25	9,863	9,863
(3,434)	(3,434)	Long Term Capital Grants- Receipts in Advance	35	(4,016)	(4,016)
0	0	# Deferred Tax Liability #	-	0	(319)
(19,489)	(19,489)	Long Term Liabilities		(60,663)	(60,982)
115,554	116,951	Net Assets		105,428	106,120
(29,301)	(30,246)	Usable Reserves	MiRS	(30,969)	(31,664)
(86,253)	(86,705)	Unusable Reserves	26	(74,459)	(74,456)
(115,554)	(116,951)	Total Reserves		(105,428)	(106,120)

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

Cash Flow Statement

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

SINGLE	GROUP			SINGLE	GROUP
2023/24	2023/24			2024/25	2024/25
£000	£000		Notes		£000
(8,041)	(6,901)	Net surplus or (deficit) on the provision of services	CIES	(35,856)	(36,105)
10,858	10,858	Adjustments to surplus or deficit on the provision of services for non-cash movements	27	50,093	50,403
446	341	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	28	(13,610)	(13,610)
3,263	4,298	Net Cash flows from operating activities		627	688
(46,930)	(48,080)	Investing activities	30	7,460	7,460
38,933	39,023	Financing activities	31	6,290	6,290
(4,734)	(4,759)	Net increase or decrease in cash and cash equivalents		14,377	14,438
1,817	1,857	Cash and cash equivalents at the beginning of the reporting period		6,551	6,616
6,551	6,616	Cash and cash equivalents at the end of the reporting period		20,928	21,054

1 Accounting Policies

i. General Principles

The statements of account summarise the authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

Basis of Preparation and Presentation

Explanation of accounting statements

The Statement of Accounts set out the Council's income and expenditure for the year, and its financial position at 31st March 2025.

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 2024/25, in turn underpinned by International Financial Reporting Standards.

The Core (single entity and group) statements are:

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

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

The supplementary financial statements are:

- i. The Collection Fund Statement is a statutory fund maintained by a Billing Authority summarising local taxes and non-domestic rates collected by the Council, along with redistribution payments to Precepting Authorities
- ii. The Independent Auditor's Report provides the auditor's opinion on the financial statements and the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.
- iii. The Annual Governance Statement sets out the governance structure of the Council and its key internal controls.

As at the balance sheet date the Council held short-term borrowing of £102m to be re-financed in 2024/25, this represents a risk to the council if the refinancing interest rates exceed the Medium-Term

Financial Plan assumptions impacting upon the assumed savings to bring the Council's Medium-Term Financial Plan back into balance without reliance upon a drawdown from reserves. Therefore, a material uncertainty exists that may cast significant doubt upon the Council's forecasts which could require an increase in planned income and a reduction in costs to ensure all services levels are maintained. No adjustments have been made in the financial statements to the carrying value of assets should funding not be forthcoming.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected. The de minimis for the accrual of a single item is £2,000.

iii. Cash and Cash Equivalents

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

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

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

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

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

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

v. Charges to Revenue for Non-Current Assets

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

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

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

vi. Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR:

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

to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

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

vii. Employee Benefits

Benefits Payable during Employment:

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

Termination Benefits:

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

Post-employment Benefits:

Employees of the authority are members of one pension scheme:

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

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

The Local Government Pension Scheme:

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

- The liabilities of the Hampshire County Council's pension fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an

assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% based on the indicative rate of return on high quality corporate bond.
- The assets of Hampshire County Council's pension fund attributable to the authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

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

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Hampshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits:

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

viii. Events After the Balance Sheet Date

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

Two types of events can be identified:

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

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

ix. Financial Instruments

Financial Liabilities:

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

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

Financial Assets:

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

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

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

Financial Assets Measured at Amortised Cost:

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

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

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

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

Expected Credit Loss Model:

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

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

Financial Assets Measured at Fair Value through Comprehensive Income:

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

Financial Assets Measured at Fair Value through Profit and Loss:

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services.

Fair Value Measurements of Financial Assets:

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

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

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

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES and are balanced by entries in the Pooled Investment Fund Adjustment Account (PIFAA).

x. Government Grants and Contributions

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

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

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

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

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

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

xi. Heritage Assets

The Council's heritage assets largely comprise items of civic regalia as well as a memorial and statues. They are all held in support of their primary objective of contributing to knowledge and culture and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the authority's accounting policies on property, plant and equipment.

xii. Intangible Assets

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

The Council does not have any internally generated intangible assets. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Inventories

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

xiv. Long-term contracts

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

xv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xvi. Joint Operations

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

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

xvii. Leases

Definition of a Lease

At inception of a contract, the Council assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Council assesses whether:

- The contract involves the use of an identified asset
- The Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- The Council has the right to direct the use of the asset

The Council as Lessee

Recognition and Measurement

The Council recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises:

- The initial amount of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Council
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site or restoring the asset to the condition required by the terms and conditions of the lease.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the Council by the end of the lease term or if the cost of the right-of-use asset reflects that the Council will exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Council's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price of a purchase option if the Council is reasonably certain to exercise that option

- Payments of penalties for terminating the lease, if the lease term reflects the Council exercising an option to terminate the lease

The lease liability is subsequently measured by:

- Increasing the carrying amount to reflect interest on the lease liability
- Reducing the carrying amount to reflect the lease payments made
- Remeasuring the carrying amount to reflect any reassessment or lease modifications

When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset or recorded in the Comprehensive Income and Expenditure Statement if the carrying amount of the right-of-use asset has been reduced to zero.

Practical Expedients and Exemptions

The Council has elected not to recognise right-of-use assets and lease liabilities for:

- Short-term leases that have a lease term of 12 months or less
- Leases of low-value assets (assets with a value of less than £10,000 when new)

The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Council as Lessor

When the Council acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future payments expected to be received under the lease.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

Sale and Leaseback Transactions

Where the Council sells an asset and immediately leases it back, the transaction is accounted for based on whether the transfer of the asset qualifies as a sale under IFRS 15 Revenue from Contracts with Customers.

Transfer Qualifies as a Sale

If the transfer of the asset satisfies the requirements of IFRS 15 to be accounted for as a sale:

- The Council derecognises the asset and recognises a right-of-use asset arising from the leaseback at the proportion of the previous carrying amount that relates to the right of use retained.
- The Council recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
- The right-of-use asset is adjusted for any below-market terms which are accounted for as a prepayment of lease payments.
- The lease liability is recognised in accordance with the Council's standard lease accounting policy.

Transfer Does Not Qualify as a Sale

If the transfer of the asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale:

- The Council continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.
- The financial liability is accounted for in accordance with IFRS 9 Financial Instruments.
- No gain or loss is recognised on the transaction.

Lease Modifications

As Lessee

The Council accounts for a lease modification as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope

For a lease modification that is not accounted for as a separate lease, the Council:

- Allocates the consideration in the modified contract
- Determines the lease term of the modified lease
- Remeasures the lease liability by discounting the revised lease payments using a revised discount rate
- Decreases the carrying amount of the right-of-use asset to reflect partial or full termination of the lease for modifications that decrease the scope of the lease
- Makes a corresponding adjustment to the right-of-use asset for all other lease modifications

As Lessor

For a modification to a finance lease, the Council accounts for the modification as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope

For a modification to an operating lease, the Council accounts for the modification as a new lease from the effective date of the modification.

Transition Arrangements

The Council has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application.

For leases previously classified as operating leases under IAS 17, the Council has:

- Recognised right-of-use assets and lease liabilities in the Balance Sheet, initially measured at the present value of the remaining lease payments, discounted using the Council's incremental borrowing rate at the date of initial application
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

For leases previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17.

xviii. Overheads and Support Services

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

xix. Property, Plant and Equipment

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

Recognition:

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

Measurement:

Assets are initially measured at cost, comprising:

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

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

Impairment:

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

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

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

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

Depreciation:

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale:

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of

any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

xx. Provisions, Contingent Liabilities and Assets

Provisions:

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

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

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

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

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible

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

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

Contingent assets

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

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

xxi. Reserves

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

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

xxii. Revenue Expenditure Funded from Capital under Statute

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

xxiii. Value Added Tax (VAT)

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

xxiv. Fair value measurement of non-financial assets

The authority's accounting policy for fair value measurement of financial assets is set out in

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

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

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

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

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

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

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

xxv. Capitalisation Criteria

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

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

- Borrowing costs – Where the Council borrows to specifically fund a scheme the amount that is capitalised is the actual cost of borrowing less investment income. Where funds are borrowed generally a capitalisation rate is used based on the weighted average of borrowing costs during the period. The Council only capitalises borrowing costs when in addition to the above it becomes probable that the capital expenditure will result in future economic benefits or service potential to the Council; and that the borrowing costs can be measured reliably.

2 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 requires authorities to disclose information relating to the impact of accounting standards that have been issued but are not yet adopted by the Code. This requirement applies only to those standards listed in Appendix C of the 2025/26 Code.

For the 2024/25 financial statements, the following accounting standards have been issued but not yet adopted:

- (a) IAS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)

Issued in August 2023, this amendment clarifies how an entity should assess whether a currency is exchangeable and, when it is not, how to determine a spot exchange rate. It also introduces new disclosure requirements to help users understand the impact of using a non-exchangeable currency. This is unlikely to have a material impact for most local authorities but will require assessment of any relevant transactions.

- b) IFRS 17 – Insurance Contracts
IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is not expected to apply to most local authorities due to the nature of their transactions, but authorities should assess whether any arrangements fall within scope.
- c) Changes to the measurement of non-investment assets (Operational Property, Plant and Equipment and Intangible Assets)

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These changes include adaptations of IAS 16 and IAS 38, introducing:

- A revaluation approach requiring valuations every five years (or on a five-year rolling basis), with indexation in the intervening years.
- A historical cost measurement requirement for intangible assets.

Although these changes would typically constitute a change in accounting policy, the Code includes relief from retrospective restatement. They will be applied prospectively in the 2025/26 accounts.

The authority does not anticipate that these amendments will have a material impact on the financial statements for the year ending 31 March 2025, but will continue to assess implications as further guidance becomes available.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are provided as follows:

- Future Funding for Local Government. There is an element of risk about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. In addition, as mentioned in the Narrative Statement, the Council has made judgements about the adequacy of its balances and has also put in place processes to achieve savings that will mitigate or counteract any future changes in its levels of funding or other income.
- Asset Classifications. The Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on an understanding of the main purpose that the Council is holding the asset. If the asset is used in delivering services, or is occupied by third parties who are subsidised by the Council, the asset is deemed to be Property, Plant and Equipment. A non-current asset used solely to earn rentals and/or for capital appreciation is classified as an Investment Property.
- Property, Plant and Equipment. Non-current assets are depreciated over their useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to them. If the useful life of a non-current asset is reduced, depreciation increases and the carrying amount of the non-current asset falls. Annual depreciation charge for buildings would increase proportionately for every year that an asset useful life has to be reduced.
- Lease Classification. The Council has made judgments on whether its lease arrangements are operating leases or finance leases. These judgements are based on a series of tests to assess whether the

risks and rewards of ownership have been transferred from the lessor to the lessee. The accounting treatment for operating and finance leases is significantly different.

- **Contractual Arrangements.** The Council has made judgements on whether its contractual arrangements contain embedded leases i.e. arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment where fulfilment of the arrangement is dependent on the use of specific assets.
- **Potential Liabilities.** The Council has made judgements about the likelihood of potential liabilities and whether a provision should be made. The judgements are based on the degree of certainty and an assessment of the likely impact.
- **Bad or Doubtful Debts.** The Council has made judgements about the level of bad or doubtful debts and the level of provision that it may need to provide for. These judgements are based on historical experience of debtor defaults and current economic conditions.
- **Business Rate Appeals.** The Council has made judgements about the number of successful appeals under the Business Rates Retention Scheme.

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

4 Assumptions & Uncertainty

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

The items in the Council's Balance Sheet at 31st March 2025 for which there is a risk of adjustment in the forthcoming financial year are provided below:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	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. Applicable assets are valued on a minimum five-year rolling basis.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £15k for every year that useful lives had to be reduced. Based on the OLB assets that were valued in the year as part of the five-year rolling revaluation programme, the average increase in the value of OLB assets was 0.7%. If this percentage increase was also applied to the OLB assets that were not revalued in the year, this would increase their Balance Sheet value by £1k, which is not considered material enough to warrant a full valuation.
Fair value measurements	When the fair values of financial assets and	The authority uses the discounted cash flow (DCF) model to measure the fair

	financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes below.	value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Provisions (NNDR appeals)	The authority has made a provision of £2,949k (£7,373k full collection fund) for the settlement of claims for back pay arising from the equal pay initiative, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £295k to the provision needed.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £2,124k.

	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.	However, the assumptions interact in complex ways. During 2023/24, the authority's actuaries advised that the net pensions liability had decreased by £1.309m as a result of estimates being corrected as a result of experience and decreased by £4,536k attributable to updating of the assumptions.
Arrears	The NDR arrears balance of £663k (£1,516k full collection fund) at the Balance Sheet date is deemed to be at risk of material adjustment within the	If collection rates were to deteriorate, for every 1% reduction in collection rates, an extra £50k would be required to be set aside as

	next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of 68% (£410k or £1,025k full collection fund) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	an allowance.
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5 Events After the Balance Sheet Date

The unaudited statement of accounts were authorised for issue by the Executive Head of Finance on 27 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6 Note to Expenditure and Funding Analysis

2023/24				Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25			
Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000
(1,341)	(16)	0	(1,357)	Community & Residents	27	(15)	4	16
629	(23)	0	606	Development & Economic Growth	0	(27)	6	(21)
136	(36)	0	100	Enabling Services	1,366	(43)	9	1,332
(236)	(24)	0	(260)	Finance	1	(23)	5	(17)
2,763	(52)	1	2,712	Neighbourhood Services	1,131	(53)	13	1,091
(68)	(12)	0	(80)	Policy, Climate & Sustainability	0	(9)	2	(7)
(3,037)	(11)	0	(3,048)	Regeneration & Property	29,805	(12)	1	29,794
(1,154)	(174)	1	(1,327)	Net Cost of Services	32,330	(182)	40	32,188
10,192	466	291	10,949	Other income and expenditure from the Expenditure and Funding Analysis	5,205	352	(550)	5,007
9,038	292	292	9,622	Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	37,535	170	(510)	37,195

- a) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- b) Net Change for the Pensions Adjustments - net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
 - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
- c) Other statutory adjustments - between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- For services this represents the removal of Accumulated Absences accrual.
 - For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
 - The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR 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:

2023/24		2024/25
£000s		£000s
(571)	Community & Residents	(708)
(1,195)	Development & Economic Growth	(2,164)
(5,192)	Enabling Services	(2,294)
(2,385)	Finance	(2,956)
(6,724)	Neighbourhood Services	(6,585)
(1,511)	Policy, Climate & Sustainability	(22)
(1,013)	Regeneration & Property	(1,091)
(18,591)		(15,820)

7 Expenditure and Income Analysed by Nature

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

2023/24		2024/25
£000s		£000s
	Expenditure:	
14,826	Employee benefits expenses	15,582
6,170	Changes in the Fair Value of Investment Property	12,696
1,561	Depreciation, amortisation, impairment	31,924
18,127	Precepts and levies	24,494
6,900	Interest payments	7,010
43,491	Other services expenses	45,953
9,817	Loss /(gain) on disposal	(703)
467	Net interest on net defined benefit liability/asset	171
101,359	Total expenditure	137,127
	Income:	
(10,081)	Changes in the Fair Value of Investment Property	0
(15,608)	Fees, charges and other service income	(25,685)
(32,381)	Government grants and contributions	(39,076)
(29,963)	Income from council tax and non-domestic rates income	(32,690)
(4,665)	Interest and investment income	(4,102)
(620)	Other income	282
(93,318)	Total income	(101,271)
8,041	(Surplus) or Deficit on the Provision of Services	35,856

The 'Expenditure and Income Analysed by Nature' table provides a breakdown of the Authority's financial performance by the type or economic nature of transactions, rather than by the service provided. This note offers a comprehensive view of the main categories of spending, such as employee costs, premises expenses, supplies and services, and the key sources of income, including fees, charges, and government grants, across the entire Authority

8 Adjustments between Accounting & Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund balance

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

Capital receipts reserve

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

Capital grants unapplied

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

2023/24 General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	2023/24	2024/25 General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Adjustment Account				
(1,520)			1,520	Charges for depreciation and impairment of PPE	(1,150)			1,150
(1,676)			1,676	Revaluation Gain/Loss on PPE	(29,700)			29,700
(3,076)			3,076	Movements in Fair Value of Investment Properties	(12,696)			12,696
(40)			40	Amortisation of intangible assets	(16)			16
6,321		(1,506)	(4,815)	Capital grants & contributions received and applied	3,220		147	(3,367)
(1,383)			1,383	Revenue exp funded from capital under statue (REFCUS)	(1,043)			1,043
(9,817)			9,817	Disposals	(2,520)			2,520
				Insertion of items not dr/cr to CIES				
320			(320)	Capital expenditure charged against General Fund	317			(317)
1,572			(1,572)	Statutory Provision for the financing of capital investment (MRP)	1,746			(1,746)
				Adjustments primarily involving the Capital Receipts Reserve				
83	(83)		0	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	2,982	(2,982)		
				Use of the Capital Receipts Reserve to finance capital expenditure		2,507		(2,507)
				Adjustment's primarily involving the Pooled Financial Investment Fund Adjustment Account				
177			(177)	Unrealised Fair Value Gain/Loss on Financial Instruments	1,326			(1,326)
				Adjustments primarily involving the Pensions Reserve				
(2,414)			2,414	Pension remeasurements and cost	(2,278)			2,278
2,124			(2,124)	Employer's pension contributions and direct payments	2,107			(2,107)
				Adjustments primarily involving the Accumulated Absences Account				
(290)			290	Council tax and NNDR	551			(551)
				Adjustment's primarily involving the Accumulated Absences Account				
(1)			1	Holiday pay	(41)			41
(9,620)	(83)	(1,506)	11,209	Total Adjustments	(37,195)	(475)	147	37,523

9 Transfers to/from Earmarked Reserves

At 01 April 2023 £'000	Internal Transfers £'000	Transfers out £'000	Transfers in £'000	At 31 March 2024 £'000	Earmarked Reserves	Transfers out £'000	Transfers in £'000	At 31 March 2025 £'000
(5,642)	2	47	(341)	(5,934)	Commutated sums	85	(2,119)	(7,968)
(2,913)	(2,785)	(1)	(1)	(5,700)	Stability & Resilience Reserve	518	0	(5,182)
(2,000)	(1,892)	0	0	(3,892)	Business Rate equalisation reserve	0	0	(3,892)
(488)	0	0	(40)	(528)	Mercury abatement	0	(25)	(553)
0	0	0	0	0	Community Recovery Fund	0	(489)	(489)
(812)	0	0	0	(812)	Flexible Homelessness Support Grant	398	0	(414)
(165)	0	0	(155)	(320)	Homes for Ukraine support A	52	(94)	(362)
0	0	0	(144)	(144)	Asylum Dispersal	18	(172)	(298)
(257)	0	0	0	(257)	Regeneration Reserve	0	0	(257)
(253)	0	0	0	(253)	Insurance Reserve	0	0	(253)
(347)	163	79	(49)	(154)	Other grants (below £45k)	37	(108)	(225)
(206)	0	24	(24)	(206)	Civil parking enforcement surplus	4	0	(202)
0	0	0	0	0	Tennis Court Sink Fund	0	(168)	(168)
(107)	0	5	(32)	(134)	Pipeline environmental improvement	21	(25)	(138)
(130)	0	1	0	(129)	Farnborough airport environment Fund	0	(5)	(134)
(93)	0	93	0	0	Budget carry forwards	0	(129)	(129)
(111)	0	5	0	(106)	Deprivation reserve	22	(2)	(86)
0	0	0	(42)	(42)	Local Authority Housing Fund (LAHF)	0	(38)	(80)
(75)	0	0	0	(75)	Custom Build Grant	0	0	(75)
(178)	0	54	0	(124)	Climate emergency reserve	57	0	(67)
(14)	0	0	(10)	(24)	Afghan relocation scheme	0	(9)	(33)
(31)	0	4	0	(27)	Cyber security	10	0	(17)
(30)	0	11	0	(19)	Homes for Ukraine support B	8	0	(11)
0	0	0	(7)	(7)	Supp & Temp Accommodation Work	0	0	(7)
(227)	0	14	0	(213)	A331 Air Quality Project	208	0	(5)
(23)	0	15	0	(8)	Control outbreak	5	0	(3)
(100)	0	0	(212)	(312)	Workforce Reserve	312	0	0
(43)	0	0	0	(43)	Covid Council tax hardship	43	0	0
(48)	0	41	0	(7)	UK shared prosperity fund	13	(6)	0
(1,892)	1,892	0	0	0	Covid Business Rates Reserve	0	0	0
(1,483)	1,483	0	0	0	Commercial Reserve	0	0	0
(297)	297	0	0	0	Business support Administration grant admin	0	0	0
(220)	220	0	0	0	Treasury Earmarked reserves	0	0	0
(195)	0	195	0	0	Affordable Housing Reserve	0	0	0
(130)	130	0	0	0	Local Authority Discretionary Grants Fund	0	0	0
(121)	0	121	0	0	Commercial Property Reserve	0	0	0
(93)	93	0	0	0	Localising Council Tax Support scheme administration	0	0	0
(85)	85	0	0	0	Feasibility Victoria Road	0	0	0
(71)	71	0	0	0	Dilapidation reserve	0	0	0
(64)	64	0	0	0	Cohesion/Migration/Gurkha Settlement	0	0	0
(59)	59	0	0	0	Prop Services Covenant release	0	0	0
(45)	45	0	0	0	Land Charges	0	0	0
(37)	37	0	0	0	Covid track & trace	0	0	0
(26)	26	0	0	0	Ward reserve	0	0	0

Notes to the Accounts

At 01 April 2023 £'000	Internal Transfers £'000	Transfers out £'000	Transfers in £'000	At 31 March 2024 £'000	Earmarked Reserves	Transfers out £'000	Transfers in £'000	At 31 March 2025 £'000
(14)	0	14	0	0	Election integrity	0	0	0
(10)	10	0	0	0	Administration support - benefits team	0	0	0
(19,135)	0	722	(1,057)	(19,470)	Total	1,811	(3,389)	(21,048)

10 Other Operating Expenditure

2023/24 £'000		2024/25 £'000
(25)	Photovoltaic Cells Feed-in Tariff	(46)
9,817	Gain/Loss on disposal of non-current assets	(461)
75	Other Corporate I&E	0
9,867	Total Other Operating Expenditure	(507)

11 Financing and Investment Income and Expenditure

2023/24 £'000		2024/25
6,900	Interest payable and similar charges	7,010
467	Net interest on the net defined benefit liability (asset)	352
(4,665)	Interest receivable and similar income	(4,101)
(3,911)	Income and expenditure in relation to investment properties and changes in their fair value	4,986
(177)	Unrealised Fair Value gain/loss on financial investments	(428)
(227)	Changes in impairment loss allowance of financial instruments	471
(1,613)	Total	8,290

12 Taxation and Non-Specific Grant Income

2023/24 £'000		2024/25
(7,448)	Council tax income	(7,684)
57	Collection Fund (Surplus) / Deficit - Council tax	13
3	Collection Fund (Surplus) / Deficit - NNDR	(912)
(2,331)	Non-domestic rates income and expenditure	(2,995)
1,191	NNDR (safety net) / levy payment	3,382
(3,307)	S.31 grants paid to compensate loss of business rates income	(4,134)
(1,167)	Non-ringfenced government grants	(1,282)
(1,983)	Capital grants and contributions	(2,069)
(14,985)	Total	(15,681)

13 Property, Plant and Equipment

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
at 1 April 2024	58,870	8,307	7,817	723	48,369	124,086
Adjustment for right of use asset (IFRS 16)						
Additions	172	390	888	0	11,804	13,254
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,945			(386)		7,559
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,525)				(28,573)	(30,098)
Derecognition/Disposal		(97)				(97)
Reclassifications					(27,400)	(27,400)
at 31 March 2025	65,462	8,600	8,705	337	4,200	87,304
Accumulated Depreciation and Impairment						
at 1 April 2024	(47)	(4,285)	0	0	0	(4,332)
Depreciation charge	(730)	(438)				(1,168)
Depreciation written out to revaluation reserve	753					753
Depreciation written out to the Surplus/Deficit on the Provision of Services						0
Derecognition/Disposal						0
at 31 March 2025	(24)	(4,723)	0	0	0	(4,747)
Net Book Value;						
at 31 March 2025	65,438	3,877	8,705	337	4,200	82,557
at 31 March 2024	58,823	4,022	7,817	723	48,369	119,754

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 1 April 2023	70,051	9,547	7,456	1,310	30,356	118,720
Additions	2,326	340	361	38	19,311	22,376
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(3,412)	0	0	(2)	0	(3,414)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,006)	0	0	(8)	0	(2,014)
Derecognition/Disposal	(10,002)	(1,580)	0	0	0	(11,582)
Reclassifications	1,913	0	0	(615)	(1,298)	0
at 31 March 2024	58,870	8,307	7,817	723	48,369	124,086
Accumulated Depreciation and Impairment at 1 April 2023	(667)	(5,109)	0	0	0	(5,776)
Depreciation charge	(764)	(756)	0	0	0	(1,520)
Depreciation written out to revaluation reserve	861	0	0	0	0	861
Depreciation written out to the Surplus/Deficit on the Provision of Services	338					338
Derecognition/Disposal	185	1,580	0	0	0	1,765
at 31 March 2024	(47)	(4,285)	0	0	0	(4,332)
Net Book Value: at 31 March 2024	58,823	4,022	7,817	723	48,369	119,754
at 31 March 2023	69,384	4,438	7,456	1,310	30,356	112,944

Depreciation

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

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

Capital Commitments

As at 31 March 2025, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £2.8m

Effects of Changes in Estimates

In 2024/25, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

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

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost		4,022	7,817		48,369	60,208
Valued at Current value as at:						
31/03/2025				723		
31/03/2024	0	-	-	0	-	0
31/03/2023	80	-	-	0	-	80
31/03/2022	0	-	-	0	-	0
31/03/2021	11	-	-	0	-	11
Total Cost or Valuation	65,438	3,877	8,705	337	4,200	82,557

14 Investment Properties

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

2023/24		2024/25
Non-Current		Non-Current
£'000	Investment Properties Movements in Year	£'000
128,112	Opening Balance	135,812
10,776	Additions	210
0	Disposals	(2,520)
(3,076)	Net gains/(losses) from fair value adjustment taken to CIES	(12,696)
0	Transfers to/from Property Plant and Equipment	27,400
135,812	Balance at the end of the year	148,206

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 2025.

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

2023/24		2024/25
£'000	Investment Property Income and Expenditure	£'000
(10,081)	Rental income from investment property	(9,832)
3,094	Direct operating expenses from investment property	2,122
(6,987)	Net (gain)/loss	(7,710)

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

Notes to the Accounts

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

Highest and best use of investment properties

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

Valuation techniques

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

Valuation process for investment properties

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

15 Intangible Assets

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £40k charged to revenue in 2023/24 was charged directly to service revenue accounts and is therefore included in the cost of services. No items of capitalised software are individually material to the Financial Statements.

The movement on Intangible Asset balances during the year is as follows:

2023/24		2024/25
£'000		£'000
	<u>Balance at start of year:</u>	
1,867	Gross carrying amounts	202
(1,791)	Accumulated amortisation	(166)
76	Net carrying amount at start of year	36
0	Additions (purchases)	45
(1,665)	Disposals	0
(40)	Amortisation for the period	(16)
1,665	Rev of past amortisation of disposal	0
0	Other charges	0
36	Net carrying amount at end of year	65
-	<u>Comprising:</u>	
202	Gross carrying amounts	247
(166)	Accumulated amortisation	(182)
36	Total	65

16 Interests in Jointly Controlled Operations

Building Control Service

On 2nd July 2015 the Council entered into a jointly controlled operation with Hart District Council to deliver a shared Building Control service.

Rushmoor Borough Council's element of the shared Building Control service costs are included in the Planning and Economy line in the Cost of Services section of the Comprehensive Income and Expenditure Statement. Below is a memorandum account of the financial activity of the shared Building Control service from 1 April 2024 to 31 March 2025.

RBC	Hart DC	TOTAL		RBC	Hart DC	TOTAL
2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
£'000	£'000	£'000		£'000	£'000	£'000
191	281	472	Employee related expenditure	190	292	482
8	7	15	Premises related expenditure	13	0	13
3	5	8	Transport related expenditure	3	5	8
6	4	10	Supplies and Services	6	4	10
137	0	137	Support Services	68	0	68
1	0	1	Capital charges	0	0	0
346	297	643	Expenditure	280	301	581
(10)	10	0	Hosting charge	(10)	10	0
(204)	0	(204)	Fees and charges	(208)	0	(208)
(8)	0	(8)	Other income	(18)	0	(18)

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.

Notes to the Accounts

17 Long Term Debtors

2023/24		2024/25
£'000		£'000
6,482	Farnborough International Airport Loan	6,482
63	Rushmoor Development Partnerships	63
1,360	Loan to Subsidiary (RHL)	1,360
54	Service Provider Loan	47
4	Car Loans to staff	28
8	Rent Free Lease Periods	7
7,972	Total	7,987

18 Financial Instruments

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

Categories of financial instruments

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

Non-current Investment	Debtors	Current Investment & cash	Debtors	TOTAL	Financial Assets	Non-current Investment	Debtors	Current Investment & cash	Debtors	TOTAL
31-Mar-2024	31-Mar-2024	31-Mar-2024	31-Mar-2024	31-Mar-2024		31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
19,470	0	0	0	19,470	Fair value through Profit or loss	11,913	0	0	0	11,913
0	0	15,000	0	15,000	Amortised cost - Investments	0	0	5,000	0	5,000
0	0	6,227	0	6,227	Amortised cost - Cash & cash equivalents	0	0	20,928	0	20,928
0	7,972	0	4,659	12,631	Amortised cost - Debtors	0	7,987	0	10,929	18,916
19,470	7,972	21,227	4,659	53,328	Total financial assets	11,913	7,987	25,928	10,929	56,757
0	0	0	2,612	2,612	Assets not defined as Financial Instruments	0	0	0	3,431	2,612
19,470	7,972	21,227	7,271	55,940	Total	11,913	7,987	25,928	14,360	59,369

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

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

Material Soft Loans

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

- Loan to Active Nation; £54k listed within short and long term debtors on Balance sheet.
- Cycle Loans; £2k listed within short term debtors on Balance Sheet.

Income, expense, gains and losses

Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Total		Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Total
31-Mar-2024	31-Mar-2024	31-Mar-2024		31-Mar-2025	31-Mar-2025	31-Mar-2025
£'000	£'000	£'000		£'000	£'000	£'000
			Net gains/losses on:			
-	(177)	(177)	Financial assets measured at fair value through Profit or loss	0	(428)	(428)
-	-	0	Financial assets measured at amortised cost	0	0	0
0	(177)	(177)	Total net gains/losses	0	(428)	(428)
(4,665)	-	4,665	Interest revenue	(4,101)	0	(4,101)
6,900	-	(6,900)	Interest expense	7,010	0	7,010
2,235	(177)	(2,412)	Total	2,909	(428)	2,481

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 2025, 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.

Notes to the Accounts

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

31/03/2024	Recurring Fair Value Measurements	Input level in Fair Value hierarchy	Valuation technique used to measure Fair Value	31/03/2025
£'000				£'000
	Fair value through profit or loss;			
19,470	Pooled investment funds	Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly	11,913
19,470	Total			11,913

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

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

Carrying amount	Fair Value		Carrying amount	Fair Value
31/03/2024	31/03/2024		31/03/2025	31/03/2025
£'000	£'000		£'000	£'000
		Financial Liabilities;		
(162,000)	(162,000)	Loans	(166,000)	(166,000)
(13,989)	(13,989)	Creditors	(14,393)	(14,393)
(999)	(999)	Finance Lease	(649)	(649)
(176,988)	(176,988)	Total	(181,042)	(181,042)
		Financial assets;		
15,000	15,000	Investments	5,000	5,000
6,227	6,227	Cash and cash equivalents	20,928	20,928
12,631	12,631	Debtors	18,916	18,916
33,858	33,858	Total	44,844	44,844

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

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

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

19 Short Term Debtors

2023/24		2024/25
£'000		£'000
567	Trade Receivables	3,146
373	Payments in advance / Prepayments	492
6,331	Other Receivables	10,722
7,271	Total	14,360

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:

2023/24		2024/25
£'000	Debtors for local taxation	£'000
0	Less than three months	0
0	Three to six months	0
299	Six months to one year	237
1,241	More than one year	996
1,540	Total	1,233
(985)	Bad debt provision	(1,037)
555	Net	196

20 Cash and Cash Equivalents

2023/24		2024/25
£'000		£'000
0	Cash and Bank balances held by the Council	2,910
6,550	Short Term Deposits / Cash Equivalents	18,018
6,550	Total	20,928

21 Short Term Borrowing

2023/24		2024/25
£'000		£'000
(157,000)	Borrowing from Local Authorities	(102,000)
(157,000)	Total	(102,000)

22 Short Term Creditors

2023/24		2024/25
£'000		£'000
(5,031)	Trade payables	(11,871)
(1,505)	Receipts in advance	(2,730)
(12,704)	Other payables	(7,923)
(19,240)	Total	(22,524)

The Council are the Local Trusted Organisation for the Prospect Estate Big Local Partnership. As at 31 March 2025, the Council held £192.71 for this purpose in the creditors analysis (£67,111.68) at 31st March 2024).

23 Long Term Provisions

2023/24		2024/25
£'000		£'000
(1,688)	Opening Balance	(2,949)
(1,557)	Increase in provision during year	(119)
295	Utilised during year	558
(2,949)	Closing Balance	(2,510)

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

24 Long Term Borrowing

2023/24		2024/25
£'000		£'000
(5,000)	Borrowing from LA's	(2,000)
0	Borrowing from PWLB	(62,000)
(5,000)	Total	(64,000)

25 Other Long Term Liabilities

2023/24		2024/25
£'000		£'000
(7,431)	Pensions Liability	10,211
(675)	Finance Lease Liability (Serco vehicles)	(348)
(8,106)	Total	9,863

26 Unusable Reserves

2023/24		2024/25
£'000		£'000
(33,936)	Revaluation Reserve	(41,755)
(62,415)	Capital Adjustment Account Reserve	(23,320)
2,428	Pooled Investment Funds Adjustment Account Reserve	1,103
7,431	Pension Reserve	(10,211)
113	Collection Fund Adjustment Account Reserve	(437)
125	Accumulated Absences Account Reserve	161
(86,254)	Total	(74,459)

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.

2023/24		2024/25
£'000		£'000
(44,303)	Balance 1 April	(33,936)
(1,240)	Upward revaluation of assets	(10,500)
3,793	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,586
2,553	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(7,914)
0	Difference between fair value depreciation and historical cost depreciation	95
7,814	Accumulated gains on assets sold or scrapped	
0	Other amounts written off to the Capital Adjustment Account	
7,814	Amount written off to the Capital Adjustment Account	95
(33,936)	Balance 31 March	(41,755)

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

Capital Adjustment Account

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

2023/24		2024/25
£'000		£'000
(65,406)	Balance 1 April	(62,415)
1,520	Charges for depreciation and impairment of non-current assets	1,055
1,676	Revaluation losses on non-current assets	29,700
40	Amortisation of intangible assets	16
1,383	Revenue expenditure funded from capital under statute	1,043
9,817	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	2,520
14,436	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	34,334
(7,814)	Adjusting Amounts written out of the Revaluation Reserve	0
6,622		34,334
0	Use of Capital Receipts Reserve to finance new capital expenditure	(2,506)
(3,559)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,247)
(1,256)	Application of grants to capital financing from the capital grants unapplied account	(2,120)
(320)	Capital expenditure charged against the General Fund balances	(317)
(1,572)	Statutory provision for the financing of capital investment charged against the General Fund balances (MRP)	(1,746)
(6,707)	Capital financing applied in year:	(7,936)
3,076	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	12,697
(62,415)	Balance 31 March	(23,320)

Pooled Investment Funds Adjustment Account

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

2023/24		2024/25
£'000		£'000
2,605	Balance 1 April	2,428
(367)	Upwards revaluation charged to (surplus)/deficit on Provision of Services	(321)
190	Downwards revaluation charged to (surplus)/deficit on Provision of Services	134
0	Realised charge to General Fund	(1,138)
2,428	Balance 31 March	1,103

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.

2023/24		2024/25
£'000		£'000
12,336	Balance 1 April	7,431
(5)	Opening balance adjustment per IAS19 actuary report	
(5,190)	Remeasurements of the net defined benefit (liability)/asset	(17,813)
2,414	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	2,278
(2,124)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,107)
7,431	Balance 31 March	(10,211)

Notes to the Accounts

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.

2023/24		2024/25
£'000		£'000
(178)	Balance 1 April	113
291	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(550)
113	Balance 31 March	(437)

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.

2023/24		2024/25
£'000		£'000
124	Balance 1 April	125
(124)	Settlement or cancellation of accrual made at the end of the preceding year	(125)
125	Amounts accrued at the end of the current year	161
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	0
125	Balance 31 March	161

27 Cash Flow- to net surplus/deficit

2023/24		2024/25
£'000		£'000
1,520	Depreciation of tangible	1,168
40	Amortisation of intangible	16
1,676	Impairment and downward valuations	42,209
(226)	increase/(decrease) in provision for doubtful debts	(655)
4,509	Increase/(decrease) in interest creditors	667
(2,210)	increase/(decrease) in creditors	3,049
(1,947)	(increase)/decrease in interest debtors	(794)
4,045	(increase)/decrease in debtors	(5,655)
36	(increase)/decrease in inventory	(9)
291	Movement in pension liability	171
9,817	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	10,362
(6,693)	Other non-cash items charged to the net surplus or deficit on the provision of services	(436)
10,858	Total	50,093

28 Cash Flow- Adjustments for Provision Of Services that are investing or financing activities

2023/24		2024/25
£'000		£'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(7,985)
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,982)
446	Any other items for which the cash effects are investing or financing cash flows	(2,643)
446	Total	(13,610)

29 Cash Flow- Operating Activities

2023/24		2024/25
£'000		£'000
2,718	Interest received	2,439
(2,375)	Interest paid	(7,664)
343	Total	(5,225)

30 Cash Flow- Investing Activities

2023/24		2024/25
£'000		£'000
(31,807)	Purchase of property, plant and equipment, investment property and intangible assets	(13,507)
(15,177)	Purchase of short-term and long-term investments	10,000
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,982
0	Proceeds from short-term and long-term investments	7,985
0	Other payments for investing activities	0
53	Other receipts from investing activities	0
(46,930)	Net cash flows from investing activities	7,460
(31,807)	Purchase of property, plant and equipment, investment property and intangible assets	(13,507)
(15,177)	Purchase of short-term and long-term investments	10,000
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,982
0	Proceeds from short-term and long-term investments	7,985
0	Other payments for investing activities	0
53	Other receipts from investing activities	0
(46,930)	Net cash flows from investing activities	7,460

31 Cash Flow- Financing Activities

2023/24		2024/25
£'000		£'000
0	Repayments of short- and long-term borrowing	(55,000)
42,000	Cash receipts of short and long term borrowing	59,000
(428)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(350)
(324)	Other receipts for CGRIA	579
(2,315)	Other payments for financing activities	2,061
38,933	Net cash flows from financing activities	6,290

32 Recon of Liabilities Arising from Financing Activities

1st Apr'23	Financing cash flows	Non-cash changes	31st Mar'24		1st Apr'24	Financing cash flows	Non-cash changes	31st Mar'25
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(5,000)	0	0	(5,000)	Long Term Borrowing	(5,000)	(59,000)	0	(64,000)
(115,000)	(42,000)	0	(157,000)	Short Term Borrowing	(157,000)	55,000	0	(102,000)
(1,400)	401	0	(999)	Lease Liabilities	(999)	350	0	(649)
(121,400)	(41,599)	0	(162,999)	Total Liabilities from Financing Activities	(162,999)	(3,650)	0	(166,649)

33 Officer Remuneration and Termination Benefits

Offices Remuneration

The number of employees whose remuneration (including taxable benefits, but excluding employers' pension contributions) was £50,000 or more, in bands of £5,000, is shown below. This table excludes senior employees, they are listed in the table following this one.

2023/24		2024/25
11	£50,000 to £54,999	11
21	£55,000 to £59,999	23
6	£60,000 to £64,999	13
7	£65,000 to £69,999	5
5	£70,000 to £74,999	6
1	£75,000 to £79,999	1
2	£80,000 to £84,999	0
2	£85,000 to £89,999	2
0	£90,000 to £94,999	1
0	£95,000 to £99,999 ...	0
1	£100,000 to £104,999 ...	0
0	£125,000 to £129,999 ...	0
0	£135,000 to £139,999	0
56	Total	62

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

Senior Officer Remuneration

2023/24						2024/25				
Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total		Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
142	-	-	25	167	Chief Executive	151	0	0	25	176
108	0	-	19	127	Executive Director	114	1	0	20	135
107	0	-	19	126	Executive Director	113	1	0	20	134
56	-	-	10	66	Head of Fin. Services (CFO)	101	0	0	18	119
96	0	0	0	96	Head of Fin. Services (CFO) Interim #	0	0	0	0	0
509	0	0	73	486	Totals	479	2	0	83	564

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

Exit Packages

2023/24					2024/25			
Number of comp redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000	Exit package cost band (including special payments)	Number of comp redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
0	1	1	7,941	£0-£20,000	1	0	1	17,576
1	1	2	44,376	£20,001-£40,000	0	0	0	0
1	1	2	102,416	£40,000-£60,000	0	0	0	0
1	0	1	79,856	£60,001-£80,000	0	0	0	0
0	0	0	0	£80,001-£100,000	1	0	1	84,292
0	0	0	0	£100,001-£120,000	1	0	1	106,591
3	3	6	234,590	Total	3	0	3	208,459

The authority terminated the contracts of a number of employees in 2024/25, incurring liabilities of £208k (£235k in 2023/24) – see above for the number of exit packages and total cost per band.

Notes to the Accounts

34 External Audit Costs

2023/24		2024/25
£'000		£'000
145	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	160
25	Fees payable to external auditors for the certification of grant claims and returns for the year	28
0	Refund of fee payable to external auditors	0
170	Total	188

35 Grant Income

2023/24		2024/25
£'000		£'000
	Credited to Taxation and Non Specific Grant Income	
(658)	New Homes Bonus Grant	(385)
(1,981)	Capital Grants and Contributions	(2,069)
0	Funding Guarantee Grant	(516)
(264)	New Burdens Grant	(53)
(96)	DLUHC Service Grant	(15)
(104)	Revenue Support Grant (RSG)	(101)
(46)	Other non-ring fenced grants	(212)
0	Section 31 Grants in Relation to Business Rates	(4,134)
(3,149)	Total	(7,485)
	Credited to Services	
	Ministry of Housing, Communities and Local Government	
(663)	Homelessness Grant	(687)
0	Community Recovery Fund	(510)
(68)	UK Shared Prosperity Fund	(501)
(50)	Levelling Up Fund	(438)
0	Rough Sleeping Initiative	(263)
0	NNDR Cost of Collection - Admin Grant	(125)
0	Planning Skills Delivery Fund Grant	(100)
0	Local Audit Fees Grant	(20)
0	Local Government Cyber Get Cyber Assessment Framework Ready Grant	(15)
0	New Burdens	(14)
(160)	Other Grants	(9)
(138)	Local Digital Fund Tax	0
(126)	Localising Council Tax Admin Subsidy	0
	Department for Works and Pensions	
(25,181)	Housing Benefit Subsidy	(23,417)
(239)	Housing Benefit Admin Subsidy	(245)

2023/24		2024/25
£'000		£'000
(161)	Discretionary Housing Payment	(161)
0	Housing Benefit Welfare Reform	(31)
0	New Burdens	(29)
0	Housing Benefit Award Accuracy Initiative	(25)
(73)	Other	(20)
(50)	Home Office	(326)
(80)	Homes England	0
(446)	Developers Contributions	(2,488)
	Hampshire County Council	
(1,308)	Better Care Fund / Disabled Facilities Grant	(1,493)
0	One Public Estate	(300)
(221)	Homes For Ukraine	(153)
0	Consolidated Hot Spot Response	(79)
0	Half Housing Approach Grant	(29)
(63)	Other	(25)
(84)	Household Support	0
(27)	DEFRA Biodiversity	(27)
(5)	Other	0
(90)	Other Grants and Contributions	(182)
(29,232)	Total	(31,710)

Revenue Grant Receipts in Advance- Current Liabilities

2023/24		2024/25
£'000		£'000
0	Air Quality Grant	(185)
0	Planning Skills Fund Grant	(68)
0	Local Authority Housing Fund	(53)
0	Lottery Fund	(20)
0	Active Travel Grant	(16)
0	Live Longer Better Grant	(15)
(19)	Household Support Grant	0
(28)	Vulnerable Renters Grant	0
(41)	Winter Top-up Grant	0
(105)	Police Crime Commissioner Elections (May 2024)	0
(6)	Safer Streets	(15)
(199)	Total	(372)

Capital Grant Receipts in Advance- Non-current Liabilities

2023/24	2024/25
£'000	£'000
(3,434)Developers' Contributions (s106 and other contributions) See below*	(3,925)
(3,434)Total	(3,925)
(12)Creditor- armed forces community covenant	(7)
(12)Total	(7)

Grant Receipts in Advance-

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

2023/24	2023/24	2023/24	2023/24		2024/25	2024/25	2024/25	2024/25
Capital Grants	Developer Contributions	Other Contributions	Total		Capital Grants	Developer Contributions	Other Contributions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Short Term:				
0	0	0	0	Balance as at 1 April	0	0	0	0
0	0	0	0	Received/Refunded during the year	0	0	0	0
214	1,518	0	1,732	Transferred to the Comprehensive Income & Expenditure Statement during the year	1,036	344	0	1,380
(214)	(1,518)	0	(1,732)	Transfer between short and long term	(1,036)	(344)	0	(1,380)
0	0	0	0	Balance at 31 March	0	0	0	0
				Long Term:				
(565)	(4,242)	0	(4,807)	Balance as at 1 April	(574)	(2,860)	0	(3,434)
(223)	(136)	0	(359)	Received/Refunded during the year	(1,832)	(454)	0	(2,286)
0	0	0	0	Transferred to the Capital Grants Unapplied	415	0	0	415
0	0	0	0	Interest	0	0	0	0
214	1,518	0	1,732	Transfer between short and long term	1,036	344	0	1,380
(574)	(2,860)	0	(3,434)	Balance at 31 March	(955)	(2,970)	0	(3,925)
(574)	(2,860)	0	(3,434)	Total Balance at 31 March	(955)	(2,970)	0	(3,925)

36 Members' Allowances

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

2023/24		2024/25
£'000		£'000
354	Allowances	369
11	Expenses	9
365	Total Members Allowances	378

37 Related Party Transactions

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 2024/25, the Council provided financial assistance to 127 organisations by way of

- direct loans (£2,163,000),
- direct grant payments (£603,091),
- awards of rent relief (£190,434),
- awards of business rates relief (£722,462) and
- free parking permits (£26,128).

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

2023/24	All financial assistance by entity where over £20k for the year	2024/25
£		£
243,862	Rushmoor Citizens Advice	328,369
149,760	Places for People Leisure Ltd	159,705
38,680	Chloe & Sophies Speacial Ears Fund	80,977
85,011	Step-by-Step	77,257
47,472	British Heart Foundation	74,566
67,587	Rushmoor Voluntary Services	74,226
54,351	Phyllis Tuckwell Hospice	65,050
34,360	Dial a Ride (Paid to HCC)	35,554
37,500	Farnborough Football Club	35,000
0	FT Gearing Systems Ltd	28,058
25,468	Aldershot Military Museum	25,230
21,895	Aldershot & Fleet RUFC	21,086
20,736	Royal Aeronautical Society	20,210

Central Government

Central government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2025 are shown in Note 35.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 36. During 2024/25 no works or services were commissioned from companies in which members had an interest.

Financial assistance totalling £583,220 was awarded to voluntary organisations in which 15 members and 1 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 £2,163,000 was award to organisations in which 2 senior officers of Rushmoor Borough Council had an interest.

Entities Controlled or Significantly Influenced by the Council

The Council controls Rushmoor Homes Ltd (RHL) through its ownership of 100% of the shares in the company. The company is currently in development and will assist to develop new homes to meet the Council's regeneration priorities and desire to improve the availability of quality housing within the Borough. The first full year of operation was 2021/22. The Council owns all 100 shares in RHL. The Council as at 31st March 2025 has a long-term loan of £1,360k and a short-term loan of £643k with RHL.

The Council holds a 50% stake in Rushmoor Development Partnership (RDP). The partnership is currently in development with the objective to redevelop sites in Farnborough and Aldershot. 2020/21 was the first full year of operation for the partnership. The Council as at 31st March 2024 has a long-term loan of £63k with RDP.

38 Capital Expenditure and Financing

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

2023/24		2024/25
£'000		£'000
140,819	Opening Capital Financing Requirement	167,633
(1,067)	Opening adjustment	0
139,752	Revised Opening Capital Financing Requirement	167,633
	Capital Investment:	
53	Loans to external bodies	0
22,377	Property Plant and Equipment	13,254
10,776	Investment Properties	210
0	Intangible Assets	45
1,383	Revenue Expenditure Funded from Capital Under Statute	1,043
34,589	Total Capital Investment	14,552
	Sources of Finance:	
0	Capital receipts	(2,506)
(4,815)	Government Grants and other contributions	(3,367)
	Sums set aside from revenue:	
(320)	Direct revenue contributions	(317)
(1,572)	Minimum revenue provision (MRP)	(1,746)
(6,707)	Total Sources of Finance applied	(7,936)
167,633	Closing Capital Financing Requirement	174,249
27,080	Increase in underlying need to borrow (unsupported by government financial assistance)	6,616
(266)	Assets acquired under finance leases	(230)
26,814	Increase/(decrease) in Capital Financing Requirement	6,386

39 Leases

In 2024/25, the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property as an asset and future rents as a liability) a right-of- use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.47%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet:

• Property, plant and equipment – land and buildings (right-of-use assets)	£230,974
• Non-current creditors (lease liabilities)	£12,008
• Current creditors (lease liabilities)	(£8,330)
•Capital Adjustment Account (Donated Assets)	£210,000

The newly recognised lease liabilities of 31 March 2024 £20,338.56 compare with the operating lease commitments of (£38,000) at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of (£32,634.12) using weighted average incremental borrowing rate at 1 April 2024, there is a difference of £12,295.56 from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that will expire before 31 March 2025.

Council as Lessee

Finance Leasee

The Council has identified an embedded finance lease under IFRS 16 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:

2023/24		2024/25
£'000	Right of Use Assets	£'000
1,238	Vehicles, Plant & Equipment	1,019
0	Other Land and Building	208
1,238	Total	1,227

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:

2023/24		2024/25
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments):	
(312)	current	(301)
(662)	non-current	(348)
(25)	Finance costs payable in future years	0
(999)	Total minimum lease payments	(649)

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(324)	(337)	Not later than 1 year	334	(301)
(675)	(673)	Later than 1 but no later than 5 years	344	(348)
0	0	Later than 5 years	0	0
(999)	(1,010)	Total	678	(649)

Operating Leases

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

2023/24		2024/25
£'000		£'000
(24)	Not later than 1 year	(13)
(9)	Later than 1 but no later than 5 years	(8)
(5)	Later than 5 years	(6)
(38)	Total	(27)

Council as Lessor

Finance Leases

The Council has no currently determined finance leases as lessor.

Operating Leases

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

- Returns from investment property and the provision of community services, such as sports facilities, tourism services and community centers
- 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:

2023/24		2024/25
£'000		£'000
(10,770)	Not later than 1 year	(11,529)
(31,093)	Later than 1 but no later than 5 years	(33,986)
(119,285)	Later than 5 years	(102,900)
(161,148)	Total	(148,415)

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Contingent rents are immaterial.

40 Defined Benefits Pension Scheme

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

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

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

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

Discretionary post-retirement benefits

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

Transactions relating to post-employment benefits.

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

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
		Cost of services:		
		Service cost comprising:		
1,836	0	* current service costs	1,916	0
111	0	* past service costs	10	0
		Financing and Investment income and exp:		
467	0	* net interest expense	352	0
2,414	0	Total post employment benefit charged to the surplus/deficit on Provision of Services	2,278	0
		Other post emp benefits charge to the CIES		
		Remeasurement of the net defined benefit liability comprising:		
(4,754)	0	* Return on plan assets (excluding amount included as the net interest expenses)	2,137	0
40	1	* Actuarial gain/loss arising on changes in financial assumptions	(18,350)	1
(2,410)	(30)	Actuarial gain/loss arising on changes in demographic assumption	(218)	(30)
4,240	92	* Actuarial (gains) and losses arising from liability other experience	(1,382)	92
(2,884)	63	Total post employment benefits charged to the CIES	(17,813)	63
		<u>Movement in Reserves Statement</u>		
(2,414)	0	* Reversal of net charges made to surplus/deficit on Provision of Services for post employment benefit	(2,414)	0
		Actual amount charged to General Fund for pensions in year:		
1,881	243	* Employer's contributions payable to scheme	1,865	242
(5,108)	(243)	* Retirement benefits payable to pensioners	(5,026)	(242)

Pensions Assets and liabilities recognised in the Balance Sheet

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

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
118,081	0	Fair value of plan assets	119,144	0
(122,847)	(2,665)	Present value of the defined benefit obligation	(106,602)	(2,331)
(4,766)	(2,665)	Net liability arising from the defined benefit obligation	12,542	(2,331)
0	0	Effect of Asset Ceiling	(12,542)	0
(4,766)	(2,665)	Net defined benefit asset recognised on the balance sheet	0	(2,331)

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

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
110,700	0	Opening fair value of scheme assets	118,081	0
1	0	Opening balance adjustment per 'revised' IAS19 actuary report	0	0
5,144	0	Interest income	5,607	0
4,754	0	Remeasurement gain/(loss) on assets	(2,137)	0
1,881	243	Contribution from employer	1,865	242
709	0	Contribution from employee's into scheme	754	0
(5,108)	(243)	Net Benefits paid	(5,026)	(242)
118,081	0	Closing fair value of scheme assets	119,144	0

Reconciliation of present value of the scheme liabilities (Defined Benefit Obligations)

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
120,190	2,850	Opening balance at 1st April	122,847	2,665
(3)	(5)	Opening balance adjustment per 'revised' IAS19 actuary report	0	(5)
1,836	0	Current service costs	1,916	0
5,611	0	Interest income	5,959	0
709	0	Contributions by scheme participants	754	0
		Remeasurement gain/(loss):		
40	1	* Actuarial gain/loss arising on changes in financial assumptions	(18,350)	1
(2,473)	(30)	* Actuarial gain/loss arising on changes in demographic assumption	(126)	(30)
1,934	92	* Actuarial (gains) and losses arising from liability experience	(1,382)	(60)
(5,108)	(243)	Net Benefits paid	(5,026)	(240)
111	0	Past service costs	10	0
122,847	2,665	Closing balance at 31st March	106,602	2,331

Notes to the Accounts

Local Government Pension Scheme assets comprised

2023/24	2023/24	2023/24	Fair value of scheme assets	2024/25	2024/25	2024/25
Quoted	Unquoted	Total		Quoted	Unquoted	Total
£'000	£'000	£'000		£'000	£'000	£'000
945	0	945	Cash and Cash equivalents	2310	0	2310
			Equity instruments: by industry type			
44,788	0	44,788	· Other	39,681	0	39,681
45,733	0	45,733	Subtotal equity	41,991	0	41,991
			Debt securities: by sector			
5,599	0	5,599	· Corp Bonds (non-investment grade)	5,403	0	5,403
17,127	6,048	23,175	· UK Govt	17,361	5,617	22,978
6,334	8,332	14,666	· Other	10,913	3,078	13,991
29,060	14,380	43,440	Subtotal bonds	33,677	8,695	42,372
			Property: by type			
0	8,801	8,801	· UK	0	10,878	10,878
0	8,801	8,801	Subtotal property	0	10,878	10,878
			Private equity:			
0	9,317	9,317	· All	0	10,630	10,630
0	9,317	9,317	Subtotal private equity	0	10,630	10,630
			Other investment funds:			
0	10,790	10,790	· Infrastructure	0	12,147	12,147
0	10,790	10,790	Subtotal other investment funds	0	1,126	1,126
			· Other	0	13,273	13,273
0	0	0	Derivatives	0	0	0
0	0	0	Other	0	0	0
74,793	43,288	118,081	Total Assets	75,668	43,476	119,144

All scheme assets have quoted prices in active markets.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2025.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
2023/24		2024/25
%		%
	Longevity at 65 for current pensioners:	
22.1 yrs	Men	22.0 yrs

	Local Government Pension Scheme	
2023/24		2024/25
24.7 yrs	Women	24.7 yrs
	Longevity at 65 for future pensioners:	
22.6 yrs	Men	22.5 yrs
25.7 yrs	Women	25.6 yrs
2.8%	Rate of inflation (CPI)	2.8%
4.8%	Rate of increase to pensions in payment	4.8%
2.8%	Pension accounts revaluation rate	2.8%
3.8%	Salary increases	3.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for

example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the defined benefit obligation in the scheme	Approx % increase to Defined Benefit Obligation	Approx monetary amount (£000)
0.1% decrease in real discount rate	2%	1,687
1 year increase in member life expectancy	4%	4,357
0.1% increase in the salary increase rate	0%	41
0.1% increase in the pensions increase rate (CPI)	2%	1,693

Impact on the Council's cashflows.

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The scheme's actuary assessed the scheme to be fully funded. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed early 2026.

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

The authority anticipated to pay £1,854,000 expected contributions to the scheme in 2025/2026.

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

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

41 Nature and Extent of Risk Arising from Financial Instruments

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

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

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

Credit Risk

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

This risk is minimised through the annual investment strategy, which is available on the authority's website at [ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NONTREASURY INVESTMENT STRATEGY 2024/25](#)

Credit risk management practices

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

The authority's financial assets are relatively simple;

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

The 2024/25 Investment Strategy outlines in detail the treasury management prudential indicators and the Authority's specific credit risk and credit score analysis methodology.

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

Amounts arising from expected credit losses

The total credit loss for 2024/25 was £0 nil (2023/24, £0 nil).

Notes to the Accounts

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

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

During the year, the authority wrote off financial assets with a contractual amount outstanding of £0 nil (£0 nil in 2023/24) that are still subject to enforcement activity.

Credit risk exposure

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

	Credit risk rating	Gross carrying amount
		£'000
12 month expected credit losses	0	0
Significant increase in credit risk since initial recognition	0	0
Credit impairment as 31 March	0	0
Simplified approach	LOW	11,913

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that total cash available within 3 months is £5m target.

The maturity analysis of financial liabilities is as follows:

2023/24	Analysis of Financial Liabilities	2024/25
£'000		£'000
(171,198)	Less than one year	(116,694)
(5,673)	Between one and three years	(64,348)
0	More than three years	0
(176,873)	Total	(181,042)

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

Market Risks

Interest rate risk

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

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

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

The 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 management during the year. This allows any adverse changes to be accommodated.

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

	£'000
Increase in interest payable on variable rate borrowing	0
Increase in interest receivable on variable rate investments	137
Impact on surplus/deficit on the Provision of Services	137
Decrease in Fair Value of fixed rate investment assets	0
Impact on other comprehensive I&E	0
Decrease in Fair Value of fixed rate borrowing liabilities (no impact on surplus/deficit on the Provision of Services or other Comprehensive Income &Expenditure)	0

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

Price Risk

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

- The Council’s investment in various pooled funds are subject to price risk;
- Equity funds are subject to the risk of falling share prices-
A 5% fall in share prices at 31/03/2025 could result in a £236k adjustment
 - Diversified funds are subject to the risk of falling share prices, falling property prices and interest rate rises-
A 5% fall in share prices at 31/03/2025 could result in a 46k adjustment
A 5% fall in property prices at 31/3/25 could result in a £5k adjustment
A 1% interest rate rise at 31/3/25 could result in a £9k adjustment
 - Bond funds are subject to the risk of interest rate rises-
A 1% interest rate rise at 31/03/2025 could result in a £346k adjustment

Foreign exchange risk

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

42 Subsidiary

2023/24 Single	2023/24 RHL	2023/24 Group	Investment Property Income & Expenditure	2024/25 Single	2024/25 RHL	2024/25 Group
£'000	£'000	£'000		£'000	£'000	£'000
(10,081)	(1,345)	(11,426)	Rental income from Investment Property	(9,832)	(134)	(9,966)
3,094	35	3,129	Direct operating expenses from Investment property	2,122	133	2,255
(6,987)	(1,310)	(8,297)	Net (Gain)/Loss	(7,710)	(1)	(7,711)
2023/24 Single	2023/24 RHL	2023/24 Group	Investment Property Movements In Year	2024/25 Single	2024/25 RHL	2024/25 Group
£'000	£'000	£'000		£'000	£'000	£'000
128,112	1,773	129,885	Opening Balance	135,812	2,923	138,735
10,776	1,150	11,926	Additions	210	0	210
0	0	0	Disposals	(2,520)	0	(2,520)
(3,076)	0	(3,076)	Net (Gain)/Loss from fair value (CIES)	(12,696)	117	(12,579)
0	0	0	Transfers to/from Property Plant and Equipment	27,400	0	27,400
135,812	2,923	138,735	Closing Balance	148,206	3,040	151,246

Recurring fair value measuring usage 2024/25	Quoted Prices active market (Level1)	Single Other significant observable (Level2)	RHL Other significant observable (Level2)	Significant unobservable (Level3)	Group Fair Value at 31 March 2025
Land	0	59,282	760	0	68,139
Buildings	0	88,924	2,280	0	70,596
	0	148,206	3,040	0	138,735
Recurring fair value measuring usage 2023/24	Quoted Prices active market (Level1)	Single Other significant observable (Level2)	RHL Other significant observable (Level2)	Significant unobservable (Level3)	Group Fair Value at 31 March 2024
Land	0	67,408	731	0	68,139
Buildings	0	68,404	2,192	0	70,596
	0	135,812	2,923	0	138,735

2023/24	Profit/Loss from Rushmoor Homes Ltd (RHL)	2024/25
£'000		£'000
(1,345)	Turnover	(134)
206	Administration Expenses	86
(1,140)	Operating (Profit)/Loss	(48)
	Exceptional Items	154
0	Fair Value Movements on Investment Properties	(30)
	Interest paid	165
(1,140)	Profit before Tax	241
0	Tax on Profit	8
0	Dividends	0
(1,140)	Total (Profit)/Loss for the Year	249
1,396	Shareholder funds	1,396

2023/24	Share of Ownership Interests between RHL and RBC	2024/25
£'000		£'000
0	Investment in shareholding company(s)	0
1,593	Loans with Rushmoor Borough Council (RBC)	2,163
1,593		2,163

43 Capitalisation of Borrowing Costs

Finance costs of £1.9m for the construction of Union Yard and £56k for Crematorium have been capitalised at a rate of 5.03% applied. This interest rate is a calculation of the average borrowing costs incurred within the financial year. Capitalisation will cease on practical completion of the project which will then be categorised and included in the balance sheet in accordance with proper practices.

44 Contingent Liabilities

At 31 March 2025, the Council had the following contingent asset/liabilities as below;

- Homes England Brownfield Sites**
 - £1.725m of funding is tied into the proposals for the Civic Quarter generally which the Council is negotiating with Homes England on future proposals. Whilst there are conditions on a date for this to be spent currently it could be anticipated that Homes England would agree to an extension to this if current negotiations required an extension of time to complete the required works. The deadline to meet conditions is end of year March 2026.
- LADS/retention on Union Yard - with arbitration**

The retention on Union Yard (c£1.2m) relates to the contractual retention of capital payments withheld under normal contractual conditions. Their release however is now conditional upon the outcome of the LADS dispute that the Council has with the main contractor. It is likely that this dispute will enter into arbitration in order for a resolution to be obtained. It is only when arbitration is complete that we will know the value of the retention that might have to be released and paid to the contractor. The finalisation of this depends on the outcome of arbitration, which is likely to be before the end of financial year 2026.
- Rights to Light at Union Yard**

Is a compensation payment made to successful claimants following a negotiation on the amount to be paid. Currently we have an ongoing claim for compensation which is likely to conclude in 2025/26, however the value is unknown at this stage.

Collection Fund Statement

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.

2023/24			-	2024/25		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£'000	£'000	£'000		£'000	£'000	£'000
(66,796)		(66,796)	INCOME:	(70,193)		(70,193)
	(51,317)	(51,317)	Council Tax receivable		(59,623)	(59,623)
	(8,373)	(8,373)	Business Rates receivable		(2,287)	(2,287)
(185)		(185)	Transitional Protection Payments receivable	(40)		(40)
(66,981)	(59,690)	(126,671)	Council tax discounts funded by billing authority General Fund	(70,233)	(61,910)	(132,143)
			Total amounts to be credited			
			EXPENDITURE:			
			Apportionment of Previous year Surplus/Deficit			
	272	272	Central Government		407	407
65	49	114	Hampshire County Council	147	74	221
10	217	227	Rushmoor Borough Council	23	326	349
11	0	11	Police & Crime Comm. for Hampshire	25		25
4	5	9	Hampshire Fire and Rescue	8	8	16
		0	Precepts, demands and shares			
	28,144	28,144	Central Government		30,135	30,135
48,129	5,066	53,195	Hampshire County Council	50,615	5,425	56,040
7,448	22,515	29,963	Rushmoor Borough Council	7,683	24,108	31,791
8,288		8,288	Police & Crime Comm. for Hampshire	8,631		8,631
2,651	563	3,214	Hampshire Fire and Rescue	2,735	603	3,338
		0	Charges to Collection Fund			
	(54)	(54)	Write offs of uncollectable amounts		(12)	(12)
1,018	187	1,205	Increase/(decrease) in allowance for debt impairment	713	345	1,058
	3,154	3,154	Increase/(decrease) in allowance for NNDR appeals		(1,098)	(1,098)
	123	123	Charge to GF for allowable nnr collection costs		125	125
67,624	60,241	127,865	Total amounts to be debited	70,580	60,446	131,026
643	551	1,194	(Surplus)/Deficit arising in year	347	(1,464)	(1,117)
298	(527)	(229)	(Surplus)/Deficit brought forward at 1st April	941	24	965
941	24	965	(Surplus)/Deficit carried forward at 31st March	1,288	(1,440)	(152)
			Allocated to:			
	12	12	Central Government		(720)	(720)
685	2	687	Hampshire County Council	937	(130)	807
103	10	113	Rushmoor Borough Council	140	(576)	(436)
116	0	116	Police & Crime Comm. for Hampshire	161		161
37	0	37	Hampshire Fire and Rescue	50	(14)	36
941	24	965	Total	1,288	(1,440)	(152)

Notes to the Collection Fund

1. Council Tax Base

Council Tax derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Hampshire County Council, Police and Crime Commissioner, Fire and Rescue Authority and the Council for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted to convert the number to a Band D equivalent and adjusted for discounts: 33,011.64 for 2024/25.

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

	discounted equivalent dwellings	weighting	2024/25
Tax Band			
Valuation Band A (disabled relief)	2	5/9	1.0
Valuation Band A	910	6/9	576.4
Valuation Band B	6,160	7/9	4,788.3
Valuation Band C	13,647	8/9	11,893.4
Valuation Band D	7,430	1	7,555.1
Valuation Band E	3,770	11/9	4,748.9
Valuation Band F	1,186	13/9	1,747.6
Valuation Band G	294	15/9	484.6
Valuation Band H	5	18/9	20.0
Total Band D Equivalents			31,815.3
Valuation Band O (Army)	1,853	-	1,870.1
Allowance for non-collection (2%)			-673.7
Tax Base for year			33,011.6

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 2025 is £142.431m and the national non-domestic multiplier was 54.6p (small businesses 49.9p).

Business Rates Revaluation 2023

At revaluation, the Valuation Office Agency (VOA) adjusts the rateable value of business properties to reflect changes in the property market. The most recent revaluation came into effect in England and Wales on 1st April 2023, based on rateable values from 1st April 2021.

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

The business rates multiplier was adjusted so that revaluation would be revenue neutral, after accounting for a forecast of the cost of appeals against the new values.

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

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

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

2023/24	2024/25
£000	£000
Council Tax allowance for non collection	
(4,412)Provision at 1 April	(5,213)
(1,017)Provision made in year	(713)
216Written off in year	338
(5,213)Provision at 31 March	(5,588)
NNDR allowance for non-collection	
(1,295)Provision at 1 April	(1,024)
(133)Provision made in year	(346)
404Written off in year	290
(1,024)Provision at 31 March	(1,080)
NNDR valuation Appeals	
(4,200)Provision at 1 April	(7,373)
(19)Adjustment to opening	0
(3,891)Provision made in year	(296)
737Written off in year	1,394
(7,373)Provision at 31 March	(6,275)

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

DRAFT - ANNUAL GOVERNANCE STATEMENT – 2024/25

1. Introduction and scope of responsibility

- 1.1 Rushmoor Borough Council (RBC) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 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.
- 1.3 The Annual Governance Statement (AGS) states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), and as amended by the Accounts and Audit (coronavirus) (Amendment) regulations 2020, which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to review and approval by the Corporate Governance, Audit and Standards Committee (CGAS Committee), and the Corporate Management Team (CMT).
- 1.4 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 the previous year's governance statement; and
 - reports on any key governance matters identified from this review and provides a commitment to addressing them.

2. The Council's 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 services and value for money.

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](#)). This details the key policies, procedures and systems by which the Council is controlled and governed. 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).

Rushmoor Borough Council comprises of 39 Councillors who represent 13 wards across the Borough. It currently operates under a Leader and Cabinet structure with Cabinet Members responsible for individual portfolios.

The staff of the Council are managed by the Managing Director (MD), who is the Head of Paid Services. The MD is supported by an Executive Leadership Team (ELT).

Key sources of assurance for the council's governance framework are set out below.

Council, Cabinet and Leader	- 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	Pre and post Cabinet decisions made are subject to scrutiny/ call in for review by the Committee.
Corporate Governance, Audit and Standards Committee (CGAS)	- 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	- 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 Cabinet.
Corporate Governance Group	Officers with statutory roles within the Council review and provide assurance over the governance arrangements within the Council including constitutional changes and operational matters.
External assurances	- Assurances are obtained from external bodies e.g. compliance with Public Services Network (PSN) and CIPFA - Peer reviews - Engagement with LGA and encourage reviews.
Information Governance Group (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 Corporate Governance Group. - Oversight of the Council's cyber security treatment plan.
Capital Programme Board	Review of governance and risk management over major projects.
Head of Paid Service	- The Interim Managing Director (MD) carries the responsibility for the proper management of RBC and for ensuring that the principle 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	- Ensures compliance with established policies, procedures, law and regulations. - Monitors ethical standards. - Reports actual or potential breaches of the law.
Section 151 Officer	- Develops a medium-term financial strategy that is aligned with strategic priorities. - Safeguards public money - Promotes and deliver good financial management and governance.

Executive Leadership Team (ELT)	- 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), incorporating ELT	- Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. Including maintaining service and corporate risk register. - 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	Audit and report on the Council's financial statements, 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	- 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 on risk-based audit activity - Makes recommendations for improvements in the management of the Council's risk, governance and control environment.
Property Investment Advisory Group	Oversees the Council's commercial property

3. Principles

- 3.1 Set out below is a summary of how the Council has complied with the seven principles set out in the CIPFA/SOLACE framework during 2024/25.

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

The Council's constitution sets out how the Council operates, roles and responsibilities of Members and Officers, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The constitution is published on the Council's website.

The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures, and is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's constitution. In RBC, the Interim Monitoring Officer is Amanda Bancroft (Corporate Manager – Legal) from 12th May 2025.

Section 151 of the Local Government Act 1972 specifies that one officer must be responsible for the financial administration of the organisation and that this officer must be CCAB qualified. In RBC, this is the Executive Head of Finance.

The Council has established a Corporate Governance Group, which includes the Monitoring Officer & deputy, S151 Officer & deputy, Corporate Manager – IT, Information Governance Officer, Service Manager – Risk, Performance and Procurement, Corporate Manager - People Team and Financial Governance 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 values are Collaborate, Innovate, Brave and Integrity.

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, higher risk and high value matters.

B – Ensuring openness and comprehensive stakeholder engagement

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 Council's 3-year business plan is published on the council's website along with the monitoring of the actions towards the plan.

A statement of community involvement is published on the Council's website. The Council aims to make sure that there is a clear and proper consultation procedure that shows what the community and stakeholder should expect. To achieve this the Council will adhere to the following five principles:

- Ensuring equal opportunity
- Keeping the community informed
- Ensuring the community is involved
- Ensuring community engagement is relevant
- Providing feedback.

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.

C – Determining outcomes in terms of sustainable economic, social and environmental benefits

Our Cabinet has recently agreed to a new set of five priority themes for Aldershot and Farnborough:

- Skills, economy and business
- Homes for all: quality living, affordable housing
- Community and wellbeing: active life, healthier and stronger communities
- Pride in place: clean, safe and vibrant neighbourhoods
- Vision for the future and financial sustainability

The above themes will be part of a new council delivery plan. In the meantime, the Council will still be working to the plans and performance monitoring of the Council plan 2023-26.

Our Council plan outlines the Council's priorities over the next three years. It also describes the key strategic projects that will contribute to achieving our vision.

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.

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 to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local plan. The Local Plan is the basis together with the National Planning Policy Framework and associated guidance of all development decisions and therefore all decisions are informed by the consultation and evidence at a strategic level and assessed as to how they meet these requirements based on the specific application.

In July 2023, members of the council's Cabinet approved a new Climate change plan and agreed to the council's Carbon footprint being published and monitored.

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

Options are required before decisions are taken and service changes implemented, including seeking external / independent expertise if the decision is of a complex technical nature.

The Overview & Scrutiny Committee considers the effective delivery of Council priorities and recommends interventions and remedies as appropriate.

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:

- Corporate Governance, Audit and Standards (CGAS) Committee, with specific roles to ensure effective governance
- The Property Investment Advisory Group (PIAG) provides early consideration of projects prior to submission to the Cabinet. This group is supported by LSHIM who provide market-based assessments of acquisition, disposal, and asset performance.
- The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects. Examples of work undertaken by the Committee during 24/25 include:
 - Disposal of units at Union Yard development
- 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.

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

The People Strategy includes four key themes which encourages a positive culture enabling high performance, the development of people to realise their potential, that people are engaged and feel valued and supported, as well as the Council being an employer of choice.

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.

The Council supports apprenticeship training for new apprenticeship contracts and for upskilling staff. The Council is currently supporting 9 members of staff to gain apprenticeship qualifications. Leadership programmes are promoted and encouraged to support the continued professional development of staff and succession planning objectives. Development includes the Frimley Health development programmes and District Council Network, Solace and Local Government Association courses and networking opportunities. The annual development reviews and regular one to ones enable the Council to identify development and succession planning opportunities.

The Council regularly supports the attendance of both executive and non-executive councillors at the LGA leadership essential courses and weekend events across a number of topic areas including finance, climate change and equalities.

The Council engages external consultants when additional resources or specialist resources are required to ensure the effective delivery of its services or projects.

The Council subscribes to an Employee Assistance Programme to support health and wellbeing of staff and organises wellbeing walks. Lunch and learn sessions are delivered on topics such as climate change and disability awareness.

The Council's senior leadership structure was restructured at the beginning of 2025 to reflect the considerations made by the LGA Corporate Peer Challenge in June 2024, the CIPFA review and the new administration. The agreed structure proposal of deleting the position of CEX would realise initial savings and an interim Managing Director and Head of Paid service would be appointed to focus on further organisational structure changes and efficiencies.

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

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. Quarterly the corporate risk register is reviewed by CMT. Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management and internal control to the Corporate Governance, Audit and Standards (CGAS) Committee.

The Council's Cyber Security position, plans and mitigations are reported and reviewed via Corporate Governance Group and Corporate Management Team. The Council continues to enhance its cyber aware training and simulation exercises for staff and members. Previous funding from MHCLG was used to set-up immutable backups, enhance the business continuity plan including business impact assessments supporting critical functions of the council and developing and testing a Cyber Incident Response Plan. Comprehensive IT Change management is in place for changes to live systems and infrastructure. A mobile device management solution has been implemented to manage and protect the council's data following NCSC guidelines. A 24*7 managed Security Operations Centre has commenced which reports any unusual cyber activity and detains any security incidents. Audits and remediation continue annually for the Public Services Network to maintain compliance. Data security requirements are being put in place for compliance with the DWP's Memorandum of Understanding for the use of DWP derived data, which is audited. The National Cyber Security Centre (NCSC), Microsoft, Local Government Association (LGA) and (Warning, Advice and Reporting Point) WARP alerting services are used to follow best practice. The MHCLG's Cyber Assessment Framework (CAF) Ready programme has been completed, achieving additional funding to enhance the council's cyber security posture. The Council is also reviewing guidance from the governments Cyber Code of Practice.

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. Information governance and data security e-learning modules are mandatory for all staff and Members on how to manage Council data.

Financial management and governance has been strengthened through additional senior qualified and experienced accounting capacity with specific focus on financial management and governance.

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

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 (FOI) gives anyone the right to ask for any information held by the Council subject to the need to preserve confidentiality in specific circumstances.

The Council's constitution sets out how decisions are made and specific reference to decision making by Full Council, Cabinet, Committees and scrutinised by the Overview and Scrutiny Committee. The Constitution includes the officer Scheme of Delegation which sets out the powers and functions that are delegated to named Council Officers. The Council seeks peer reviews and implements recommendations made to strengthen the governance, risk and control environment.

Risk based internal auditing provides ongoing assurance that the key risks are being managed.

4. Key governance changes in year

4.1 LGA Corporate Peer Challenge

In June 2024 a Local Government Association (LGA) Corporate Peer Challenge was undertaken. An exercise where a team of local authority experts look at how we work as an organisation. The peer team considered the following 5 themes:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

10 recommendations were made by the review team and an action plan to take these forward was presented and agreed by Cabinet in October 2024. Progress towards the implementation of these actions will continue to be reported as part of the quarterly performance monitoring to Cabinet.

4.2 Review of Senior Leadership Team

The senior leadership team is currently under review to align to the priorities set out in the 2025-26 Council Delivery Plan and to demonstrate clearer accountability, a simplified structure and reduced costs. This process began in April 2025 when the Council approved the removal of the role of Chief Executive and agreed new arrangements, appointing an interim Managing Director to complete the review within a 6-month period.

4.3 Finances

In February 2023 the council approved a balanced budget without the need to draw on reserves for 2023-24 and forecasted a balanced budget for the following year, 2024-25. However, these forecasts significantly underestimated the interest payment on the £167m of short-term borrowing (February 2023 bank rate 4% vs budgeted 1.66%) and the borrowing was fully exposed to further interest rate rises in the coming year. Inflation had also been underestimated at circa. 2.5% vs inflation of 10.4% as at February 2023 and projected to reduce gradually. Consequently, the revised 2024-25 budget approved on 22nd February 2024 projected a £5.4m deficit before savings and a cumulative £16.6m MTFs deficit to 2027-28 with £10.7m of available reserves to cover the deficit (increased to £12.22m in July 2024 by the 2023-24 outturn surplus).

At the 22nd February 2024 Budget Council, a financial recovery plan was agreed requiring a total recurrent net budget reduction of £4m by the end of 2027-28 to balance the budget without any further reliance on reserves beyond the MTFS period. The plan acknowledged that interest on the £167m of short-term borrowing (i.e. property investment and regeneration projects were funded by borrowing maturing in less than one year where rates were below 1% compared to longer term where rates were 2-3% higher) was the ongoing cause of the deficit, and therefore required £40m of asset sales over the MTFS period to repay borrowing and consequently reduce annual interest and principal (minimum revenue provision - MRP) repayments by £2.04m per year. In addition, whilst ever inflation is above 2%, service expenditure inflation outpaces the council's ability to increase income, resulting in a need for a £500k per year reduction in cost of services to achieve a recurrent £2m per year reduction by the end of the MTFS period.

A significant amount of progress has been made in identifying savings for 2025- 26 onwards. Whilst these are incorporated into the 2025-26 budget estimates, several of the key risks in the February 2024 MTFS have materialised resulting in a 2025-26 estimated deficit of £5.2m (£4.1m projection in February 2024).

The 2025-26 budget and MTFS has been projected in the context of the current Local Government Reorganisation on the basis that the council will continue in existence and is able to balance its budget and MTFS without external financial assistance. There is a high degree of uncertainty in several of the assumptions in the 2025-26 MTFS, and it is therefore crucial that the council achieves a minimum £1.8m net budget reduction (i.e. the 2025-26 required savings) and strives to make significant inroads into the additional £1m increase the following year. The 2025-26 MTFS projects an additional £2.9m drawdown of reserves compared to 22nd February 2024 to a level of £3.6m and therefore has no flexibility for any unplanned draw on reserves in addition to the identified risks around the budget assumptions if the council is to be able to set a balanced budget each year of the MTFS.

A Financial Recovery Plan was approved at 15th October Cabinet establishing three separate workstreams; (1) Revenue Savings, (2) Capital Receipts, and (3) Financial Service capacity and capability. The revenue savings workstream has identified over 30 lines of enquiry and associated actions and progress to date is reflected in the budget, including progress on capital receipts. The lines of enquiry have been an effective lens to enable a systematic and objective review of the councils' services from several angles and as expected have led onto new lines of enquiry that will continue to be pursued.

There are two significant levers within the council's control to resolve the deficit. The most controllable lever is the council's cost base, the second lever is the reduction of interest and MRP through reduction in borrowing. Therefore, the course of action the council will be taking in 2025-26 as a result is to:

- a. Continue working through the lines of enquiry
- b. Complete a detailed commercial property review and review of portfolio management to drive up income and reduce costs from the portfolio (aim for net £750K improvement) by 2027-28 at the latest.
- c. Bring forward the Civic Quarter capital receipt to gain the benefit earlier than 2028/29 (assuming £12m disposal value benefit is Circa £1.1m per year)
- d. Identify further asset sales with zero underlying debt to benefit from 1/10th MRP reduction and interest saved on borrowing, outweighing lost income.

Achieving the full £1.8m required cost of services reduction in 2025-26 is a significant challenge. In recognition of this challenge an immediate project is underway to identify a schedule of actions to deliver a budget reduction this year. Services managers have been asked to review specific services, activity and costs which:

- Could stop – i.e. not already contracted or contract not renewed in year
- Expenditure to temporarily stop for current or next year
- Could be carried out in a different way/scaled back to take account of devolution and/or local government reorganisation at reduced cost
- Service development projects/IT upgrades that can be on hold until local government reorganisation is progressed

4.4 External Audit

On 5 September 2024 the government published draft the Accounts and Audit (Amendment) Regulations 2024. These Regulations, which were approved on 30 September 2024, set a publication date for financial statements up to and including 2022/23 of 13 December 2024. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

The external auditors issued a disclaimer audit opinion for 2020/21, 2021/22 and 2022/23.

Communication has improved with the external auditors, including regular meetings, to ensure that any issues or queries are dealt with promptly and sufficient resources are assigned to deal with requests.

4.5 Resolution of governance issues identified in 23/24

The new Freedom of Information (FOI) system came into force in July 2024 to improve the tracking and ensure that responses to requests are carried out in a timely manner. The FOI response rate (statutory turnaround times) has improved from 73 % in Q1 of 2023/2024 to 95% in Q4 of 2024/2025. The percentages vary slightly from quarter to quarter.

The self-assessment against the seven characteristics of good governance has been carried out by the Corporate Governance Group and has been included as part of the annual work plan to review governance and any improvement points highlighted through the group's discussion are recorded as an action point for the group to progress.

Governance actions from the peer and CIPFA review have been included within the Financial Resilience Plan and as part of quarterly monitoring. Whilst the actions are still being implemented these have been embedded within sufficient monitoring mechanisms that progress on the implementation of these will continue to be reported to Cabinet.

5. **Effectiveness of the governance framework**

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.
- A statement of assurance is obtained from Heads of Service to confirm the governance arrangements in place within their service and any actions to be included within the AGS.
- Risk management reports and the corporate risk register is maintained and scrutinised by Corporate Management Team (CMT) quarterly and subsequently communicated to CGAS, the Corporate Governance Group and Cabinet.
- The Audit Manager's update reports on the internal audit activity, which provides an independent assurance that Governance, Risk management and internal Control is in place and provides an opinion on the effectiveness of these arrangements.

- Half yearly updates to the CGAS Committee monitoring the work carried out towards the governance actions identified in the previous year's AGS.
- Any comments made by External Audit or other external reviews.
- The Corporate Governance Group provides assurance over the governance arrangements within the Council by completing a self-assessment annually against the seven characteristics of good governance and takes forward actions to improve governance.

6. Risk management

- 6.1 Significant risks must be formally identified, assessed and appropriately managed in order to mitigate their likelihood and/or their adverse impacts, such as on the continued operation of the Council, compliance with legal obligations or achieving strategic objectives.
- 6.2 Ultimately the responsibility to ensure that the Council's risk management process is effective lies with the Executive Leadership Team (ELT), the Managing Director and elected members. The overall responsibility to manage this process is delegated to the Executive Director, with day-to-day management provided by the Service Manager for Risk, Performance and Procurement.
- 6.3 The risk management policy and arrangements have been reviewed in year with the following changes being agreed by Cabinet on 14th January 2025:
- The process for developing a strategic level risk appetite
 - Further development of the processes used to identify opportunities as well as threats when identifying risks
 - Amendments to give further clarity on what must be discussed, agreed and recorded when the risk register is reviewed
 - Alignment with the Council's agreed priorities
 - Further clarity on the arrangements for reporting when risks become issues.

Work will take place during 25/26 to embed the operational changes and develop a Strategic risk appetite/policy.

7. Managing the risk of fraud and corruption

- 7.1 The Council is committed to the highest possible standards of honesty, openness and accountability. It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.
- 7.2 The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.
- 7.3 To mitigate the risk of fraud the Council has in place fraud and governance policies to which staff should adhere. These include the Anti-fraud, Bribery and Corruption policy, Whistleblowing policy, Anti-Money Laundering policy and Gifts and Hospitality policy. Any issues raised relating to these policies are dealt with by the appropriate responsible officer in accordance with the requirements of each policy.

8. Internal audit assurance

AUDIT OPINION ONCE FINALISED

9. External audit assurance

- 9.1 The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').
- 9.2 The audit of the financial statements for the year ended 31 March 2021, 31 March 2022 and 31 March 2023 for Rushmoor Borough Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 26 November 2024, 13 December 2024 and 13 December 2024 respectively. The audit of the 2023-24 financial statements was signed off on 28th February 2025 in compliance with legislation.
- 9.3 External audit also provides assurance on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The audit opinion is that the Council did not have adequate arrangements to reduce its recurrent level of revenue spending so that it can be contained within available resources without the need to call on reserves or reduce the level of planned service provision. In particular, the Council did not have arrangements to reduce its very high level of short-term borrowing to mitigate the impact of this on its revenue budget over the medium term and reduce the level of interest rate risk it is currently exposed to.

Annual Governance Statement

10. Actions to implement in 25/26

The review of the effectiveness of the Council's governance framework has identified that the actions carried forward from 2023/24 as detailed below are significant areas for the Council to implement, mainly the financial resilience plan, and therefore remain the key area of focus and remain a key governance area to improve. Therefore, no further governance actions have been put forward. The progress against these actions will be reviewed by the Corporate Governance Group and regularly reported to the Corporate Governance, Audit and Standards Committee.

The below are previous actions highlighted for improvement within the 24/25 AGS and will continue to be implemented and monitored during 25/26.

Action from 23/24 AGS	Original target date	Last update from May 2024	Revised target date	Update November 2024	Revised target date	Direction of travel
Following the changes in political control in May there are likely to be shifts in priorities which may require existing governance arrangements to be reviewed. This will be taken forward by the ELT supported by the governance group. Existing arrangements will have new appointments and training and briefing will be required for new appointees to be able to undertake governance roles effectively	September 2024 As soon as practicable in new Civic year	N/A – New action	N/A	As a result of the Corporate Peer Challenge and the CIPFA report the Council has commissioned a review of some elements of its committee and governance arrangements. This report will be considered once completed. The report will be considered in January 2025 with any changes agreed being brought in from May 2025.	Report – January 2025 Changes (if required) May 2025	Progressing ↑
The governance actions which transpire from the CIPFA review will be actioned accordingly.	TBC when actions from the report agreed	N/A – New action	N/A	A Financial Resilience Plan has been agreed which incorporate actions from the CIPFA review and the peer challenge. Work towards the plan is regularly reviewed by ELT.	Ongoing	Progressing ↑
A self-assessment against the CIPFA Financial Management Code will be carried out. The actions resulting from the self-assessment will be carried out to ensure compliance with the code.	September 2024 September 2025	N/A – New action	N/A	The self-assessment against the CIPFA Financial Management Code has been carried out and further action is required to fully implement the requirements so that the Council is fully compliant with the code.	September 2025	Progressing ↑
A self-assessment against the seven characteristics of good governance has been carried out by the Corporate Governance Group. Actions arising from this review will be taken forward to improve any governance gaps.	TBC when actions agreed	N/A – New action	N/A	The self-assessment is being scheduled to be reviewed annually. Currently the 2 nd review against these characteristics is being carried out.	Business As Usual	Completed

11. Certification

11.1 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 17 above. We propose over the coming year to take steps to address the above matters identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

Gareth Williams
Leader of the Council

Ian Harrison
Interim Managing Director

Date: XXX 2025

XXX 2025

Accounting Period

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

Accounting Policies

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

Accruals

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

Accrued Interest

Interest accumulated but not yet received or paid.

Actuarial

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

Actuarial Gains and Losses

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

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

Agency Services

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

Amortisation

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

Amortised Cost

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

Asset

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

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

Audit of Accounts

An independent examination of the Council's financial affairs.

Authority/Local Authority

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

Balance Sheet

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

Billing Authority

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

Borrowing

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

Budget

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

Capital Expenditure

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

Capital Financing

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

Capital Grants

Grants received towards capital expenditure.

Capital Programme

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

Capital Receipt

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

Collection Fund

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

Community Assets

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

Componentisation

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

Comprehensive Income and Expenditure Statement (CIES)

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

Consistency

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

Contingent Asset

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

Contingent Liability

A contingent liability is either:

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

Corporate and Democratic Core

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

Council Tax

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

Council Tax Base

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Current Assets

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

Current Service Cost (Pensions)

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

Defined Benefit Pension Scheme

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

Depreciated Replacement Cost (DRC)

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

Depreciation

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

Direct Revenue Contributions

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

Discretionary Benefits (pensions)

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

Doubtful Debt (also known as bad debt)

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

Earmarked Reserves

Reserves which are held by a Council for specified purposes.

Events after the Balance Sheet date

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

Exceptional Items

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

Existing use Value (EUV)

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

Expected Return on Pension Assets

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

Fair Value

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

Finance Lease

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

Financial Asset

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

Financial Instrument

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

Financial Liability

An obligation to deliver cash or another financial asset.

Funded Benefits

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

General Fund

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

Going Concern

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

Government Grants

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

Held for Sale

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

Heritage Assets

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

Highest & Best Use

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

Historic Cost

The amount originally paid for a fixed asset.

Housing Capital Receipts Pool

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

IFRS

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

Impairment

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

Infrastructure Assets

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

Intangible Assets

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

Interest Cost (Pensions)

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

Investment Property

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

Investments (Pension Fund)

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

Joint Ventures

An entity established with contractual or binding arrangements whereby two or more parties are committed to undertake an activity that is subject to their joint control, with strategic,

financial and operating decisions relating to the activity requiring the unanimous consent of the parties sharing the control.

Lease

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

Liability

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

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

Liquid Investment

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

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

Market Participants

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

Market Value

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

Materiality

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

MHCLG

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

Minimum Revenue Provision (MRP)

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

Net Book Value

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

Non-Domestic Rates (NDR)

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

Non-Operational Assets

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

Observable Inputs

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

Operating Lease

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

Operational Assets

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

Orderly Transaction

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

Payables (also known as Creditors)

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

Past Service Cost (Pensions)

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

Pension Scheme Liabilities

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

Precept

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

Precepting Authority

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

Prepayment

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

Prior Year Adjustment

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

Property, Plant & Equipment (PPE)

Tangible assets (i.e. assets with physical substance) that are held for use by the Council for the supply of services, for rental to others or for administrative purposes that are expected to

be used for at least part of the succeeding financial year. These may be operational or non-operational.

Provision

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

Public Works Loan Board (PWLB)

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

Rateable Value

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

Receivables (also known as Debtors)

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

Related Parties

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

Related Party Transactions

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

Remuneration

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

Reserves

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

Retirement Benefits

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

Revenue Expenditure

The day-to-day expenses of providing services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Support Services Costs/Charges

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

Tangible Fixed Asset

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

Useful Economic Life (UEL)

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

Unobservable Inputs

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

Unusable Reserve

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

Usable Reserve

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

Corporate Governance, Audit and Standards
Committee
23rd July 2025

EXECUTIVE HEAD OF FINANCE
REPORT NO: FIN2515

TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2025/26 – Quarter 1 and 2024/25 Outturn

SUMMARY:

This report sets out the activities of the Treasury Management and non-Treasury Investment Operations for quarter 1 in the financial year 2025/26, and reports on compliance with Prudential Indicators along with 2024/25 outturn figures.

RECOMMENDATIONS:

Members are requested to:

- (i) Make any recommendations, as appropriate, to the Cabinet on the contents of this report in relation to the treasury management and non-treasury investment operations carried out.

1. INTRODUCTION

- 1.1 This report sets out the Treasury Management and Non-Treasury Investment operation performance for Quarter 1 2025/26 and the 2024/25 outturn position. This report is a statutory requirement under the CIPFA Code of Practice on Treasury Management.
- 1.1 Full Council approved the Annual Treasury Management Strategy and Non-Treasury Investment Strategy for the financial year 2025/26 in February 2025. The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management 2021 ("the Code") and is fully incorporated into the Council's adopted strategy.

2. PURPOSE

- 2.1 This report sets out compliance with the strategy and performance against Prudential Indicators to the end of June 2025/26 within appendices (1-4):

Appendix 1

- The **Treasury Management operations** which sets out how the Council's treasury service operated during the period to June 2025;
- The **Treasury Management Borrowing** which sets out the Council's borrowing during the period to June 2025, and;
- The **Treasury Management Investments** which sets out the Council's Treasury Management investment operations for the period to June 2025.

Appendix 2

- the **Prudential indicators** performance is compared to the indicators set out in the Annual Capital Strategy for the year 2025/26.

Appendix 3

- The list of borrowing counterparties as at end of June 2025.

Appendix 4

- Market commentary regarding from the Council's treasury management advisors Arlingclose

3 BACKGROUND

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance on the aims and requirements of a Capital Strategy focusing on a whole organisation approach to prudent, sustainable, and resilient local government investment.
- 3.2 CIPFA have also issued two professional Codes of Practice to which the Council is required to "have regard to". These Codes provide frameworks that are designed to support local strategic planning, local asset management planning and proper option appraisal:
- The Prudential Code – developed to support local authorities in taking decisions around their capital investment programmes. The objectives of the Prudential Code are to ensure, within a clear reporting framework, that a local authority's capital expenditure plans and investment plans are affordable and proportionate; that all external borrowing and other long-term liabilities are within prudent and sustainable levels; that the risks associated with investments for commercial purposes are proportionate to their financial capacity; and that treasury management decisions are taken in accordance with good professional practice.
 - The Treasury Management Code - Treasury Management is defined as 'The management of the organisation's borrowing, investments, and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.
- 3.3 The primary purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed to deliver the Council's services. The secondary function of the treasury management operation is the funding of the Council's capital programme and manage cashflow requirements over a longer-term period.
- 3.4 Non-treasury investment operations should ensure that all investments made primarily for service reasons. Then, second to this, the function of investment management is to generate returns.
- 3.5 This quarterly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators.

4 POOLED FUNDS

- 4.1 Accounting Standard IFRS9 impact – The statutory override for pooled funds in England – requires change in value of the original capital invested (i.e., current market price resulting in gains and losses) to be held as a value on the Balance Sheet until the fund is sold (i.e., when the gain or loss becomes real) – is set to end in 2025-26, i.e., the last year it will be in place will be 2024-25. The long-term pooled funds investment is currently valued below cost, i.e. at a loss if they were to be redeemed. However, the statutory override was recently further extended to March 2029.

5 CONCLUSIONS ON THE TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS DURING 2024/25

- 5.1 All treasury activity was conducted within the approved Treasury Management Practices (TMP's).
- 5.2 The majority of borrowing was short-term Local Authority (LA), although this report shows that there has been a change, in line with the strategy, to have more longer term borrowing with PWLB locking in rates at equivalent to or lower than the borrowing rate set within the MTFS (4.78%). This diversifies the borrowing the Council holds.

6 KEY RISKS

- 6.1 The Council has borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 6.2 The key risks to the Councils delivery of successful treasury and non-treasury investment options include:
- Inflation levels
Inflation rates are now reducing after a prolonged period of increased levels.
 - Bank of England Base rate
Base rate has reduced to 4.50%. Expectations are that this will reduce further, however a slow reduction is anticipated.
 - Delivery of Capital Programme
Will impact borrowing requirements and timing will impact rates achievable for both borrowing and investments during the years

Contact Details:

Report author:
Nikki Fleming – Financial Governance Manager
01252 398810
nikki.fleming@rushmoor.gov.uk

Head of Service:
Peter Vickers - Executive Head of Finance
01252 398099
Peter.vickers@rushmoor.gov.uk

Treasury Management Report Q1- 2025/26 and 2024/25 Outturn

Introduction

The Council applies the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This quarterly report provides an update of the treasury management prudential indicators. The non-treasury prudential indicators are included in Appendix 2.

The Council's treasury management strategy for 2025/26 was approved at the Council meeting on 27th February 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

Local Context

On 31st March 2025, the Council had net borrowing of £127m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), in Table 1 below.

Table 1: Balance Sheet Summary

	2024-25 Estimate	31.3.25 Actual £m	31.3.26 Forecast £m
General Fund CFR	167.9	174.2	161.6
Less: Other debt liabilities (leases)	0.8	0.6	0.6
Borrowing CFR	167.1	173.6	161.0
Less: Internal borrowing (surplus cashflow timing difference)	5.0	7.6	20.8
External borrowing*	162.1	166.0	94.0

* shows only loans to which the Authority is committed and excludes optional refinancing.

APPENDIX 1

The treasury management position at 31st March 2025 and the change over quarter 1 is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	30.06.25 Balance £m	30.06.25 Rate %
Long-term borrowing				
- Other (local authorities)	2.0	5.0	7.0	4.64
- PWLB	62.0	30.0	92.0	4.83
Short-term borrowing	102.0	(55.0)	102.0	4.92
Total borrowing	166.0	(20.0)	146.0	
Long-term investments	16.0	(3.0)	13.0	6.03
Short-term investments	5.0	(5.0)	0	N/A
Cash and cash equivalents	18.0	0.6	18.6	4.35
Total investments	39.0	(7.4)	31.6	
Net borrowing	127.0	(12.6)	114.4	

Borrowing Strategy and Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

After substantial rises in interest rates since 2021 many central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields have been volatile but have reduced slightly except in the longer term in response to expectations of lower future interest rates. There has been a slight increase in gilt yields for period of around 30 years and longer, which is due primarily to an increased uncertainty premium being priced into the longer period.

The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.27% at the end. The lowest available 10-year maturity rate was 5.17% and the highest was 5.56%. Rates for 20-year maturity loans ranged from 5.71% to 6.16% during the period, and 50-year maturity loans from 5.46% to 5.97%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

For the majority of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 5.00% - 5.25%. However, from late 2024 rates began to rise, peaking at around 6% in February and March 2025.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.

The Council currently holds £148m in commercial property investments of which the majority were primarily for financial return and were purchased prior to the change in the CIPFA Prudential Code.

APPENDIX 1

Before undertaking further additional borrowing the Council will review the options for exiting these investments.

Loans Portfolio

At 30th June 2025 the Council held £146m of loans, (a decrease of £20m on 31st March 2025), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th June 2025 are summarised in Table 3A below.

Table 3A: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	30.06.25 Balance £m	30.06.25 Weighted Average Rate %
Local authorities (long-term)	2.0	5.0	7.0	4.64
Local authorities (short-term)	102.0	(55.0)	47.0	4.92
PWLB Maturity Loan	62.0	30.0	92.0	4.83
Total borrowing	166.0	20.0	146.0	

The average rate on the Council's short-term loans at 30th June 2025 on £47m was 4.92%, this compares with 5.16% on £102m loans 3 months ago.

Table 3B: Long-dated Loans borrowed

	Amount £m	Rate %	Period (Years)
Horsham District Council	2.0	5.10	2
PWLB Maturity Loan	92.0	4.83	1.5-4
South Yorkshire Mayoral Combined Authority	5.0	4.45	3
Total borrowing	99.0		

The Council's new borrowing decisions to replace existing borrowing as current loans mature are determined by a cashflow projection.

Forward starting loans

To enable certainty of cost to be achieved without suffering a cost of carry in the intervening period, the Council arranged £5m of forward starting loans with fixed interest rate of 4.85% for the delivery of cash in the following months' time, details of which are below.

Table 3C: Forward starting loans

	Amount £m	Rate %	Loan Period (Years)	Forward Period (Months)
South Yorkshire Mayoral CA Police Fund	10	4.25	1	0.25
PWLB	10	4.58	3	0.25
Total borrowing	20	4.42		

APPENDIX 1

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below PWLB rates. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

Treasury Investment Activity

The CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised in 2021) defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council holds some invested funds, representing income received in advance of expenditure plus balances and reserves held. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.25 Balance £m	31.3.25 Income Return %	Net Movement £m	30.06.25 Balance £m	30.06.25 Income Return %
Banks & building societies	0.3	4.85	(0.2)	0.1	4.22
Local authorities	5	6.00	(5)	0	N/A
Money Market Funds	17.7	5.20- 5.30	0.8	18.5	4.37
Other Pooled Funds					
- <i>Strategic bond funds</i>	6	4.57		6	4.87
- <i>Equity income funds</i>	5	7.64		5	11.15
- <i>Property funds</i>	3	5.12	(3)	0	N/A
- <i>Multi asset income funds</i>	2	2.79		2	7.19
Total investments	39		(7.4)	31.6	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

Externally Managed Pooled Funds

£13m of the Council's investments is invested in externally managed strategic pooled funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

Most asset classes achieved positive performance over quarter 1 of 2025/26, although there was significant volatility across financial markets and had a marginal positive effect on the combined value of the Council's strategic funds since March 2025. The change in the Council's funds' capital values and income return over the period is shown in Table 4.

APPENDIX 1

The Council has budgeted £540k income from these investments in 2025/26. Income up to 30th June £223k.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year minimum period total returns will exceed cash interest rates.

Statutory override

Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024. The Authority had set up a reserve of £1m to mitigate the impact of the statutory override not being extended. The authority has reviewed its options for this reserve in lieu of the recent extension and will not maintain the reserve.

Non-Treasury Investments

The definition of investments in the Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.

The Council also held £155.9m of such investments in:

- directly owned property £148m
- loans to local businesses and landlords £6.5m
- subsidiaries £1.4m

A full list of the Council's non-treasury investments is available.

Treasury Performance

The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

MRP Regulations

On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly

APPENDIX 1

replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

The S151 Officer reports that all treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 6 below.

Table 6: Investment Limits

	30.06.25 Actual	2025/26 Limit	Complied?
Any group of pooled funds under the same management	0	15	Yes
Negotiable instruments held in a broker's nominee account	0	15	Yes
Limit per foreign countries	0	6	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 7 below.

Table 7: Debt and the Authorised Limit and Operational Boundary

	30.06.25 Actual	2025/26 Operational Boundary	2025/26 Authorised Limit	Complied?
Borrowing	146	150	180	Yes
Leases	0.6	1.8	2	Yes
Total debt	146.6	151.8	182	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark

This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £21m. This incorporates £16m invested in strategic pooled funds, that cannot be sold at short notice, and an additional £5m liquidity buffer to manage short-term cashflow requirements.

APPENDIX 1

	31.3.25 Actual	31.3.26 Forecast	31.3.27 Forecast
Loans CFR	173.6	164.2	160.9
Less: Balance sheet resources	-45.4	-42.8	-41.5
Net loans requirement	128.2	121.4	119.4
Plus: Liquidity allowance	21	21	21
Liability benchmark	149.1	142.4	140.4
Existing borrowing	166	140.2	139

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing, minimum revenue provision on new capital expenditure based on variable year asset lives and income, expenditure and reserves all increasing by inflation. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.

Rushmoor BC

	Actual	Forecasts		£m							
Position at 31 March	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Loans CFR	173.6	164.2	160.9	159.4	153.4	152.0	151.0	149.9	148.7	147.6	146.3
External borrowing	-166.0	-94.0	-45.0	-35.0	-5.0	0.0	0.0	0.0	0.0	0.0	0.0
Internal (over) borrowing	7.6	70.2	115.9	124.4	148.4	152.0	151.0	149.9	148.7	147.6	146.3
Balance sheet resources	-45.4	-42.8	-41.5	-42.0	-42.2	-43.2	-44.2	-45.2	-46.2	-47.3	-48.3
Investments (new borrowing)	37.9	-27.4	-74.4	-82.4	-106.1	-108.9	-106.8	-104.7	-102.5	-100.3	-98.0
Treasury investments	37.9	21.0	21.0	21.0	21.0	21.5	22.1	22.6	23.2	23.8	24.4
New borrowing	0.0	48.4	95.4	103.4	127.1	130.4	128.9	127.3	125.7	124.1	122.3
Net loans requirement	128.1	121.4	119.4	117.4	111.1	108.9	106.8	104.7	102.5	100.3	98.0
Liquidity allowance	21.0	21.0	21.0	21.0	21.0	21.5	22.1	22.6	23.2	23.8	24.4
Liability benchmark	149.1	142.4	140.4	138.4	132.1	130.4	128.9	127.3	125.7	124.1	122.3

Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

2. Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit	Lower Limit	30.06.25 Actual	Complied?
Under 12 months	100%	0%	25%	Yes
12 months and within 24 months	100%	0%	58%	Yes
24 months and within 5 years	100%	0%	17%	Yes
5 years and within 10 years	100%	0%	0%	Yes
10 years and above	100%	0%	0%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

3. Long-term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

APPENDIX 1

	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£30m	£30m	£20m
Actual principal invested beyond year end	£13m	£13m	£13m
Complied?	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Additional indicators

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating and credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2025/26 Target	30.06.25 Actual	Complied?
Portfolio average credit rating	A+	A+	Yes
Portfolio average credit score	5.0	4.79	Yes

The previous Treasury Management report stated that the Council was not compliant with the 'portfolio average credit score'. However, this was an error with Arlingclose's data. The data overstated the impact of Lancashire's withdrawal rating, which unnecessarily increasing the average credit score. This has now been rectified and the Council was compliant with the performance indicator.

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30.06.25 Actual	2025/26 Target	Complied?
Total cash available within 3 months	£18.6m	£5m	Yes

Prudential Indicators Q1 - 2025/26

The Authority measures and manages its capital expenditure, and borrowing with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure

The Authority has undertaken and is planning capital expenditure as summarised below:

	2024/25 actual	2025/26 Budget	2026/27 Forecast	2027/28 Forecast
Capital expenditure	14.6	14	2.2	2

The main General Fund capital projects to date have included Union Yard, and Aldershot Crematorium.

Capital Financing Requirement

The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 forecast
CFR	174.2	161.6	159.8

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2025 actual	31.3.2026 forecast	31.3.2027 forecast
Debt (incl. PFI & leases)	166.6	143.4	140.5
Capital Financing Requirement	174.2	161.6	159.8

Debt and the Authorised Limit and Operational Boundary: The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	Debt at 30.6.25	2025/26 Authorised Limit	2025/26 Operational Boundary	Complied?
Borrowing	146	180.0	150.0	Yes
Leases	0.6	2.0	1.8	Yes
Total debt	146.6	182.0	151.8	Yes

APPENDIX 2

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Net Income from Commercial and Service Investments to Net Revenue Stream: The Authority's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2024/25 actual	2025/26 forecast	2026/27 forecast
Total net income from service and commercial investments	7.9	7.9	8.0
Proportion of net revenue stream	56.99%	56.54%	57.96%

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2024/25 actual	2025/26 forecast	2026/27 forecast
Financing costs (£m)	7.0	6.9	6.5
Proportion of net revenue stream	50.59%	49.15%	46.85%

Treasury Management Indicators: These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Treasury Management Report Outturn 2024/25 at Appendix 1.

LIST OF DEBT COUNTERPARTIES AS AT 30 JUNE 2025

	Amount
PWLB	5,000,000
PWLB	5,000,000
South Yorkshire Mayoral Combined	5,000,000
North Ayrshire Council	5,000,000
West of England Combined Authority	10,000,000
Hyndburn District Council	2,000,000
South Oxfordshire District Council	5,000,000
West Yorkshire Combined Authority	5,000,000
Furness Building Society	5,000,000
Lancashire Combined Fire Authority	5,000,000
PWLB	20,000,000
PWLB	12,000,000
PWLB	20,000,000
PWLB	10,000,000
PWLB	15,000,000
PWLB	5,000,000
Bolton Metropolitan Borough Council	5,000,000
Thames Valley PCC	5,000,000
Horsham District Council	2,000,000
	<u>146,000,000</u>

External Context

Economic background

The quarter started to significant financial market volatility as US President Donald Trump announced a wide range of 'reciprocal' trade tariffs in early April, causing equity markets to decline sharply which was subsequently followed by bond markets as investors were increasingly concerned about US fiscal policy. As the UK was included in these increased tariffs, equity and bond markets here were similarly affected by the uncertainty and investor concerns.

President Trump subsequently implemented a 90-day pause on most of the tariffs previously announced, which has been generally positive for both equity and bond markets since, but heightened uncertainty and volatility remained a feature over the period.

UK headline consumer price inflation (CPI) increased over the quarter, rising from an annual rate of 2.6% in March to 3.4% in May, well above the Bank of England's 2% target. The core measure of inflation also increased, from 3.4% to 3.5% over the same period. May's inflation figures were generally lower than in the previous month, however, when CPI was 3.5% and core CPI 3.8%. Services inflation was 4.7% in May, a decline from 5.4% in the previous month.

Data released during the period showed the UK economy expanded by 0.7% in the first quarter of the calendar year, following three previous quarters of weaker growth. However, monthly GDP data showed a contraction of 0.3% in April, suggesting growth in the second quarter of the calendar year is unlikely to be as strong as the first.

Labour market data appeared to show a softening in employment conditions as weaker earnings growth was reported for the period February to April 2025, in what would no doubt be welcome news to Bank of England (BoE) policymakers. Regular earnings (excluding bonuses) was 5.2% 3mth/yoy while total earnings was 5.3%. Both the employment and unemployment rates increased, while the economic inactivity rate and number of vacancies fell.

Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 4.25% in May. The 5-4 vote was split with the majority wanting a 25bps cut, two members voting to hold rates at 4.5% and two voting for a 50bps reduction. At the June MPC meeting, the committee voted by a majority of 6-3 to keep rates on hold. The three dissenters wanted an immediate reduction to 4%. This dovish tilt by the Committee is expected to continue and financial market expectations are that the next cut will be in August, in line with the publication of the next quarterly Monetary Policy Report (MPR).

The May version of the MPR highlighted the BoE's view that disinflation in domestic inflation and wage pressures were generally continuing and that a small margin of excess supply had opened in the UK economy, which would help inflation to fall to the Bank's 2% over the medium term. While near-term GDP growth was predicted to be higher than previously forecast in the second quarter of calendar 2025, growth in the same period the following year was trimmed back, partly due to ongoing global trade developments.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall, and that the BoE would focus more on weak GDP growth rather than stickier and above-target inflation. Two more cuts to Bank Rate are expected during 2025, taking the main policy rate to 3.75%, however the balance of risks is deemed to be to the downside as weak consumer sentiment and business confidence and investment impact economic growth.

APPENDIX 4

Despite the uncertainty around US trade policy and repeated calls for action from the US President, the US Federal Reserve held interest rates steady the period, maintaining the Fed Funds Rate at 4.25%-4.50%. The decision in June was the fourth consecutive month where no changes were made to the main interest rate and came despite forecasts from Fed policymakers that compared to a few months ago they now expected lower growth, higher unemployment and higher inflation.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, and representing the eighth cut in just over a year. ECB noted heightened uncertainty in the near-term from trade and that stronger economic growth in the first quarter of the calendar may weaken. Inflation in the region rose to 2.0% in June, up from an eight-month low of 1.9% in the previous month but in line with the ECB's target. Inflation is expected to stay broadly around the 2% target over the next year or so.

Financial markets

After the sharp declines seen early in the quarter, sentiment in financial markets showed signs of improvement during the period, but bond and equity markets remained volatile. Early in the period bond yields fell, but then uncertainty from the impact of US trade policy caused bonds to sell-off but from the middle of May onwards, yields have steadily declined, but volatility continues. Equity markets sold off sharply in April but have seen gained back most of the previous declines, with investors seemingly remaining bullish in the face of ongoing uncertainty.

Over the quarter, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.49% having hit 4.82% early in April and falling to 4.45% by the end of the same month. While the 20-year gilt started at 5.18%, fell to 5.02% a few days later before jumping to 5.31% within a week, and then ending the period at 5.16%. The Sterling Overnight Rate (SONIA) averaged 4.31% over the quarter to 30th June.

Credit review

Arlingclose maintained its advised recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

During the quarter, Fitch upgraded NatWest Group and related entities to AA- from A+ due to the generally stronger business profile. Fitch also placed Clydesdale Bank's long-term A- rating on Rating Watch Positive

Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Credit default swap prices on UK banks spiked in early April following the US trade tariff announcements but have since generally trended downwards and ended the quarter at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

European banks' CDS prices followed a fairly similar pattern, albeit some German banks are modestly higher compared to the previous quarter. Trade tensions between Canada and the US caused Canadian bank CDS prices to rise over the quarter and remain elevated compared to earlier in 2025 and in 2024, while Singaporean and Australian lenders CDS rose initially in April but have since trended downwards, albeit are modestly higher than in previous recent periods.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.