Public Document Pack

RUSHMOOR BOROUGH COUNCIL

AUDIT AND GOVERNANCE COMMITTEE

at the Council Offices, Farnborough on
Thursday, 30th July, 2026 at 7.00 pm

To:

Cllr Bill O'Donovan (Chair)
Cllr M.J. Tennant (Vice-Chair)

Cllr P.J. Cullum
Cllr Craig Card
Cllr Thomas Day
Cllr Thomas Mitchell
Cllr Dhan Sarki
Cllr Ian Simpson
Cllr Sarah Spall
Cllr Paul Taylor
Vacancy

Standing Deputies:
Cllr Kevin Betsworth, Cllr Leola Card, Cllr Sue Carter, Cllr Sharon Harvey, Cllr Steve Masterson, Cllr Nicky Slater, Cllr Calum Stewart, Cllr Ivan Whitmee.

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

A G E N D A

1. **MINUTES –** (Pages 1 - 4)

   To confirm the Minutes of the Meeting held on 10th June, 2026 (copy attached).

2. **INTERNAL AUDIT PROGRESS REPORT –** (Pages 5 - 18)

   To receive Southern Internal Audit Partnership's (SIAP) Report No. SIAP26/04 (copy attached), which includes the internal audit progress report from the Council's internal auditors, for the 2026/27 audit.

3. **FREEDOM OF INFORMATION - ANNUAL UPDATE REPORT 2026 –** (Pages 19 - 24)

   To receive the Executive Head of Governance & Law's Report No. LEG2602 (copy attached), which presents the Council's performance on Freedom of Information requests.

4. **CORPORATE HEALTH AND SAFETY ARRANGEMENTS 2025/26 –** (Pages 25 - 36)

   To receive the Executive Director's Report No. ED2613 (copy attached), which sets out the corporate health and safety arrangements for 2025/26.

5. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS AND PRUDENTIAL INDICATORS - OUTTURN 2025-26 –** (Pages 37 - 54)

   To receive the Executive Head of Finance's Report No. FIN2615 (copy attached), which sets out the activities of the Treasury Management and Non-Treasury Management Investment Operations for 2025/26 outturn (as at 31st March, 2026) and compliance with prudential indicators.

6. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS AND PRUDENTIAL INDICATORS - Q1 2026/27 –** (Pages 55 - 72)

   To consider the Executive Head of Finance's Report No. FIN2616 (copy attached), which sets out the activities of the Treasury Management and Non-Treasury Management Investment Operations for Quarter 1, 2026/27 and reports on compliance with Prudential Indicators, for recommendation to full Council.

7. **UNAUDITED STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT –** (Pages 73 - 182)

   To consider the Executive Head of Finance's Report No. FIN2614 (copy attached), which presents the unaudited 2025/26 Statement of Accounts and the Annual Governance Statement for review and approval.

8. **STATUS OF THE FINANCIAL RECOVERY WORKING GROUP –**

   To receive a verbal update from the Executive Head of Finance regarding the status of the Financial Recovery Working Group.

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.

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AUDIT AND GOVERNANCE COMMITTEE

Meeting held on Wednesday, 10th June, 2026 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Bill O'Donovan (Chair)
Cllr M.J. Tennant (Vice-Chair)

Cllr Craig Card
Cllr Thomas Day
Cllr Dhan Sarki
Cllr Sarah Spall
Cllr Paul Taylor

Apologies for absence were submitted on behalf of Cllr P.J. Cullum, Cllr Thomas Mitchell and Cllr Ian Simpson.

Cllr Sharon Harvey, Cllr Steve Masterson and Cllr Kicky Slater attended the meeting as Standing Deputies.

1. **MINUTES**

The Minutes of the Meeting held on 25th March, 2026 were approved and signed as a correct record of proceedings.

2. **EXTERNAL AUDIT PROPOSED AUDIT PLANNING REPORT 2025/26**

The Chair welcomed Simon Mathers, Director, from the Council's external auditors, Ernst and Young (EY).

The Committee received the 2025/26 Audit Planning Report. The report aimed to provide Members with a basis to review the proposed audit approach and scope for the 2025/26 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.

The Committee were advised that a significant national backlog in audit completion and financial statement production had resulted in disclaimed opinions where insufficient work had been undertaken. No opinions had been issued for 2021/22 and 2022/23, limited progress had been made in 2023/24, and improvement had been achieved in 2024/25, although work on asset valuations remained outstanding. It was noted that, despite continued improvement, disclaimed opinions had been issued for the past five years. Mr Mathers advised that all procedures were intended to be completed in the current year; however, it was considered unlikely that an unqualified opinion would be achieved, and the opinion was expected to remain disclaimed or modified.

During discussion, Members raised questions regarding materiality, property valuations and which properties were owned by the Council. It was noted that there had been internal resourcing challenges in completing valuations to the required standard and within the necessary timescales, and that further work was ongoing to address the matter. The Committee were advised that they could discuss, with officers on an individual basis, assets owned by the Council.

ACTION:

What	**By Whom**	**When**
Members, if they are interested, to contact Peter Vickers, on an individual basis, to discuss Council assets.	Members/Peter Vickers – Executive Head of Finance	Before the next AGC meeting – 30th July 2026

RESOLVED: That the Auditor's Annual Report, be noted.

3. **INTERNAL AUDIT - ANNUAL AUDIT OPINION 2025/26**

The Chairman welcomed Neil Pitman, Head of Southern Internal Audit Partnership (SIAP), the Council's internal auditors, who joined the meeting remotely via Microsoft Teams.

The Committee considered Southern Internal Audit Partnership's (SIAP) Report No. SIAP27/01, which set out the Chief Internal Auditor's independent annual audit conclusion for 2025/26 on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Committee noted that assurance levels had been provided for each of these areas in order to provide a clear assessment:

- Governance - It was noted that, based on the work completed during the year and observations through attendance at a variety of management and governance meetings, in SIAP's opinion, the governance frameworks in place across the Council were robust, fit for purpose and subject to regular review. There was also appropriate reporting to the Audit & Governance Committee to provide the opportunity for independent consideration and challenge including review of the Annual Governance Statement.

- Risk Management – During the year an internal audit review of risk management had been undertaken concluding with a 'reasonable assurance' opinion. One of the key observations was the requirement for more regular report of risk management updates to the Audit and Governance Committee. The risk register was a key document that was considered during the development of the risk based internal audit plan. Additionally, information from the risk register was taken into account when scoping each review in detail to ensure that SIAP's work was appropriately aligned.

- Control – It was noted that, in general, internal audit work found there had been a sound control environment in place across the majority of review areas included in the 2025-26 plan and these were working effectively to support the delivery of corporate objectives. Officers and staff were found to be aware of the importance of effective control frameworks, and open to SIAP's suggestion for improvements or enhancements, where needed.

The Committee were informed that the Internal Auditor was satisfied that sufficient assurance and advisory work had been carried out to enable a conclusion to be formed on the adequacy and effectiveness of the internal control environment. It was reported that the framework of governance, risk management and control had been assessed as 'reasonable', and that audit testing had demonstrated that controls were operating effectively. It was further noted that, where weaknesses had been identified through internal audit reviews, appropriate corrective actions and timescales for improvement had been agreed with management.

During discussion, questions were raised regarding acronyms within the report, Key Performance Indicators (KPIs) and Pay360. Regarding a question about Disabled Facility Grants (DFGs), Members requested that an update be provided by the Council.

ACTIONS:

What	**By Whom**	**When**
For clarity, reference acronyms within reports or provide a list of acronyms.	Neil Pitman - SIAP	30th July 2026
Provide analysis relating to Key Performance Indicators (KPIs).	Neil Pitman - SIAP	Before the next AGC meeting – 30th July 2026
Provide a written update to the Committee regarding Disabled Facility Grants.	James Duggin – Chief Operating Officer	Before the next AGC meeting – 30th July 2026

RESOLVED: That the Internal Audit Annual Conclusion 2025/26, be noted.

The meeting closed at 8.09 pm.

CLLR BILL O'DONOVAN (CHAIR)

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AUDIT AND GOVERNANCE COMMITTEE **Deputy Head of Partnership**
REPORT NO. SIAP 26/04

30 July 2026

INTERNAL AUDIT PROGRESS REPORT

SUMMARY:

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

- The Internal Audit Progress Report (Appendix A) provides the Audit and Governance 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 (Appendix A).
- to **approve** the adjustments to the Internal Audit Plan 2026-27 as detailed in section 8 of 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
- 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 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 Audit & Governance 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]

1.4 Appendix A provides a summary of internal audit's ongoing progress.

2 Recommendation

2.1 Members are requested to note the Internal Audit Progress Report and approve the adjustments to the Internal Audit Plan 2026-27 as detailed in section 8 of Appendix A.

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HEAD OF SERVICE: Amanda Bancroft, Executive Head of Governance and Law (Monitoring Officer)

Southern Internal Audit Partnership

Assurance through excellence and innovation

Internal Audit Progress Report

Rushmoor Borough Council

Prepared by: Natalie Jerams, Deputy Head of Partnership

July 2026

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 Audit & Governance 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 maintain responsibility for ensuring 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 (2026/27) 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 2026-27 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 2026-27 was originally presented to Senior Management and approved by the Audit & Governance Committee in March 2026. 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	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Programme / Project Management	EHO	22.07.25	11.11.25	28.11.25	18.03.26	09.06.26	Reasonable	Included within the 2025/26 Annual Conclusion
Asset Management & Disposal	EHPG	14.01.26	18.02.26	12.03.26	08.05.26	11.06.26	Reasonable	Included within the 2025/26 Annual Conclusion
Annual Governance Statement	EHF / EHGL	05.06.26						Q1 – Draft ToR issued 17.06.26
Decision Making	CMD	21.07.26						Q1
Contract Management	Corporate							Q4
Data Quality & Retention	EHGL							Q2 ⟹ Q3/4
Procurement	ED	02.07.26						Q2
IT Asset Management	CMIT							Q3
Repairs & Maintenance	EHPG	09.07.26						Q2
Development Management	EHPG	13.05.26	09.06.26					Q1 – Fieldwork due to start 28.08.26
Climate Strategy	ED							Q3
Property Management	EHPG							Q4
Princess Hall	EHO							Q4
Agency Staff – Follow Up	CMP							Q2
Armed Forces National Event	ED							Q3
Tree Inspections	EHO							Q3/4
Contingency - Devolution / Local Government Review (LGR)	All							Q1-Q4

IMD	Interim Manging Director	EHO	Executive Head of Operations
ED	Executive Director	CMD	Corporate Manager, Democracy
EHF	Executive Head of Finance	CMIT	Corporate manger, IT
EHGL	Executive Head of Governance and Law (Monitoring Officer)	CMP	Corporate Manager, People
EHPG	Executive Head of Property & Growth		

8. Adjustment to the Internal Audit Plan 2026-27

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 Audit & Governance 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 2026-27 internal audit plan are detailed below with explanations for the proposed amendments.

	Audit Review	**Reason for inclusion in the plan**
Additions	Tree Inspections	Risk reassessed at the request of the Audit & Governance Committee. To review the inspection regime and record keeping.
	Audit Review	**Reason for removal from the plan**
Withdrawals	MyHR Application	Removed to allow resource to be reallocated to the Tree Inspections internal audit review. Assessed as lower priority.

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.

As per the officer report to the June 2026 Audit & Governance Committee, one action relating to the internal audit of Pay360 will no longer be implemented due to the cost of IT implementation and the timescales associated with LGR.

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

There have been no new 'limited' or 'no' assurance opinion reports since the 2025/26 Annual Internal Audit Conclusion was presented to Audit & Governance Committee in June 2026.

11. Analysis of 'Live Audit Reviews'

This table reflects the status of management actions as at 30 June 2026.

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
IT Software Development	2022/23	CMIT	Reasonable	2	8	1				2	7	1		1	
Information Governance	2022/23	CMLSMO	Reasonable	1	9					1	7			2	
Biodiversity BNG	2024/25	EHO	Reasonable		6	2					5	2		1	
Disabled Facility Grants	2024/25	EHO	Limited	1	10	8					10	7	1		1
Sales Ledger	2024/25	EHF	Reasonable		3						2			1	
Agency Staff	2025/26	CMP	No		11	12					4	11		7	1
Budget Management	2025/26	EHF	Reasonable	1	3					1	2			1	
Asset Management & Disposal	2025/26	EHPG	Reasonable	1	2		1	2							
Programme / Project Management	2025/26	EHO	Reasonable		3			1			2				
Recruitment & Retention	2025/26	CMP	Reasonable	12	8		7			5	8				
Risk Management	2025/26	ED	Reasonable		3			1			2				
Cyber Security Training & Awareness	2025/26	CMIT	Reasonable		8			2			6				
Temporary Accommodation	2025/26	EHO	Reasonable	1	1		1							1	
Total				**19**	**75**	**23**	**9**	**6**	**-**	**9**	**55**	**21**	**1**	**14**	**2**

Annex 1

Overdue 'High Priority' Management Actions

Disabled Facilities Grants			
Observation: The Rushmoor Borough Council (RBC) Retention Guidelines state that the retention period for grants made through RBC, is six years after the last payment. It is also a requirement of the Data Protection Act 2018 to not keep data for longer than is necessary. The Private Sector Housing Manager stated there is a known issue with retention adherence and support had been sought through the IT department, however, this remains a known issue that retention guidelines are currently unable to be maintained and complied with. Data from 2010 is currently still in circulation. It was also stated that retention adherence has not been possible to maintain within the UNIFORM system site.			
Risk: Breach of GDPR regulations leading to action from the Information Commissioners Office (ICO).			
Management Action	**Original Due Date**	**Revised Due Date**	**Latest Service Update**
This issue has been raised with the Senior IT Manager at Rushmoor. They are looking at a way forward and we will continue to chase a positive outcome to this risk. A response has been received from our IT team which confirms that we are currently working on a move across to IDOX Cloud for all Uniform applications throughout the Council. Once we go live there are retention capabilities available within the system. Meetings are taking place to discuss this transition which will enable us to address the problem.	30.09.25	**31.12.26** 31.03.26	This issue is part of a wider issue in the organisation for users of IDOX and UNIFORM. The matter is being dealt with at a corporate level.

Agency Staff

Observation:

Rushmoor Borough Council work with a range of agency firms for aspects such as technical input, project management and Finance. However, there is no evidence that the procurement of such services has followed the organisation’s existing Contract Standing Order Rules.

The Council's Contract Standing Orders, state within 'Item 6.5 Appendix - Contract Standing Orders' Page 4 - 1.1.6 "all procurements must be carried out within a specific legal framework and based on principles of equal treatment, transparency, and non-discrimination".

“1.3 Application of the Rules (Regulated Procurements) 1.3.1 These rules govern: any contract for the supply, of goods, services or works”

Testing found:

- Agencies engaged by Rushmoor Borough Council are not recorded within the 'Current Contracts' section of the Council’s Contracts List.
- Full sample testing of eight roles for agency staff were found to be 'Interim' roles.
- Testing is unable to provide evidence of Contract Standing Orders being followed for the engagement of agency staff.

Risk:

Non-compliance with procurement legislation and internal governance standards.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
It is intended that the automated process tool for a temporary worker will include a procurement step so it is not just reliant on the policy and procedure.	31.03.26	**30.09.26**	In the process of reviewing how the automated process, using Microsoft Forms, complies with data protection requirements. In the meantime, the process documentation associated with the engagement of a temporary worker is sent directly to the People Team for checking and authorising.

Annex 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
IT Software Development	2022/23			1	-	**30.09.26** 30.04.26 28.02.26
Information Governance	2022/23	Reasonable		1	Sep 2023	**30.09.26** 31.03.26
				1	Sep 2023	**30.09.26** 31.03.26
Biodiversity BNG	2024/25	Reasonable		1	30.05.25	**31.07.26** 31.04.26
Disabled Facilities Grant	2024/25	Limited	1		31.03.26	**30.09.26**
Sales Ledger	2024/25	Reasonable		1	30.11.25	**31.12.26** 31.03.26
Agency Staff	2025/26	No		1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
Budget Management	2025/26	Reasonable		1	30.04.26	**31.12.26**
Temporary Accommodation	2025/26	Reasonable		1	30.06.26	**30.09.26**
Total			**1**	**14**		

Annex 3

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 26/27	Status
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	0%	
2. Audits delivered within agreed timescales (% year to date)				
○ To issue of draft report	Ongoing	80%	0%	
○ To issue of final report	Ongoing	80%	0%	
3. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%	0%	
4. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Generally conforms	Generally conforms	

AUDIT AND GOVERNANCE COMMITTEE

30 July 2026

EXECUTIVE HEAD OF GOVERNANCE AND LAW
REPORT NO. LEG2602

Freedom of Information – Yearly Update Report 2026

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 Microsoft Lists system had been launched part way into Q2 in 2025 to improve resilience, and increase oversight by senior management which has contributed to a positive improvement in response times since it's introduction.

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 senior paralegal overseeing information requests and data protection, along with support from 1 junior paralegal (both paralegals also undertake other legal work), and the Executive Head of Governance and Law , 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** – 112 requests for information not held by RBC but would be held by Hampshire County Council, 11.85% 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) – 99 requests (including cross service requests), 10.48% of all requests. Requests include asking for business rates dates, council spending, funding gap and Council Tax information.
- **Housing Options** - 71 requests (including cross service requests), 7.51% of all requests. Requests include looking for homelessness figures and housing list waiting times.
- **Environmental Health & Services** – 80 requests (including cross service requests), 8.46% of requests. Requests include bin and missed bin collections. recycling, public toilets, food ratings/reports fly tipping and noise complaints.
- **Planning** – 47 requests (including cross service requests), 4.97% of requests. Requests include looking for s106 agreements, planning breaches, Tree Preservation Orders (TPOs) and conservation areas.
- **Property Team** – 38 requests (including cross service requests), 4.02% of requests. Requests include energy usage, council owned properties, empty council properties.
- **HR** – 38 requests (including cross service requests, 4.02% of requests. Requests include looking for council structure, equality roles, zero hours contracts, pay levels, contractors and consultants and training software.
- **Private Sector Housing** - 22 requests (including cross service requests), 2.43% 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** – 27 requests (including cross service requests), 3.49% 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** – 16 requests (including cross service requests, 1.69% 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
2025/26	190	200	181	185
2026/27	189			

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%
2025/26	93%	90%	90.2%	91.9%
2026/27	94.7%			

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 small fall in 2025/2026 for FOI response turnaround times from the last quarter in the previous year, the response time was above what is expected by the Information Commissioner's Office. Ther has also been an increase generally in percentage turnaround time since 2024.

3.3 In 2025/2026 all requests being responded to were within the statutory 20 working days, with all quarters seeing over 90% of requests being responded to within the stipulated number of days.

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 all levels including the Audit and Governance Committee. The Legal team are liaising with Service Managers, FOI response leads and individual officers to continue reducing those FOIs that go overdue.

3.7 Since the introduction of Microsoft (MS) Lists, there has been positive improvement in response times. Our goal is to achieve a 95% compliance rate, which is the ICO's benchmark for 'Good' performance—meaning 95% or more of FOI requests are responded to within 20 working days. The additional functionality we have been implementing in the FOI Tracker is designed to help us reach this target. While 90% represents the lower bound of an acceptable performance level, it is not the ideal standard we are aiming for.

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 2026, across all monitored bodies, 89% of requests were responded to in time, up from 76% in Q1 2025. Whilst the volume of FOI requests across all monitored bodies has steadily increased from 2021 until 2025, from January to March 2026 there has been a decrease of 10% compared to the same quarter in 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 2026 and continue to ensure that at least 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:
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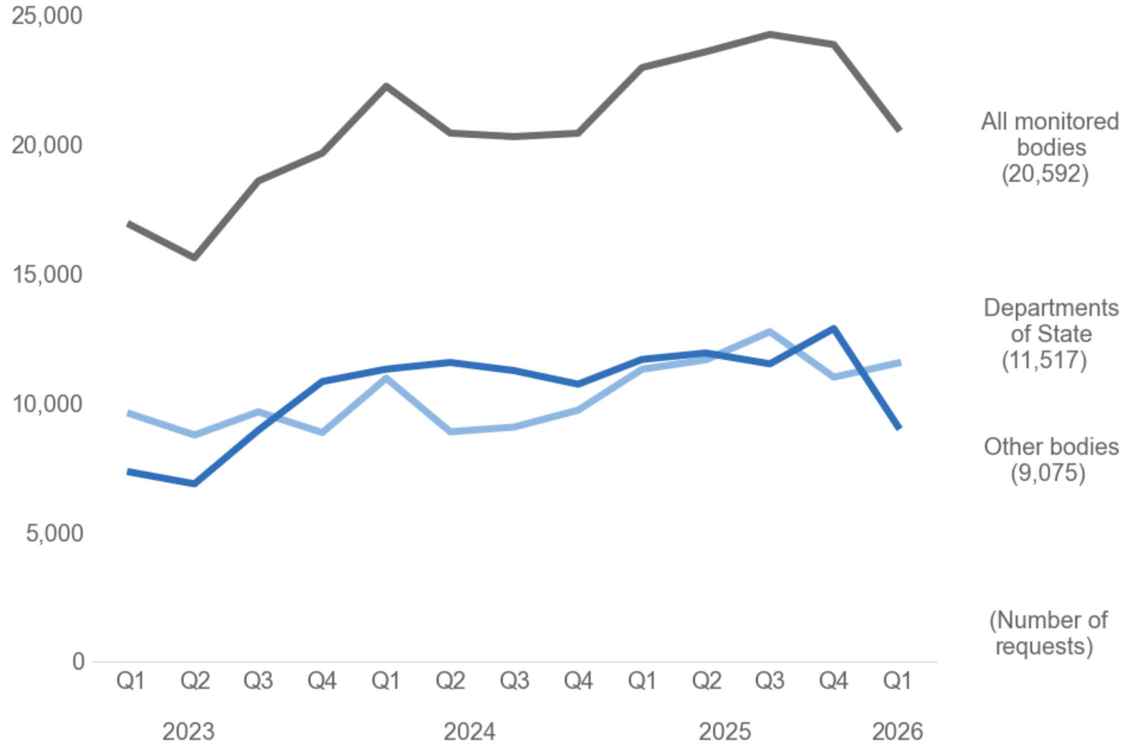
Annex A

Volume of FOI requests by quarter since Q1 2023 ([see Worksheet 2 of data tables])



AUDIT & GOVERNANCE COMMITTEE
30 JULY 2026

EXECUTIVE DIRECTOR

KEY DECISION? NO **REPORT NO. ED2613**

CORPORATE HEALTH & SAFETY ARRANGEMENTS 2025/26

SUMMARY AND RECOMMENDATIONS:

This paper updates Members of the Audit and Governance Committee (AGC) 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.

AGC 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 Committee is to "*provide independent assurance of the adequacy of the risk management framework".* Specifically in relation to risk management, the Constitution states that it 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 AGC Members on the Council's health & safety arrangements and key activity that has taken place over the course of 2025/26 and the plans in place for 2026/27.

1.4 The overall health & safety risk profile of the Council remains low, with the majority of high-risk work activity contracted out (such as waste collection), 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 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.

2.4 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 22nd July 2026.

2.5 A shared service arrangement with Hart District Council for Corporate Health & Safety commenced in January 2026. The main purpose of this arrangement is to bring about a closer working relationship with Hart and whilst doing so updating and aligning the two Council's health & safety arrangements. As a result, a new part time employee is now in post to assist with the review and alignment of documentation.

2.6 A work plan is now in place to update and align these arrangements as part of the shared service arrangements with Hart District Council. It is expected that all arrangements will be reviewed within a two-year period, also aligning with LGR timelines.

2.7 The first CoP to be reviewed has been for risk assessment. A new, simplified CoP document / risk assessment template has been developed and adopted by both Hart and Rushmoor. Work to roll out this CoP have commenced and are expected to conclude during Q2 2026/27.

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 SLT. This relates predominately to operational matters, with this annual report to AGC 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 SLT and Cabinet via the quarterly performance management report.

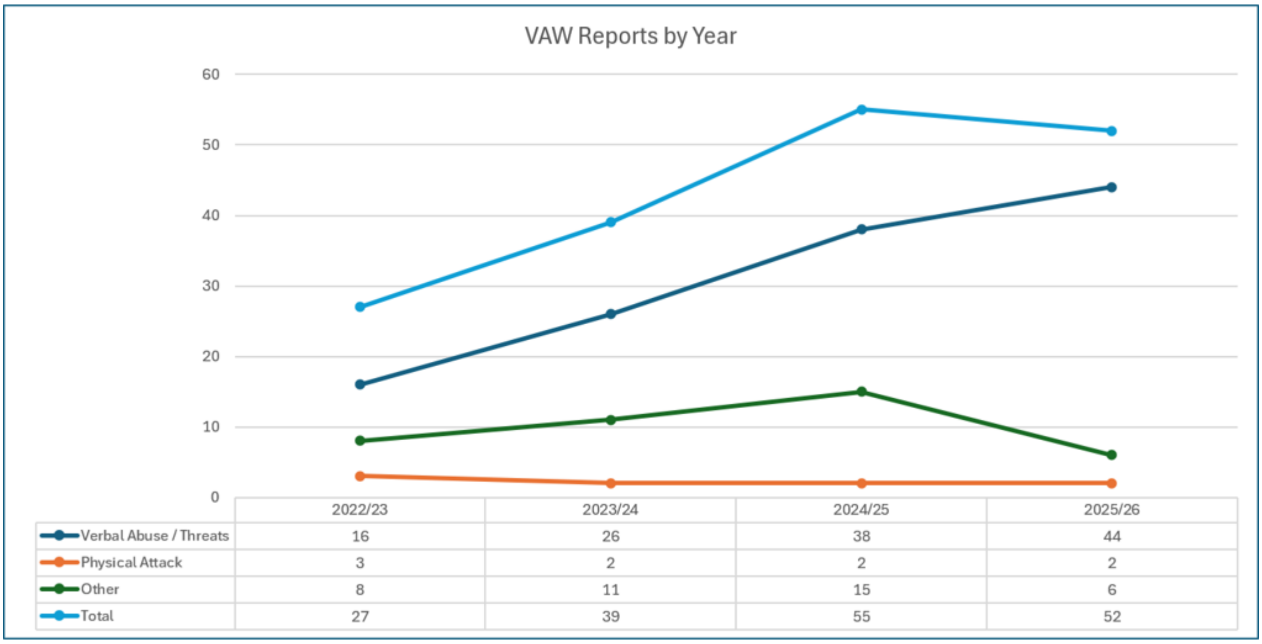
3.3 The number of accidents and incidents seen at the Council is low and has remained relatively stable for a number of years, with the total number in 2024/25 being broadly similar at 22. The Council's recent data on accidents/incidents is displayed in the following table.

Rushmoor Work Related Accident / Incident Data – Q1 2026/27					
Target or expected range: No target, although ideally we would like to see a reduction in the numbers.					
Summary of incidents: One incident reported during Q1, a motor vehicle incident where commercial vehicle hired and driven by RBC staff member impacted the ceiling of a car park. Reported to insurers, no injury.					
2025/26	**Q1**	**Q2**	**Q3**	**Q4**	**Year Total**
Employee	4	3	4	3	**14**
Public	1	1	1	0	**3**
Near miss / Other incident	0	0	1	0	**1**
Total	**5**	**4**	**6**	**3**	**18**
2026/27	**Q1**	**Q2**	**Q3**	**Q4**	**Year Total**
Employee	1	-	-	-	**1**
Public	0	-	-	-	**0**
Near miss / Other incident	0	-	-	-	**0**
Total (trend ←↑↓)	**1** ↓	-	-	-	**1** ↓

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 total number of incidents has remained relatively stable overall, in 2024/25 the total was 55.

Violence at Work Data – Q1 2026/27					
Target or expected range: No target, although ideally we would like to see a reduction in the numbers.					
Summary of incidents: Small increase in reports as a result of third party information received. Multiple reports/concerns raised via multi-agency meetings with Police, including warning of access to weapons and threats/attacks on Police Officers.					
2025/26	**Q1**	**Q2**	**Q3**	**Q4**	**Year Total**
Verbal abuse / threats	7	19	6	12	**44**
Physical attack (persons or property)	0	1	0	1	**2**
Other	1	3	0	2	**6**
Total	**8**	**23**	**6**	**15**	**52**
2026/27	**Q1**	**Q2**	**Q3**	**Q4**	**Year Total**
Verbal abuse / threats	5				**5**
Physical attack (persons or property)	0				**0**
Other	6				**6**
Total	**11**				**11**
(trend ←↑↓)	↑				↑

3.5 Recent violence at work annual data broken down into categories has been compiled for comparison in the table below. This confirms that incidents of verbal abuse/threats continue to increase year on year.



3.6 The arrangements to protect the personal safety of Officers and Members remains under constant review. The violence at work policy and arrangements are due for formal review during Q2 2026/27. At this stage, the adequacy of arrangements to protect staff and elected members will be reviewed.

3.7 The arrangements to protect the personal safety of Officers and Members at public meetings also continues to be monitored. Security is now booked for all full Council Meetings and access arrangements are now more tightly controlled. For other meetings, additional security will continue to be booked on an 'as needed' basis.

4.0 Conclusion

4.1 AGC 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:

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Roger Sanders, Corporate Risk Manager
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RUSHMOOR
BOROUGH COUNCIL

CORPORATE
HEALTH AND SAFETY
POLICY

Revised 13/05/26 (v15.0)

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 Senior Leadership 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'.

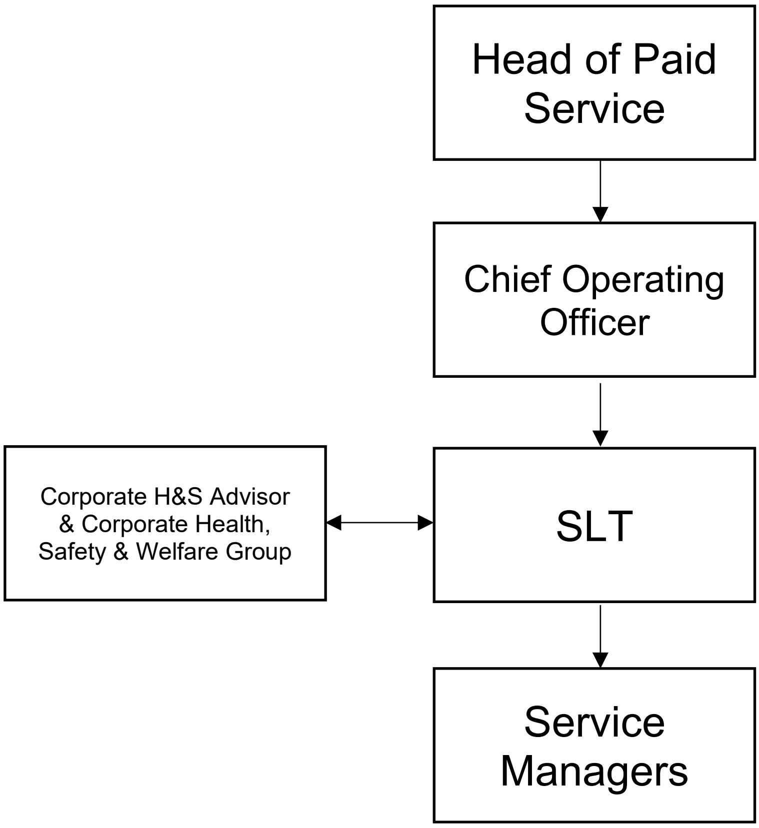
Ian Harrison
Chief Executive
(Head of Paid Service)
Signature:
Date: 10/07/26

Cllr Gareth Williams
Leader of the Council
Signature: Gareth W
Date: 10/07/26

2. Organisation, Arrangements & Responsibilities 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 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 Chief Operating Officer (COO) as the Health and Safety Lead. The COO 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 Chief Operating Officer

The COO is appointed as the lead for Health and Safety.

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

- Act as SLT 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 SLT and Members.

2.3 The Senior Leadership Team (SLT)

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

- SLT 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.

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

Each member of SLT, 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 arrangements, 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.

2.4 Elected Members / Corporate Governance

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

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

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

2.5 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 SLT representative, such as their Head of Service.

2.6 Corporate Health and Safety Adviser (CHSA)

Without reducing the primary responsibility of SLT 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 SLT, 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 Codes of Practice and associated Policies.
- Provide health and safety induction training to all staff, as requested and arranged by HR.
- Assist the COO in the production of an annual report to AGC.

2.7 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 Codes of Practice and associated Policies.
- Carry out any other specific duties identified by the CHSWG, as identified within the terms of reference.

2.8 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).

2.9 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 **Exec Head of Governance & Law** will advise on the interpretation of legislation upon request.

The **Lead Officer(s) 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.

2.10 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.

2.11 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 COO.

Audit and Governance Committee
30th July 2026

EXECUTIVE HEAD OF FINANCE
REPORT NO: FIN2615

TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2025/26 – Quarter 4 – Outturn

SUMMARY:
This report sets out the draft activities of the Treasury Management and non-Treasury Investment Operations for quarter 4 in the financial year 2025/26, and reports on compliance with Prudential Indicators, pending the statement of accounts being signed off by the Council's external auditors.

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 4, outturn, 2025/26, pending the statement of accounts being signed off by the Council's external auditors. This report is a statutory requirement under the CIPFA Code of Practice on Treasury Management.

1.2 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 March 2026 within appendices (1-4):

Appendix 1

- The **Treasury Management operations** which sets out how the Council's treasury service operated during the period to March 2026;
- The **Treasury Management Borrowing** which sets out the Council's borrowing during the period to March 2026, and;
- The **Treasury Management Investments** which sets out the Council's Treasury Management investment operations for the period to March 2026.

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 March 2026.

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 Councils 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 update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators.

4 CONCLUSIONS ON THE TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS DURING Q4 2025/26

4.1 All treasury activity was conducted within the approved Treasury Management Practices (TMP's).

4.2 Borrowing maturity has now moved towards longer term to give cost certainty and lower interest rate exposure risk, providing more interest rate stability on borrowing.

5 KEY RISKS

5.1 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.

5.2 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 is at 3.75% with a change in predictions recently from a slow reduction to maintaining this level if not having a slight increase.
- Delivery of Capital Programme: Will impact borrowing requirements and timing will impact rates achievable for both borrowing and investments during the years.
- Delivery of the capital receipts pipeline within the agreed MTFS timeframes to reduce the need to borrow.

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Treasury Management Outturn Report 2025/26

Introduction

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code). This quarterly report includes the requirement in the 2021 Code of quarterly reporting of the treasury management 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 a meeting on 27th February 2025. The Authority 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 Council's treasury management strategy.

Local Context

On 31st March 2026, the Council had net borrowing of £117.1m (31st March 2025: £127m), defined as external borrowing less treasury investments, cash and cash equivalents 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) summarised in Table 1 below.

Table 1: Draft Balance Sheet Summary

	31.3.25 Actual £m	31.3.26 Actual*** £m
General Fund CFR	174.2	174.1
Less: Other debt liabilities*	0.6	0.3
Loans CFR	**173.6**	**173.8**
External borrowing**	166.0	149.0

* leases that form part of the Authority's total debt
** shows only loans to which the Authority is committed and excludes optional refinancing
*** Actual figures are subject to change until accounts are signed off by External Auditors, EY.

The treasury management position at 31st March 2026 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.25 Balance £m	Movement £m	31.3.26 Balance £m	31.3.26 Rate %
Long-term borrowing				
- PWLB	62.0	65.0	127.0	4.75
- Other	2.0	10.0	12.0	4.58
Short-term borrowing	102.0	(92.0)	10.0	4.58
Total borrowing	**166.0**	**(17.0)**	**149.0**	
Long-term investments	16.0	(3.0)	13.0	4.75
Short-term investments	5.0	8.0	13.0	5.76
Cash and cash equivalents	18.0	(12.1)	5.9	4.07
Total investments	**39.0**	**(7.1)**	**31.9**	
Net borrowing	**127.0**	**(9.9)**	**117.1**	

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 interest costs within its Medium Term Financial Strategy (MTFS) assumptions 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.

Gilt yields slightly decreased over most of the last financial year; reflecting expectations of lower interest rates, supporting a lower MTFS assumption in 2026/27. Subsequent to the war in the Middle East however, gilt yields saw a rapid rise to above the rate assumed in the MTFS at the beginning of the 2025/26 financial year.

The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the period, and 50-year maturity loans from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been similar to or a little above Bank of England Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.

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 Authority currently holds £111m in commercial investments primarily for financial return that were purchased prior to the change in the CIPFA Prudential Code. Before undertaking further additional borrowing the Authority will review the options for exiting these investments to reduce the impact of borrowing costs and risk on the revenue account.

Loans Portfolio

At 31st March 2026 the Authority held £149m of loans, (a decrease of £17m from the position as of 31st March 2025), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March 2026 are summarised in Table 3A below.

Table 3A: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	31.03.26 Balance £m	31.03.26 Weighted Average Rate %
Public Works Loan Board (all long-term)	62.0	65.0	127.0	4.75
Local authorities (long-term)	2.0	10.0	12.0	4.58
Local authorities (short-term)	102.0	(92.0)	10.0	4.58
Total borrowing	**166.0**	**(17.0)**	**149.0**	

The average rate on the Authority's short-term loans at 31st March 2026 was 4.58%, this compares with 4.41% 3 months ago.

Table 3B: Long-dated Loans borrowed

	Amount £m	Rate %	Period (Years)
PWLB Maturity Loan	127.0	4.75	2-4
Horsham District Council	2.0	5.10	2
South Yorkshire Mayoral Combined Authority	5.0	4.45	3
Torbay Borough Council	5.0	4.50	4
Total long-term borrowing	**139.0**		

The Council's new borrowing decisions to replace existing borrowing as current loans mature are determined by a cashflow projection including the achievement and timing of capital receipts from planned property sales.

Forward starting loans
No forward starting loans were obtained during Q4.

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below PWLB. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose, including coordinating borrowing from the recently announced North Hampshire Unitary Council partners.

Treasury Investment Activity

The CIPFA Treasury Management Code defines treasury management investments as those investments which arise from the Council'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	Net Movement £m	31.03.26 Balance £m	31.03.26 Income Return %
Banks & building societies	0.3	(0.2)	0.1	3.88
Local authorities and other govt entities	5.0	8.0	13.0	4.17
Money Market Funds	17.7	(11.9)	5.9	4.09
Other Pooled Funds				
- *Strategic bond funds*	6.0	0	6.0	4.91
- *Equity income funds*	5.0	0	5.0	7.62
- *Property funds*	3.0	(3.0)	-	-
- *Multi asset income funds*	2.0	0	2.0	5.81
Total investments	**39.0**	**(7.0)**	**32.0**	

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 asset classes and boost investment income.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2025	5.14	A+	78%	7	5.65
31.03.2026	4.66	A+	32%	9	7.10
Similar LAs	**4.57**	**A+**	**58%**	**45**	**4.67**
All LAs	**4.60**	**A+**	**64%**	**10**	**4.46**

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 the first half of the 2025/26 financial year, although conditions remained volatile and heavily influenced by political and macroeconomic developments.

The Authority has budgeted £540k income from these investments in 2025/26. Income received up to 31st March was £610k.

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 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. Given current budgetary pressures and the extension of the override the authority decided to release £1m from this 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) also includes within the definition of investments all such assets held partially or wholly for financial return.

The Authority also held £117m of such investments in:

- directly owned property £111m
- loans to local businesses and landlords £4.5m
- Subsidiaries £2.3m

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.

Compliance

The Section 151 Officer reports that all treasury management activities undertaken during the year complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

<u>Table 7: Investment Limits</u>	**31.03.26 Actual**	**2025/26 Limit**	**Complied?**
Any group of pooled funds under the same management	0	15m	Yes
Negotiable instruments held in a broker's nominee account	0	15m	Yes
Limit per non-UK country	0	6m	Yes

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

<u>Table 8: Debt and the Authorised Limit and Operational Boundary</u>	**31.03.26 Actual**	**2025/26 Operational Boundary**	**2025/26 Authorised Limit**	**Complied?**
Borrowing	149.0	150.0	180.0	Yes
Finance Leases	**0.4**	**1.8**	**2.0**	Yes
Total debt	**149.4**	**151.8**	**182.0**	

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.

<u>Treasury Management Prudential Indicators</u>

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

1. <u>Liability Benchmark</u>

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. Whilst the £5m liquidity buffer has been maintained the pooled funds element has been reduced to £13m, due to the sale of some funds to mitigate the losses of a fund which was closing. The original £21m was set as the pooled funds were long term investments but had little impact on the liquidity for cashflow purposes hence the minimum level of cash held has not been increased. The updated minimum level of £18m is reflected in the Treasury Management Strategy for 2026/27.

	31.3.25 Actual	31.3.26 Actual	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	173.3	173.8	156.8	156.9
Less: Balance sheet resources	45.1	41.1	39.8	40.3
Net loans requirement	128.2	132.7	117.0	116.6
Plus: Liquidity allowance	21.0	18.0	18.0	18.0
Liability benchmark	**149.2**	**150.7**	**135.0**	**134.6**
Existing borrowing*	**166.0**	**149.0**	**100.0**	**90.0**

* shows only loans to which the Authority is committed and excludes optional refinancing

The Liability Benchmark indicated the minimum amount of external borrowing required each year to ensure the council has sufficient money to pay its bills. Actual borrowing is usually above the liability benchmark to account for variation in the councils cashflow requirements, borrowing will also be taken out in advance of maturing debt when interest rates are favourable.

2. Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper Limit (%)	Lower Limit (%)	31.03.26 Actual (%)	Complied?
Under 12 months	100	0	0	Yes
12 months and within 24 months	100	0	56	Yes
24 months and within 5 years	100	0	44	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:

	2025/26	2026/27	2027/28
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	31.03.26 Actual	Complied?
Portfolio average credit rating	A+	A+	Yes
Portfolio average credit score	5	4.66	Yes

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.

	31.03.26 Actual	2025/26 Target	Complied?
Total cash available within 3 months	5.9	5	Yes

Interest Rate Exposures: This indicator is set to control the Authority’s exposure to interest rate risk. The indicator shows the impact of replacing borrowing maturing in the next 12 months if interest rates change by 1% up or down.

Interest rate risk indicator	**2025/26 Target**	**31.03.26 Actual**	**Complied?**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£2m	£545k	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	-£2m	-£545k	Yes

CIPFA encourages the use of this indicator but does not require or recommend it; this is our recommended replacement indicator, which matches the one in the statement of accounts disclosure notes.

For context, the changes in interest rates during the quarter were:

	31/3/25	31/03/26
Bank Rate	4.50%	3.75%
1-year PWLB certainty rate, maturity loans	4.82%	5.04%
5-year PWLB certainty rate, maturity loans	4.94%	5.32%
10-year PWLB certainty rate, maturity loans	5.38%	5.77%
20-year PWLB certainty rate, maturity loans	5.88%	6.24%
50-year PWLB certainty rate, maturity loans	5.63%	6.07%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Prudential Indicators - Outturn 2025/26

The Council 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 Council has undertaken and is planning capital expenditure as summarised below:

	2024/25 Actual	2025/26 Actual	2026/27 Budget	2027/28 Forecast
Capital expenditure	14.3	5.6	3.6	2.7

The main General Fund capital projects to date have included Union Yard, and Aldershot Crematorium.

Capital Financing Requirement
The Council'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 actual	31.3.2027 forecast
CFR	174.2	174.1	157.1

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 actual	31.3.2027 forecast
Debt (incl. leases)	166.6	149.3	100.3
Capital Financing Requirement	174.2	174.1	157.1

Debt and the Authorised Limit and Operational Boundary
The Council 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 31.03.26	2025/26 Authorised Limit	2025/26 Operational Boundary	Complied?
Borrowing	149.0	180.0	150.0	Yes
Leases	0.3	2.0	1.8	Yes
Total debt	**149.3**	**182.0**	**151.8**	Yes

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 Council'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 actual	2026/27 forecast
Total net income from service and commercial investments	7.9	8.9	7.9
Proportion of net revenue stream	56.99%	67.27%	44.08%

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 actual	2026/27 forecast
Financing costs (£m)	7.0	7.1	6.0
Proportion of net revenue stream	50.59%	68.72%	43.21%

Treasury Management Indicators
These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Treasury Management Report outturn 2025/26 at Appendix 1.

LIST OF DEBT COUNTERPARTIES AS AT 31ST MARCH 2026

	Amount
PWLB	5,000,000
PWLB	5,000,000
South Yorkshire Mayoral Combined	5,000,000
PWLB	10,000,000
PWLB	15,000,000
PWLB	10,000,000
Torbay Borough Council	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
	149,000,000

External Context

Economic background

The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and autumn Budget saw 'term premia' rise as investors demanded a higher return for holding gilts.

The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

Financial markets
After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31st March.

Credit review
Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.

Moody's affirmed OP Corporate's rating at Aa3 In May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.

Financial market volatility is expected to remain, and CDS 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.

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Audit and Governance Committee
30th July 2026

EXECUTIVE HEAD OF FINANCE
REPORT NO: FIN2616

TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2026/27 – Quarter 1

SUMMARY:
This report sets out the activities of the Treasury Management and non-Treasury Investment Operations for quarter 1 in the financial year 2026/27, and reports on compliance with Prudential Indicators.

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 2026/27. 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 2026/27 in February 2026. 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):

<u>**Appendix 1**</u>

- The **Treasury Management operations** which sets out how the Council's treasury service operated during the period to June 2026;
- The **Treasury Management Borrowing** which sets out the Council's borrowing during the period to June 2026, and;
- The **Treasury Management Investments** which sets out the Council's Treasury Management investment operations for the period to June 2026.

Appendix 2

- the **Prudential indicators** performance is compared to the indicators set out in the Annual Capital Strategy for the year 2026/27.

Appendix 3

- The list of borrowing counterparties as at end of June 2026.

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 Councils 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 CONCLUSIONS ON THE TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS DURING Q1 2026/27

4.1 All treasury activity was conducted within the approved Treasury Management Practices (TMP's).

4.2 Borrowing maturity has now moved towards longer term to give cost certainty and lower interest rate exposure risk, providing more interest rate stability on borrowing.

5 KEY RISKS

5.1 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.

5.2 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 is at 3.75% with a change in predictions recently from a slow reduction to maintaining this level if not having a slight increase.
- Delivery of Capital Programme
  Will impact borrowing requirements and timing will impact rates achievable for both borrowing and investments during the years

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Treasury Management Report Q1- 2026/27

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 2026/27 was approved at the Council meeting on 26th February 2026. 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 2026, the Council had net borrowing of £149m 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

	31.3.26 Actual ** £m**	**31.3.27 Forecast £m**
General Fund CFR	174.1	157.1
Less: Other debt liabilities (leases)	0.3	0.3
Borrowing CFR	**173.8**	**156.8**
External borrowing*	149.0	100.0

* shows only loans to which the Authority is committed and excludes optional refinancing.

** Actual figures are subject to change until the accounts are signed off by the external auditors, EY.

The treasury management position at 30th June 2026 and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.26 Balance £m	Movement £m	30.06.26 Balance £m	30.06.26 Rate %
Long-term borrowing				
- Other (local authorities)	10.0	20.0	30.0	4.46
- PWLB	65.0	-	65.0	4.58
Short-term borrowing				
- Other (local authorities)	12.0	(12.0)	-	N/A
- PWLB	62.0	(30.0)	32.0	4.90
Total borrowing	**149.0**	**(22.0)**	**127.0**	
Long-term investments	13.0	-	13.0	7.52
Short-term investments	13.0	(13.0)	-	N/A
Cash and cash equivalents	8.0	2.4	10.4	3.51
Total investments	**34.0**	**(10.6)**	**23.4**	
Net borrowing	**115.0**	**(11.4)**	**103.6**	

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.

Gilt yields have moved about during the period but overall have decreased slightly. Oil prices have reduced and inflationary figures in the UK have not risen by as much as markets initially expected. Concerns about the tepid UK economy have also lessened expectations of future rate rises which has lowered gilt yields.

The PWLB certainty rate for 5-year maturity loans was 5.16% at the beginning of the period and 5.07% at the end. The lowest available 5-year maturity certainty rate was 5.04% and the highest was 5.49%. In contrast rates for 20-year maturity loans ranged from 6.02% to 6.50% during the period, and 50-year maturity loans from 5.89% to 6.35%. After coming down from a characteristic spike seen around financial year end, the cost of short-term borrowing from other local authorities has remained a little above Base Rate, at between 4.0% and 4.5%, throughout the period.

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 £132m 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. Before undertaking further additional borrowing the Council will review the options for exiting these investments.

Loans Portfolio
At 30th June 2026 the Council held £127m of loans, (a decrease of £22m on 31st March 2026), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th June 2026 are summarised in Table 3A below.

Table 3A: Borrowing Position

	31.3.26 Balance £m	Net Movement £m	30.06.26 Balance £m	30.06.26 Weighted Average Rate %
Local authorities (long-term)	10.0	20.0	30.0	4.46
Local authorities (short-term)	12.0	(12.0)	-	N/A
PWLB (short-term)	62.0	(30.0)	32.0	4.90
PWLB (long-term)	65.0		65.0	4.58
Total borrowing	**149.0**	**22.0**	**127.0**	

The average rate on the Council's short-term loans at 30th June 2026 4.90%, this compares with 4.58% 3 months ago.

Table 3B: Long-dated Loans borrowed

	Amount £m	Rate %	Period (Years)
Torbay Borough Council	5.0	4.50	4
PWLB Maturity Loan	65.0	4.58	1.5-4
Basingstoke and Deane Borough Council	10.0	4.50	2
West Midlands Combined Authority	10.0	4.50	2
South Yorkshire Mayoral Combined Authority	5.0	4.45	3
Total borrowing	**95.0**		

The Council's new borrowing decisions to replace existing borrowing as current loans mature are determined by a cashflow projection.

Forward starting loans
No forward starting loans have been arranged this quarter.

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Authority 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

	31.3.26 Balance £m	**Net Movement £m**	**30.06.26 Balance £m**	**30.06.26 Income Return %**
Banks & building societies	0.1	-	0.1	3.51
Local authorities	13.0	(13.0)	-	N/A
Money Market Funds	5.9	4.4	10.3	3.81
Other Pooled Funds				
- *Strategic bond funds*	6.0	-	6.0	4.91
- *Equity income funds*	5.0	-	5.0	10.45
- *Multi asset income funds*	2.0	-	2.0	6.64
Total investments	**32.0**	**(8.6)**	**23.4**	

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.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	**Credit Rating**	**Bail-in Exposure**	**Weighted Average Maturity (days)**	**Rate of Return %**
31.03.2026 30.06.2026	4.66 4.72	A+ A+	32% 100%	9 1	7.10 7.07
Similar LAs **All LAs**	**4.61** **4.59**	**A+** **A+**	**65%** **66%**	**47** **11**	**4.37** **4.21**

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 major asset classes delivered positive returns over quarter 1 of 2026/27, although markets remained volatile and sensitive to geopolitical developments, energy prices and changing expectations for interest rates. The quarter generally represented a recovery from the weakness seen towards the end of 2025/26, when markets were unsettled by the escalation of conflict between the US, Israel and Iran. As tensions in the Middle East began to ease and oil prices fell back, investor sentiment improved and most asset prices recovered.

The Council has budgeted £850k income from these investments in 2026/27. Income received up to 30th June was £225k. The change in the Authority's funds' capital values and income return over the 3-month period is shown in Table 4.

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. Given current budgetary pressures and the extension of the override the authority decided to release this reserve in the prior financial year.

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) also broadens the definition of investments to include all such assets held partially or wholly for financial return.

The Council also held £138.8m of such investments in:

- directly owned property £132m
- loans to local businesses and landlords £4.5m
- subsidiaries £2.3m

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.

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

	30.06.26 Actual	**2026/27 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

	30.06.26 Actual	**2026/27 Operational Boundary**	**2026/27 Authorised Limit**	**Complied?**
Borrowing	127	150	180	Yes
Leases	0.6	1.8	2	Yes
Total debt	**127.6**	**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 £18m. This incorporates £13m invested in strategic pooled funds, that cannot be sold at short notice, and an additional £5m liquidity buffer to manage day-to-day cash flow requirements.

	31.3.26 Actual	31.3.27 Forecast	31.3.28 Forecast
Loans CFR	173.8	156.8	156.9
Less: Balance sheet resources	(41.1)	(39.8)	(40.3)
Net loans requirement	132.7	117.0	116.6
Plus: Liquidity allowance	18	18	18
Liability benchmark	**150.7**	**135.0**	**134.6**
Existing borrowing	**149.0**	**100.0**	**90.0**

The Liability Benchmark indicated the minimum amount of external borrowing required each year to ensure the council has sufficient money to pay its bills. Actual borrowing is usually above the liability benchmark to account for variation in the councils cashflow requirements, borrowing will also be taken out in advance of maturing debt when interest rates are favourable.

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	30.06.26 Actual	Complied?
Under 12 months	100%	0%	25%	Yes
12 months and within 24 months	100%	0%	47%	Yes
24 months and within 5 years	100%	0%	28%	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:

	2026/27	2027/28	2028/29
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.

	2026/27 Target	30.06.26 Actual	Complied?
Portfolio average credit rating	A+	A+	Yes
Portfolio average credit score	5.0	4.64	Yes

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.

	30.06.26 Actual	2026/27 Target	Complied?
Total cash available within 3 months	£10.4m	£5m	Yes

Interest Rate Exposures

This indicator is set to control the Authority's exposure to interest rate risk.

Interest rate risk indicator	2026/27 Target	30.6.26 Actual	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£2m	£1.2m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£2m	£1.2m	Yes

For context, the changes in interest rates during the quarter were:

	01/04/26	30/06/26
Bank Rate	3.75%	3.75%
1-year PWLB certainty rate, maturity loans	4.93%	4.77%
5-year PWLB certainty rate, maturity loans	5.16%	5.07%
10-year PWLB certainty rate, maturity loans	5.62%	5.55%
20-year PWLB certainty rate, maturity loans	6.14%	6.09%
50-year PWLB certainty rate, maturity loans	6.00%	5.98%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Prudential Indicators Q1 - 2026/27

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:

	2025/26 Actual	2026/27 Budget	2027/28 Forecast	2028/29 Forecast
Capital expenditure	5.6	3.6	2.7	2.5

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.

	31.3.2026 actual	31.3.2027 forecast	31.3.2028 forecast
CFR	174.1	157.1	157.2

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.

	31.3.2026 actual	31.3.2027 forecast	31.3.2028 forecast	Debt at 30.06.2026
Debt (incl. leases)	149.3	100.3	90.3	127.0
Capital Financing Requirement	174.1	157.1	157.2	

In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	Debt at 30.6.26	2026/27 Authorised Limit	2026/27 Operational Boundary	Complied?
Borrowing	127	180.0	150.0	Yes
Leases	0.3	2.0	1.8	Yes
Total debt	**127.3**	**182.0**	**151.8**	

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.

	2025/26 actual	2026/27 forecast	2027/28 forecast
Total net income from service and commercial investments	8.9	7.9	7.6
Proportion of net revenue stream	67.27%	44.08%	50.60%

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.

	2025/26 actual	2026/27 forecast	2027/28 forecast
Financing costs (£m)	7.1	6.0	6.0
Proportion of net revenue stream	68.72%	43.21%	40.00%

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 2026

	Amount
PWLB	5,000,000
PWLB	5,000,000
South Yorkshire Mayoral Combined	5,000,000
PWLB	10,000,000
PWLB	15,000,000
PWLB	10,000,000
Torbay Borough Council	5,000,000
PWLB	12,000,000
PWLB	20,000,000
PWLB	15,000,000
PWLB	5,000,000
West Midlands Combined Authority	10,000,000
Basingstoke and Deane Borough Council	10,000,000
	127,000,000

External Context

Economic background

The main story for the quarter was the continuation of the Middle East conflict, started on 28th February with strikes by Israel and the US on Iran. The conflict led to the closure of the Hormuz Strait, a waterway through which around 20% of the world's oil and liquified natural gas flows, resulting in sharp rises in energy and other commodity prices. Towards the end of the quarter, the US and Iran came to an agreement to negotiate a peace settlement, which prompted a reduction in energy commodity prices, albeit remaining higher than pre-war.

Coming close on the heels of the last energy price shock in 2022 following Russia's invasion of UK, central bank policymakers and financial markets reacted quickly to reflect the new reality for monetary policy. In the UK, the headline consumer price inflation (CPI) rate was widely expected to fall back to 2% in April, with changes to government energy policy announced in the budget reducing energy bills and therefore headline inflation rates. Instead, the sharp rise in petrol prices occurring from the war maintained the CPI rate well above target at 2.8%.

Having been expected to cut Bank Rate from 3.75%, the Bank of England's Monetary Policy Committee (MPC) instead held Bank Rate steady throughout the quarter. Despite sending hawkish signals with each monetary policy decision, and the voting split changing from a 9-0 hold in March to a 7-2 hold in June, the majority of committee members appear to believe the UK economy and labour market were soft enough to absorb the price shock without producing the persistent inflationary conditions seen in 2022, which led to Bank Rate rising to 5.25%. This appears to be backed up by business surveys towards the end of the quarter suggesting that business pricing pressures, while elevated, are abating.

Against expectations, UK headline CPI decreased over the quarter, from an annual rate of 3.3% in March to 2.8% in May, but still well above the Bank of England's 2% target. The core measure of CPI inflation also decreased, from 3.1% to 2.6% over the same period. Upside pressure in inflation generally reflected fuel prices, but many other categories experienced disinflation, providing some evidence that higher energy prices were not immediately feeding into a wider subset of products.

Inflation will rise from July, however, as the retail energy price cap is increased by 13%. Expectations range from inflation rising to 3.5% to 4.0% and the MPC's resolve to maintain Bank Rate at 3.75% will likely be tested as this point.

Data released during the period showed the UK economy expanded by 0.6% in the first quarter of the calendar year, following three previous quarters of weaker growth. However, monthly GDP data showed a contraction of 0.1% in April as weaker confidence affected spending and investment decisions. Purchasing managers' index (PMI) data indicated that softer growth was also likely in May and June, with the services PMI denoting a small contraction in activity from both months.

Labour market data showed a continued softening in employment conditions, as weaker private sector earnings growth was reported for the period February to April 2026. The unemployment rate for April was 4.9%, PAYE employment was down over the year, and the number of vacancies continued to fall. The looser labour market is supporting the MPC's decision not to tighten monetary policy, with the likelihood of wage growth rising in line with inflation appearing remote.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate remain at 3.75%, and that the Bank of England would focus on the spare capacity in the economy, notably the labour market, rather than the upside risk of persistent inflation. The balance of risks over the near term, however, is deemed to be to the upside as signs of second round inflationary effects will prompt policymakers to raise interest rates. Over the medium term, the balance of risk for Bank Rate shifts to the downside, with tighter monetary policy, higher prices and weaker growth presenting downside risks for inflation.

The US Federal Reserve also held interest rates steady the period, maintaining the Fed Funds Rate at 3.50%-3.75%. The decision in June was the sixth consecutive month where no changes were made to the main interest rate. US CPI jumped to 4.2% in May on the back of higher gasoline prices, raising the possibility that policy under new Fed Chair Kevin Warsh may lead to higher rather than lower rates.

The European Central Bank (ECB) hiked rates in June, the first rise since September 2023. The ECB noted heightened uncertainty in the near-term from the effects of the war, including higher inflation and potentially weaker growth. The June hike to 2.40% represented an insurance move to maintain inflation around the 2% target.

Financial markets
After the sharp deterioration early in the quarter, sentiment in financial markets showed signs of improvement during the period as hopes for an end to the US/Israel war with Iran increased. However, bond and equity markets remained volatile. Early in the period bond yields rose sharply due to tighter monetary policy expectations, but yields steadily declined as it became apparent central banks, including the Bank of England, were not going to immediately hike policy rates. Equity markets sold off sharply in March but gained back some of the previous declines, particularly in US markets, where AI-related sentiment remained strong.

Political uncertainty in the UK due to poor local election results for the Labour party placed upward pressure on medium and longer-term gilt yields. The eventual resignation of Keir Starmer and likely accension of Andy Burnham reduced some uncertainty and prompted a decline in yields.

Over the quarter, the 10-year UK benchmark gilt yield started at 4.86% and ended at 4.77% having hit 5.20% in late April. The 20-year gilt yield was slightly more stable, starting at 5.45% and finished at 5.42%, after peaking at 5.79% in May. The Sterling Overnight Rate (SONIA) averaged 3.73% 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. Other banks remain on 100 days.

During the quarter, Fitch upgraded numerous banks due to a rating methodology change, which placed greater emphasis on resolution regimes, loss-absorbing debt buffers and depositor protection. It also changed the reference obligations used for Issuer Default Ratings and introduced more differentiated notching between deposits, senior preferred, senior unsecured and senior non-preferred debt ratings.

Moody's also made changes to the ratings of European banks following the passing of EU legislation introducing full depositor preference across the bloc which places deposits ahead of senior unsecured debt in the creditor hierarchy. This resulted in upgrades to the ratings to several counterparties on Arlingclose's recommended list.

Credit default swap (CDS) prices on UK banks spiked through late March/early April following escalation in the Iran war but eased back over the rest of the quarter to end at broadly pre-conflict levels.

European banks' CDS prices followed a similar pattern, albeit some German banks were 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 Q1 2026 while Australian and Singaporean lenders were broadly unchanged.

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.

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Audit & Governance Committee
30 July 2026

EXECUTIVE HEAD OF FINANCE
REPORT NO: FIN2614

Unaudited Statement of Accounts & Annual Governance Statement

SUMMARY:
The purpose of this report is for the Committee to note the publication of the unaudited 2025/26 Statement of Accounts and to present the Annual Governance Statement for review and approval

RECOMMENDATIONS:
Members are requested to:
(i) note the 2025/26 unaudited Statement of Accounts
(ii) where necessary, make comment on, and approve the 2025/26 Annual Governance Statement

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 Audit & Governance 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 presents the unaudited Statement of Accounts for 2025/26, which was published on 30 June 2026.

2.2 The draft Annual Governance Statement was published on 1 July 2026, after the statutory deadline of 30 June 2026. As a result, the Council did not meet the statutory deadline.

Appendix 1 – 2025/26 Unaudited Statement of Accounts
Appendix 2 – 2025/26 Draft Annual Governance Statement
Appendix 3 – Local Code of Corporate Governance

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 Accounts and Audit (Amendment) Regulations 2022 introduced a temporary change to the statutory approval dates, moving the 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. For 2025/26, the publication deadline was 30 June 2026 and the approval deadline is 29 January 2027.

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.

3.4 In July 2017 the Council adopted a revised Code of Corporate Governance prepared in accordance with the CIPFA/ SOLACE framework document entitled 'Delivering Good Governance in Local Government: Framework (2016 Edition)'.

3.5 Regulation 6(1) of the Accounts and Audit Regulations 2015, provides that each financial year the Council must:
a) Conduct a review of the effectiveness of the system of internal control; and
b) Prepare an annual governance statement.

3.6 The Annual Governance Statement (AGS) should be reviewed and approved by this Committee prior to being signed by the Chief Executive and the Leader. The statement will then be finalised with the signed Statement of Accounts.

4 STATEMENT OF ACCOUNTS

4.1 The unaudited 2025/26 Statement of Accounts is included at Appendix 1.

4.2 The Narrative Reports within the Statement of Accounts highlights the key issues and presents 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 ANNUAL GOVERNANCE STATEMENT

5.1 The existing governance arrangements against the CIPFA/ SOLACE: ‘Delivering good governance in Local Government framework – 2016 Edition’ have been reviewed.

5.2 The AGS for 2025/26 is contained within Appendix A of this report and contains an action to reframe and reimplement the Corporate Governance Group.

5.3 To ensure a meaningful review of the AGS, this Committee should draw on its knowledge of the governance arrangements established and how they have operated during the course of the year, including:

- Reviewing the Local Code of Corporate Governance which is contained within Appendix B of this report;
- Ensure that the AGS is underpinned by a framework of assurance, which has been set out within the AGS;
- Assurances provided by Internal Audit throughout the course of the year for the application of governance arrangements in practice and the monitoring of recommendations to improve governance arrangements; and
- Consider how the Council applies governance principles in practice based on other agenda items reviewed by the Committee throughout the year.

5.4 The Committee needs to be satisfied that the AGS contained in appendix A properly reflects the governance environment and any actions required to improve it and demonstrates how governance supports the achievement of the Council’s objectives.

6 AUDIT

6.1 The committee received the Audit Planning Report from Ernst and Young on 10 June 2026. This report set out the proposed audit approach and scope for the 2025/26 audit.

6.2 The audit work has begun on the 2025/26 unaudited Statement of Accounts and is due to complete in December 2026.

7 CONSULTATION

7.1 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. For the 2025/26 Statement of Accounts this period is Tuesday 14 July to Monday 24 August 2026.

8 IMPLICATIONS

8.1 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 five years 2020-2025, therefore the risks of the Councils financial accounts not showing a true and fair financial position are increased.

Work is underway with the auditors to rebuild assurance for these years in order to work towards a full audit sign off in the coming years.

8.2 Legal

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

8.3 Financial and Resources

There are no additional resource implications resulting from the prior years Statement of Accounts. The Accounts set out Rushmoor'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.

8.4 Equalities Impact

No direct implications.

8.5 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 the audit.

8.2 The committee need to be satisfied that the AGS represents the governance environment of the Council and that the actions for the coming year are appropriate to support delivery of the Council's objectives.

BACKGROUND DOCUMENTS:

CIPFA/SOLACE framework: Delivering Good Governance in Local Government: Framework (2016 Edition)

CIPFA Local Government Accounting Code of Practice

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

UNAUDITED STATEMENT OF ACCOUNTS 2025/26

RUSHMOOR
BOROUGH COUNCIL

Proud hosts of the
Armed Forces Day
National Event 2026

Table of Contents

Narrative Statement

Introduction

This Narrative Statement provides an overview of Rushmoor Borough Council's financial performance and position for the year ended 31 March 2026. 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 Council Delivery Plan which was agreed in July 2025. 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 - Council Delivery Plan 2026-28 - Rushmoor Borough Council

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 2025/26:

- Economy, Skills and Regeneration: launched the Aldershot and Farnborough Growth Partnership, continues to deliver town centre events
- Homes for All: Met the annual target for delivery of affordable homes, new timetable for local plan preparation agreed
- Community and Wellbeing: Farnborough Pools & Fitness centre planning permission granted, continuation of Active travel grant and be active Hampshire programme providing local offers to encourage active lifestyles
- Pride in Place: reduced reported fly tipping incidents, new small electrical recycling banks, continued Anti-Social Behaviour patrols
- Future and Financial Sustainability: LGR decision made by government, 26/27 Budget and MTFS approved, Asset Management Strategy in place, strategic disposals achieved

Challenges facing the Council

- Budget shortfalls for the period of the MTFS
- 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
- Local government reorganisation

Medium-Term Financial Strategy

The Council set its 2025/26 budget and Medium-Term Financial Strategy (MTFS) on 27th February 2025.

Details of the Council's 2025/26 MTFS can be found on the following link:
Item 6 4 General Fund Budget 25-26 and MTFS - Final .pdf

The 2025/26 budget identified a budget gap of £5.2m and looking forward a further £10.9m in the MTFS by 2028/29. A financial resilience plan was in place from 2024/25 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.

Savings of £1.8m were budgeted to be delivered in 2025/26 alongside use of reserves of £3.4m. A project to dispose of assets is in place and three large property assets were sold in 2025/26, with further disposals programmed for 2026/27 and future financial years.

Local Government Reorganisation

During 2025/26, the Council responded to the Government's programme of local government reorganisation, which is intended to replace two-tier local government in England with new single-tier unitary councils. On 25 March 2026 the government announced its decision on the future structure of councils in Hampshire & the Isle of

Wight. From 1 April 2028, the current 15 councils will be replaced by 4 unitary councils in mainland Hampshire, with the continuation of the Isle of Wight as a separate council.

The Rushmoor borough will be served by a new unitary council for North Hampshire. This will provide all the services currently provided by Rushmoor Borough Council, Hart District Council, Basingstoke & Deane Borough Council and Hampshire County Council. Rushmoor Borough Council and Hampshire County Council will continue to provide services locally until 2028.

Resource Allocation

Rushmoor Borough Council manages gross resource flows of £238m and assets of £275m by:

i. Holding a General Fund balance of £3.1m,
ii. Collecting £65m 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 £25.4m, then a further payment to central government of £20m is made, leaving The Council with £5m to support the General Fund budget.
iii. Collecting £74.4m of council tax payments. 89% of council tax collected is passed onto central government, Hampshire County Council, Fire and Rescue Authority and Police and Crime Commissioner. The Council retains £8.0m.
iv. Managing a £244m portfolio of land, building and other assets that generates £12.0m of income.
v. Managing a £33m portfolio of loans and investments that generates £2.5m of income
vi. Receiving grants and contribution of £24.4m mainly from central government.

Total assets held by the Council are shown below:

Total Assets Brought Forward			
£289.5 m			
Net Additions/ (Disposals)	**Depreciation**	**Revaluation of Non-Current Assets**	**Other Changes**
(£2.8m)	(£1.1m)	(£14.0m)	£3.7m
Property, Plant & Equipment	**Investment Property**	**Other Long Term Assets**	**Current Assets**
£79.1m	£110.6m	£19.5m	£50.4m
Total Assets Carried Forward			
£275.3m			

Total revenue through the Council are shown below:

Business Rates	Council Tax	Grants / Contributions	Fees & Charges	Other Income	Investment Income
(£27.3m)	(£8.0m)	(£32.4m)	(£25.3m)	(£1.0m)	(£2.5m)
Total Resources					
(£96.4m)					
Paid to Others			**Financing Local Services**		
£42.3m			£54.1m		
Housing Benefit	**Interest Payable**	**Business Rates / Council Tax**	**Operating Expenses**	**Capital Costs**	**Staffing Costs**
£19.6m	£7.1m	£24.1m	£31.1m	£4.4m	£16.0m
Net (Surplus)/Deficit on Providing Services					
£6.0m					

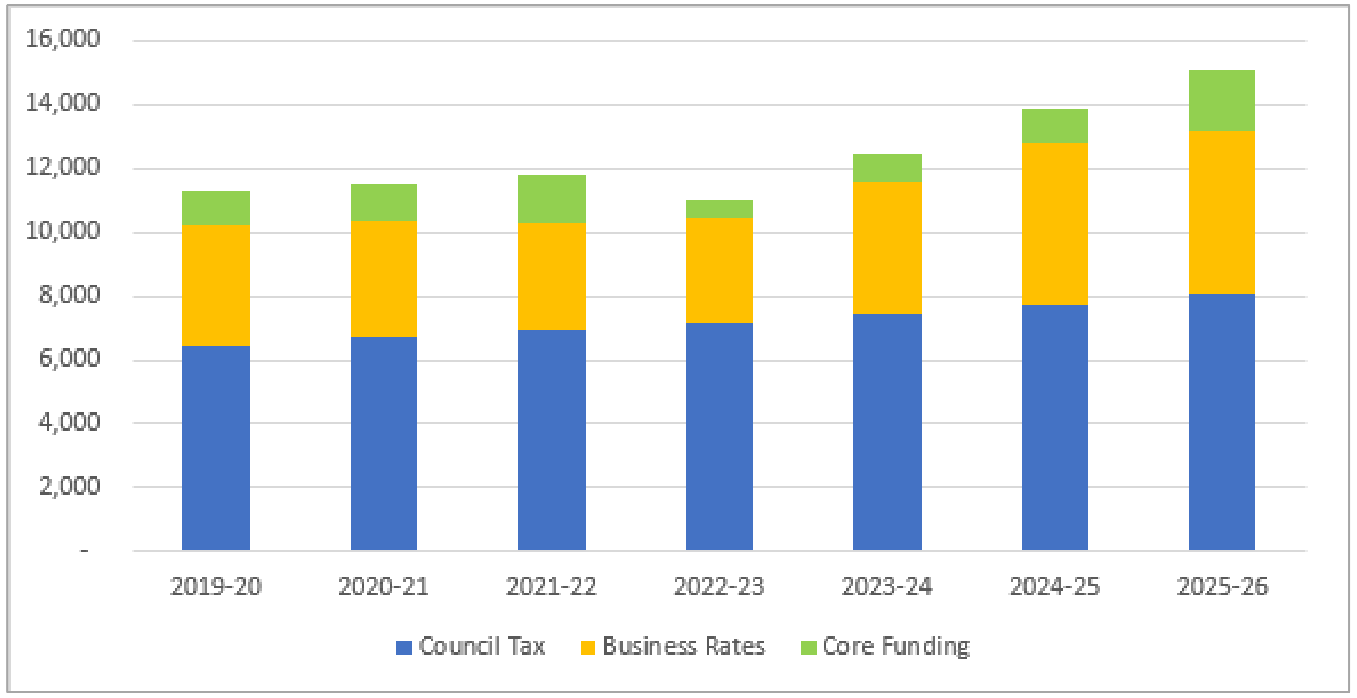
Financial performance

Core Funding

The Council, in line with other shire districts had experienced 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:



Narrative Statement

Following the Fair funding review, the council's allocation of government funding for 2026/27 has increased to meet the needs of the borough. Future funding indications have been given to enable the Council for plan to ahead in its MTFS more accurately.

To address future challenges and reinvest in the Borough, Council Tax has increased by 2.99% in 2025/26 from 2024/25 for an equivalent Band D property.

Financial position

The Council has maintained a good financial position against the backdrop of financial difficulties.

31 March 2024			31 March 2025		
Net Assets		**(£91.1m)**	**Net Assets**		**(£81.7m)**
Funded by:			**Funded by:**		
Usable Reserves:		**(£30.1m)**	**Usable Reserves:**		**(£28.7m)**
Un-usable Reserves		**(£61.1m)**	**Un-usable Reserves**		**(£53.0m)**
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**
£234.5m	**(£70.2m)**	**(£73.1m)**	**£209.2m**	**(£44.4m)**	**(£83.1m)**

Revenue Outturn

Through financial management and budgetary control during 2025/26 the Council has maintained service delivery. The outturn position for 2025/26 is to be reported to the Cabinet in August 2026.

In 2025/26 Council spending on General Fund Services has achieved an overall saving against approved budget of £1.3m in addition to the originally budgeted £1.7m against an approved budget gap of £5.2million. This has allowed the Council to maintain an improved reserve level as only £2.4m has been required from reserves compared to a budgeted £3.4m. £65,000 has been approved for revenue carry forward to 2026/2027 to enable completion of ongoing projects.

The main contributors to the reported saving are:
- Overachievement of savings target
- Reduced Borrowing Interest costs
- Staff savings

The service outturn excluding internal recharge and depreciation impacts for 2025/26 against budget is shown in the table below;

The outturn for 2025/26 against budget is shown in the table below;

Service	Approved Budget	Outturn	Variance
	£'000	£'000	£'000
Economy, Skills & Regeneration	1,939	1,946	7
Finance & Resources	5,765	5,225	(540)
Healthy Comm & Active Lives	2,230	2,094	(136)
Housing & Planning	2,161	2,051	(109)
Leader	387	368	(19)
Policy, Perform & Sustain	2,115	1,984	(131)
Pride in Place /Neighbourhood Service	6,585	6,103	(482)
Corporate: Commercial property	(8,082)	(8,116)	(34)
Corporate: Vacancy Target	(500)	0	500
Corporate: Insurance	190	282	93
Total Services	**12,791**	**11,939**	**(852)**

Capital Outturn

The 2025/26 capital programme was approved at February 2025 Budget Council. There was £7.9m addition to the programme consisting of budget carry forward from 2024/25 financial year reflecting timing delays in delivery of the programme and other additional approvals during the year.

The outturn for 2025/26 against budget is shown in the table below;

Scheme	Approved Budget £'000	Outturn £'000	Variance £'000	Carry Forward £'000
Union Yard / Meads commercial units lease contributions	306	55	(251)	251
Union Yard construction	-	122	122	-
Union Yard disposal	59	59	-	-
Union Yard Right to light	400	12	(388)	-
Farnborough Pools & Fitness centre	2,010	1,686	(324)	324
Southwood Park	285	47	(238)	238
Crematorium	3,614	3,022	(592)	50
Loungers Site (Meads)	719	27	(691)	691
Frimley Business Park Plots 4.2 and 4.3	17	17	-	-
Ashbourne House	74	(18)	(92)	-
Pinehurst Car Park Demolition / CQ Infrastructure	605	(312)	(917)	-
CCTV	-	28	28	-
Food Waste	7	7	-	-
Wheeled Bins	120	119	(1)	-
Disabled Facilities Grants	1,111	634	(477)	-
Aldershot Pools Solar panels	71	42	(29)	29
Asset Management Capital expenditure provision	681	146	(535)	535
The meads - block 3	9	9	-	-
Hawley Lane	9	9	-	-
168 Highstreet	42	42	-	-
Lease extension	9	9	-	-
Optrex	5	5	-	-
Hawley Lane	6	6	-	-
Aldershot Ski Centre	99	3	(96)	96
Beaumont	20	-	(20)	-
ICT Services Capital Schemes	791	70	(721)	307
The meads – block 4 - Farnborough Landing	95	89	(6)	-
Ceremonial Asset Construction	13	10	(3)	-
Various S106 projects	480	135	(345)	311
REFCUS: Service review capitalised costs provision	1,000	-	(1,000)	-
Total	**12,657**	**6,081**	**(6,576)**	**2,834**

The Capital Programme for 2026/27 and following three years has been updated as per Council in February 2026 and is as follows:

Capital Programme by Scheme	2026/27 Budget £'000	2027/28 Budget £'000	2028/29 Budget £'000	2029/30 Budget £'000
Union Yard/Meads commercial units	449			
CCTV	12			
Food waste bins	7	7	7	7
Wheeled bins	120	120	120	120
Disabled Facility Grants	1,493	1,493	1,493	1,493
Aldershot pools & gym refurbishment	70			
Asset Management capital expenditure provision	800	800	800	
IT Equipment replacement	77	77	77	77
IT – Domain controllers migration	20			
IT – Firewalls upgrade	100			
North Town portacabin	35			
Playground refurbishments	200	200		
Princes Hall	160			
Southwood Country Club Store	25			
Total Programme	**3,568**	**2,697**	**2,497**	**1,697**

Subsequently, in March 2026, Council approved the addition of a capital budget for Farnborough Pools & Fitness Centre up to £27.5m which will be spent across the 2026/27 and 2027/28 financial years.

Narrative Statement

Organisational Model

Political Structure of the Council in the 2025/26 Municipal Year

Rushmoor has 13 Wards and the Council consists of 39 elected Members. The political make-up of the Council during as at 31 March 2026 was as stated below:

Party	**Number of Councillors**
Labour	16
Conservative	14
Rushmoor Independent Group	4
Liberal Democrat	3
Independent	1
Vacant	1
Total number of Elected Members	39

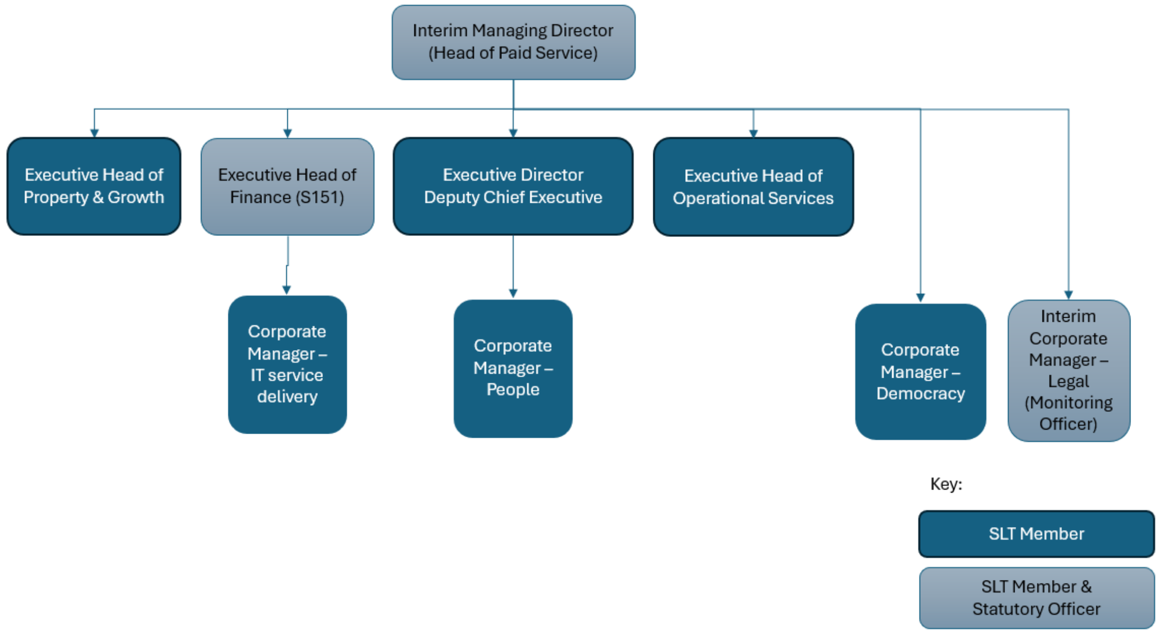
The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet,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

Management Structure of the Council

The Council has one senior management board in 2025/26.

Senior Leadership team (SLT), which consisted of the Interim Managing Director, one Executive Director, Executive Head of Finance, Executive Head of Operations, Executive Head of Property and Growth, and four Corporate Managers. SLT consider and co-ordinates the strategic direction of the Council, 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 the Interim Monitoring Officer, are both members of SLT, ensuring that these key statutory roles have on-going access to the most senior level of the Council. The statutory officers have held regular statutory officer meetings throughout the year.



During May 2026 this Management Structure was adjusted adding in a new Chief Operating Officer amongst other changes. Further review of the wider management structure is due to take place within 2026.

Governance

The Council maintains robust governance arrangements, including regular review of strategic risks and internal controls. The Audit & Governance 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 the key risks for the Council in achieving its objectives. The key themes include;

- Local Government reorganisation – diversion of Council resources to deliver
- Financial Sustainability
- External Factors – economic conditions and changing external policy
- Decline in Retail Sector and impact on Town Centres
- Demographic Change
- Poor education attainment
- Poor health outcomes
- Securing infrastructure investment

Non-Financial Performance of the Council

Non-Financial Performance of the Council

During 2025/26, 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.

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 2026. 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 6) 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 8) 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 10) shows the value, as at the balance sheet date, of the Council's assets, liabilities, cash balances and reserves.

The **Cash Flow Statement** (page 11) 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 63) 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.

………………………… Date: 30 June 2026

Peter Vickers BSc FCA

Statement of Responsibilities

The Authority's Responsibilities

The authority is required to:

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

Responsibilities of the Chief Finance Officer:

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

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

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

The Chief Finance Officer has also:

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

Certificate of Executive Head of Finance and Section 151 Officer

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2026. 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.

……………………………………………..

Peter Vickers BSc FCA, Chief Finance Officer and S.151 Officer — Dated 30 June 2026

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, Chair – Audit and Governance Committee — Dated 30 June 2026

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis (EFA) 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.

The EFA is not a primary statement and forms part of the note to the accounts.

	2024/25				2025/26	
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**
1,603	16	1,619	Community & Residents	2,084	(120)	1,964
639	(21)	618	Development & Economic Growth	267	619	886
3,795	1,332	5,127	Enabling Services	2,304	(619)	1,685
819	(17)	802	Finance	5,886	1,950	7,836
3,776	1,091	4,867	Neighbourhood Services	3,876	80	3,956
985	(7)	978	Policy, Climate & Sustainability	2,386	(68)	2,318
969	29,851	30,820	Regeneration & Property	436	(19)	417
12,586	**32,245**	**44,831**	**Net Cost of Service**	**17,239**	**1,823**	**19,062**
(13,009)	5,217	(7,792)	Total: Other Income & Expenditure	(13,943)	833	(13,110)
(423)	**37,462**	**37,039**	**(Surplus) or Deficit on Provision of Services**	**3,296**	**2,656**	**5,952**
(3,350)			**Opening General Fund Balance**	**(2,195)**		
(423)			(Surplus) or Deficit on Provision of Services	3,296		
1,578			Transfer to and from Earmarked Reserves	(3,296)		
(2,195)			**Closing General Fund Balance**	**(2,195)**		

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.

	2024/25					2025/26	
Gross Expenditure	**Gross Income**	**Net Expenditure**	**CIES Single**	*Note*	**Gross Expenditure**	**Gross Income**	**Net Expenditure**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
3,386	(1,767)	1,619	Community & Residents		3,533	(1,569)	1,964
3,269	(2,651)	618	Development & Economic Growth		5,771	(4,885)	886
7,421	(2,294)	5,127	Enabling Services		4,188	(2,503)	1,685
28,141	(27,339)	802	Finance		14,123	(6,287)	7,836
15,293	(10,426)	4,867	Neighbourhood Services		27,946	(23,990)	3,956
1,000	(22)	978	Policy, Climate & Sustainability		2,749	(431)	2,318
32,702	(1,882)	30,820	Regeneration & Property		428	(11)	417
91,212	**(46,381)**	**44,831**	**Net Cost of Service**		**58,738**	**(39,676)**	**19,062**
(461)	(46)	(507)	Other Operating Expenditure	*10*	886	0	886
21,938	(13,753)	8,185	Financing and Investment I&E	*11*	19,704	(14,008)	5,696
24,494	(39,964)	(15,470)	Taxation & Non-specific Grant Income	*12*	23,069	(42,761)	(19,692)
137,183	**(100,144)**	**37,039**	**(Surplus)/Deficit on Provision of Service**		**102,397**	**(96,445)**	**5,952**
		(7,113)	(Surplus)/Deficit on revaluation of PPE	*13*			3,557
		(5,271)	Remeasure of net defined benefit liability/(asset)	*40*			(100)
		(12,384)	**Other Comprehensive I&E**				**3,457**
		24,655	**Total Comprehensive I&E**				**9,409**

Group Comprehensive Income and Expenditure Statement (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..

	2024/25				2025/26	
Gross Expenditure	Gross Income	Net Expenditure	Group CIES	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
3,386	(1,767)	1,619	Community & Residents	3,533	(1,569)	1,964
3,269	(2,651)	618	Development & Economic Growth	5,771	(4,885)	886
7,421	(2,294)	5,127	Enabling Services	4,188	(2,503)	1,685
28,141	(27,339)	802	Finance	14,123	(6,287)	7,836
15,293	(10,426)	4,867	Neighbourhood Services	27,946	(23,990)	3,956
1,000	(22)	978	Policy, Climate & Sustainability	2,749	(431)	2,318
32,702	(1,882)	30,820	Regeneration & Property	428	(11)	417
264	(134)	130	Rushmoor Homes Ltd	159	(119)	40
91,476	**(46,515)**	**44,961**	**Cost of Service**	**58,897**	**(39,795)**	**19,102**
(461)	(46)	(507)	Other Operating Expenditure	886	0	886
21,938	(13,588)	8,350	Financing and Investment I&E	19,704	(13,838)	5,866
24,494	(39,964)	(15,470)	Taxation & Non-specific Grant Income	23,069	(42,761)	(19,692)
137,447	**(100,113)**	**37,334**	**(Surplus)/Deficit on Provision. of Service**	**102,556**	**(96,394)**	**6,162**
(107)	0	(107)	Tax expense of Subsidiary	(40)	0	(40)
137,340	**(100,113)**	**37,227**	**(Surplus)/Deficit on Group**	**102,516**	**(96,394)**	**6,122**
		(6,552)	(Surplus)/Deficit on revaluation of PPE			3,517
		(5,271)	Remeasure of net defined benefit liability/(asset)			(100)
		(11,823)	**Other Comprehensive I&E**			**3,417**
		25,404	**Total Comprehensive I&E**			**9,539**

Movement in Reserves Statement (MIRS)

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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the 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 2025/26	**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		**(2,195)**	**(21,048)**	**(4,012)**	**(2,798)**	**(30,053)**	**(61,060)**	**(91,113)**
(Surplus)/Deficit on Provision of Services		5,952				5,952		5,952
Other Comprehensive I&E						0	3,457	3,457
Total Comprehensive I&E		**5,952**	**0**	**0**	**0**	**5,952**	**3,457**	**9,409**
Adjustments between accounting basis & funding basis under regulations	8	(2,656)	0	283	(2,205)	(4,578)	4,578	0
Transfer to/from Earmarked Reserves	9	(3,296)	3,296			0	0	0
(Increase) or Decrease in year		**0**	**3,296**	**283**	**(2,205)**	**1,374**	**8,035**	**9,409**
Balance at 31 March carried forward		**(2,195)**	**(17,752)**	**(3,729)**	**(5,003)**	**(28,679)**	**(53,025)**	**(81,704)**

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)**
Adjustment to opening balances on adoption of IFRS 16 Leases		0	0	0	0	0	(211)	(211)
(Surplus)/Deficit on Provision of Services		37,039				37,039		37,039
Other Comprehensive I&E						**0**	**(12,384)**	**(12,384)**
Total Comprehensive I&E		37,039	0	0	0	37,039	(12,595)	24,444
Adjustments between accounting basis & funding basis under regulations	8	(37,462)	0	(475)	147	(37,790)	37,790	0
Transfer to/from Earmarked Reserves	**9**	**1,578**	**(1,578)**			**0**	**0**	**0**
(Increase) or Decrease in year		**1,155**	**(1,578)**	**(475)**	**147**	**(751)**	**25,195**	**24,444**
Balance at 31 March carried forward		**(2,195)**	**(21,048)**	**(4,012)**	**(2,798)**	**(30,053)**	**(61,060)**	**(91,113)**

Movement in Reserves Statement (MIRS)

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 2025/26	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	**(2,195)**	**(21,048)**	**(4,012)**	**(2,798)**	**(637)**	**(30,689)**	**(61,057)**	**(91,746)**
(Surplus)/Deficit on Provision of Services	5,952				130	6,082		6,082
Other Comprehensive I&E						0	3,457	3,457
Total Comprehensive I&E	**5,952**	**0**	**0**	**0**	**130**	**6,082**	**3,457**	**9,539**
Adjustments between accounting basis & funding basis under regulations (Note 8)	(2,656)	0	283	(2,205)		(4,578)	4,578	0
Transfer to/from Earmarked Reserves	(3,296)	3,296	0	0		0	0	0
(Increase) or Decrease in year	**0**	**3,296**	**283**	**(2,205)**	**130**	**1,504**	**8,035**	**9,539**
Balance at 31 March carried forward	**(2,195)**	**(17,752)**	**(3,729)**	**(5,003)**	**(507)**	**(29,185)**	**(53,022)**	**(82,207)**

MIRS Group 2024/25	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)**
Adjustment to opening balances on adoption of IFRS 16 Leases							(211)	(211)
(Surplus)/Deficit on Provision of Services	37,039				308	**37,347**		37,347
Other Comprehensive I&E						**0**	**(11,930)**	**(11,930)**
Total Comprehensive I&E	37,039	0	0	0	308	**37,347**	(12,141)	25,206
Adjustments between accounting basis & funding basis under regulations (Note 8)	(37,462)	0	(475)	147		**(37,790)**	37,790	0
Transfer to/from Earmarked Reserves	**1,578**	**(1,578)**	**0**	**0**		**0**	**0**	**0**
(Increase) or Decrease in year	**1,155**	**(1,578)**	**(475)**	**147**	**308**	**(443)**	**25,649**	**25,206**
Balance at 31 March carried forward	**(2,195)**	**(21,048)**	**(4,012)**	**(2,798)**	**(637)**	**(30,689)**	**(61,057)**	**(91,746)**

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'

Signature removed for publishing

Peter Vickers BSc FCA, Chief Finance Officer...

Date: 30 June 2026

SINGLE 31/03/2025 £'000	GROUP 31/03/2025 £'000	Balance Sheet	*Single Note**	SINGLE 31/03/2026 £'000	GROUP 31/03/2026 £'000
81,700	81,700	Property, Plant and Equipment (PPE)	*13*	79,124	79,124
258	258	Heritage Assets	*-*	258	258
131,633	134,523	Investment Property	*14*	110,572	113,502
65	65	Intangible Assets	*15*	53	53
11,913	11,913	Long Term Investments	*18*	12,338	12,338
8,899	6,731	Long Term Debtors	*17*	6,825	4,570
234,468	**235,190**	**Long Term Assets**		**209,170**	**209,845**
16,573	16,573	Assets held for Sale	*14a*	21,944	21,944
5,000	5,000	Short Term Investments	*18*	13,000	13,000
14	10	Inventories	*-*	34	30
12,531	12,555	Short Term Debtors	*19*	7,422	7,433
20,928	21,054	Cash and Cash Equivalents	*20*	8,016	8,032
55,046	**55,192**	**Current Assets**		**50,416**	**50,439**
(102,000)	(102,000)	Short Term Borrowing	*21*	(74,000)	(74,000)
(22,614)	(22,719)	Short Term Creditors	*22*	(20,324)	(20,341)
(372)	(372)	Short Term Revenue Grants- Receipts in Advance	*35*	(152)	(152)
(301)	(301)	Other Short Term Liabilities (Leases)	*18*	(301)	(301)
(125,287)	**(125,392)**	**Current Liabilities**		**(94,777)**	**(94,794)**
(2,510)	(2,510)	Long Term Provisions (NNDR only)	*23*	(885)	(885)
(64,000)	(63,925)	Long Term Borrowing	*24*	(75,000)	(75,013)
(2,679)	(2,679)	Other Long Term Liabilities (Pensions & Leases only)	*25*	(1,799)	(1,799)
(3,925)	(3,925)	Long Term Capital Grants- Receipts in Advance	*35*	(5,421)	(5,421)
0	(205)	Deferred Tax Liability	*-*	0	(165)
(73,114)	**(73,244)**	**Long Term Liabilities**		**(83,105)**	**(83,283)**
91,113	**91,746**	**Net Assets**		**81,704**	**82,207**
(30,053)	(30,689)	Usable Reserves	*MiRS*	(28,679)	(29,185)
(61,060)	(61,057)	Unusable Reserves	*26*	(53,025)	(53,022)
(91,113)	**(91,746)**	**Total Reserves**		**(81,704)**	**(82,207)**

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 (i.e. borrowing) to the authority.

SINGLE	GROUP			SINGLE	GROUP
2024/25	**2024/25**			**2025/26**	**2025/26**
£000	£000		**Notes**	£000	£000
(37,039)	(37,227)	Net surplus or (deficit) on the provision of services	CIES	(5,952)	(6,122)
48,773	49,022	Adjustments to surplus or deficit on the provision of services for non-cash movements	27	17,894	17,866
(14,540)	(14,540)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	28	(7,396)	(7,396)
(2,806)	**(2,745)**	**Net Cash flows from operating activities**		**4,546**	**4,348**
9,963	9,963	Investing activities	30	(3,217)	(3,217)
7,220	7,220	Financing activities	31	(14,241)	(14,153)
14,377	**14,438**	**Net increase or decrease in cash and cash equivalents**		**(12,912)**	**(13,022)**
6,551	6,616	Cash and cash equivalents at the beginning of the reporting period		**20,928**	**21,054**
20,928	**21,054**	**Cash and cash equivalents at the end of the reporting period**		**8,016**	**8,032**

1 Accounting Policies

i. General Principles

The statements of account summarise the authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26, 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 2026.

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 2025/26, in turn underpinned by International Financial Reporting Standards.

The Core (single entity and group) statements are:

i. The Movement in Reserves Statement is a summary of the changes to the Council's reserves over the financial year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable", which must be set aside for specific purposes.

ii. The Comprehensive Income and Expenditure Statement records all the Council's income and expenditure for the financial year. The upper element of the statement provides an analysis by service area. The lower half of the statement shows corporate transactions and financing.

iii. The Balance Sheet is a "snap shot" of the Council's assets, liabilities, cash balances and reserves at the end of the financial year.

iv. The Cash Flow Statement shows the reason for changes in the Council's cash balances during the financial year and whether those changes are due to operating activities, new investment or financing activities.

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 £74m to be re-financed in 2026/27, 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 6.2% 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:
  O quoted securities – current bid price
  O unquoted securities – professional estimate
  O unitised securities – current bid price
  O 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 Comprehensive Income and Expenditure Statement (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.

The Council did not identify any onerous leases under IAS 37 at the date of initial application.

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

Paragraph 3.3.4.3 of the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26* (the Code) requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January 2025 for the 2025/26 financial statements.

The standards introduced into the 2026/27 Code that are relevant to this disclosure are:

a) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

Issued by the IASB in May 2024. The amendments clarify the requirements for the date of recognition and derecognition of financial assets and liabilities settled through electronic payment systems, and clarify the classification of financial assets with environmental, social and governance (ESG) and similar features. The amendments are required to be applied by the authority from 1 April 2026. The authority does not consider that the amendments will have a material impact on the financial statements.

b) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

Issued by the IASB in December 2024. The amendments address how entities account for renewable electricity contracts (e.g. power purchase agreements) that reference nature-dependent electricity production. The amendments are required to be applied by the authority from 1 April 2026. The authority does not consider that the amendments will have a material impact on the financial statements.

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.

- Assets Held for Sale. During 2025/26 the Council approved a programme of asset disposals as part of its capital and financial recovery strategy. Management has exercised judgement in determining that certain investment properties, with a carrying value of £21.944m, met the criteria for classification as assets held for sale at 31 March 2026. This judgement was based on formal approval to dispose of the assets, active marketing at the balance sheet date, the assets being available for immediate sale in their present condition, and the expectation that disposal would be completed within twelve months of the reporting date

- 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 2026 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 depend on assumptions about the level of future repairs and maintenance. The current economic climate, inflation in construction costs and uncertainty over future funding for maintenance programmes increase the risk that useful lives may differ from those estimated. PPE valued at depreciated replacement cost (DRC) or existing use value (EUV) relies on significant assumptions used by the external valuer, including BCIS build-cost indices, location factors, market yields, and adjustments for regional market conditions. These inputs are subject to economic and market variability. Applicable assets are revalued on a minimum five-year rolling basis.	If useful lives are reduced, depreciation increases and the carrying amount of the assets falls more quickly. Based on current estimates, a one-year reduction in average useful lives for buildings would increase annual depreciation by £15k. During the most recent valuation cycle, the average movement in OLB assets was 0.7%. If this were applied to similar assets not revalued in-year, their carrying amount would increase by approximately £1k, which is not material enough to warrant a full valuation. Movements in BCIS indices, yields or location factors could materially affect asset values. A 1% change in construction cost indices could result in a significant change in the carrying amount of DRC-valued assets.
Investment Properties	Investment properties are measured at fair value each year using market-based valuation techniques. These valuations rely on unobservable inputs, including assumptions on market yields, rental income, tenant demand, void periods and expectations of future property market conditions. Given current fluctuations in commercial property markets, these assumptions carry a significant degree of estimation uncertainty.	Changes in market yields, rental assumptions or void period estimates would lead to a material change in the fair value of investment properties. Based on the valuer's sensitivity analysis, a 0.25% movement in market yields would increase or decrease the fair value of the Council's investment properties by a material amount. Variations in rental income assumptions (for example, a 5% change in expected rents) could also lead to significant changes in carrying values.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.

	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.	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 Council has recognised a provision of £0.885m (£2.212m full collection fund) in respect of appeals against non-domestic rate valuations. The provision represents management's best estimate of the expenditure	There is significant estimation uncertainty in determining the level of the provision, as the final outcome and timing of appeals are dependent on decisions by the Valuation Office Agency and may be influenced by precedent set by other authorities. A reasonably possible change

	required to settle obligations arising from appeals lodged at the balance sheet date and is based on the number of appeals received, historical success rates, and the estimated average settlement value per appeal.	in assumptions, such as a 10% increase in either the number of appeals or the estimated average settlement value, would increase the required provision by approximately £251k
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £1.559k.
Arrears	The NDR arrears balance of £784k (£1,959k full collection fund) at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of 60% (£475k or £1,187k full collection fund) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, for every 1% reduction in collection rates, an extra £50k would be required to be set aside as an allowance.

5 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Head of Finance on 30 June 2026. 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 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period (31 March 2026) and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- **Adjusting events** — 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.
- **Non-adjusting 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 event and an estimate of its financial effect.

Local Government Reorganisation — North Hampshire Unitary Authority

On 25 March 2026, the Secretary of State for Housing, Communities and Local Government announced his decision, subject to Parliamentary approval, that local government in Hampshire, Isle of Wight, Portsmouth and Southampton will be reorganised into five new unitary authorities. Under this decision, Rushmoor Borough Council will be dissolved and its functions, assets, liabilities and staff will transfer to a new North Hampshire Council, which will also cover the areas currently served by Basingstoke and Deane Borough Council and Hart District Council.

Shadow elections to the new North Hampshire Council are planned for May 2027, with the new authority expected to come into existence on 1 April 2028. Rushmoor Borough Council will continue to operate and deliver services in full until that date.

Judicial Challenge

Following the Secretary of State's decision, Hampshire County Council — which had submitted a competing four-unitary proposal — issued a pre-action protocol letter to MHCLG on 29 April 2026, challenging the basis on which the five-unitary model was selected. Hampshire County Council's Cabinet approved the commencement of judicial review proceedings at an extraordinary meeting on 9 June 2026, on the grounds that the Secretary of State has not adequately explained his decision-making or the financial justification for his choice. Portsmouth City Council has also resolved to pursue a separate judicial review.

The Council notes that Rushmoor Borough Council was one of the seven councils that submitted and supported the five-unitary proposal ultimately selected by the Secretary of State. The outcome of any judicial review would not necessarily change the Government's decision; if successful, the likely consequence would be a requirement for the Secretary of State to reconsider his decision rather than to adopt an alternative model. The Council therefore does not consider that the judicial challenge materially alters the position disclosed above, but considers it appropriate to draw readers' attention to this uncertainty.

This is a non-adjusting post-balance-sheet event. The financial implications of reorganisation — including transition costs, asset transfers and staff costs — cannot be reliably estimated at the date of authorisation of these accounts and will be addressed through the implementation planning process in 2026/27 and 2027/28.

Notes to the Accounts

6 Note to Expenditure and Funding Analysis

2024/25					2025/26			
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 from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts**	Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000
27	(15)	4	16	Community & Residents	(52)	(69)	1	(120)
0	(27)	6	(21)	Development & Economic Growth	761	(149)	7	619
1,366	(43)	9	1,332	Enabling Services	(549)	(74)	4	(619)
1	(23)	5	(17)	Finance	2,145	(203)	8	1,950
1,131	(53)	13	1,091	Neighbourhood Services	67	6	7	80
0	(9)	2	(7)	Policy, Climate & Sustainability	0	(71)	3	(68)
29,862	(12)	1	29,851	Regeneration & Property	0	(20)	1	(19)
32,387	**(182)**	**40**	**32,245**	**Net Cost of Services**	**2,372**	**(580)**	**31**	**1,823**
5,416	352	(551)	5,217	Other income and expenditure from the Expenditure and Funding Analysis	2,434	118	(1,719)	833
37,803	**170**	**(511)**	**37,462**	**Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services**	**4,806**	**(462)**	**(1,688)**	**2,656**

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:

2024/25 £000s		2025/26 £000s
(708)	Community & Residents	(1,480)
(2,164)	Development & Economic Growth	(1,586)
(2,294)	Enabling Services	(2,108)
(1,935)	Finance	(5,835)
(6,585)	Neighbourhood Services	(3,574)
(22)	Policy, Climate & Sustainability	(188)
(1,091)	Regeneration & Property	(11)
(14,799)		**(14,782)**

7 Expenditure and Income Analysed by Nature

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

2024/25 £000s		2025/26 £000s
	Expenditure:	
15,401	Employee benefits expenses	16,016
12,696	Changes in the Fair Value of Investment Property	7,895
31,981	Depreciation, amortisation, impairment	4,446
24,494	Precepts and levies	24,139
7,010	Interest payments	7,092
45,952	Other services expenses	42,344
(703)	Loss /(gain) on disposal	347
352	Net interest on net defined benefit liability/asset	118
137,183	**Total expenditure**	**102,397**
	Income:	
0	Changes in the Fair Value of Investment Property	0
(24,663)	Fees, charges and other service income	(25,307)
(38,866)	Government grants and contributions	(32,386)
(32,690)	Income from council tax and non-domestic rates income	(35,289)
(4,207)	Interest and investment income	(2,496)
282	Other income	(967)
(100,144)	**Total income**	**(96,445)**
37,039	**(Surplus) or Deficit on the Provision of Services**	**5,952**

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.

2024/25 General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		2025/26 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				
(1,150)			1,150	Charges for depreciation and impairment of PPE	(1,035)			1,035
(29,757)			29,757	Revaluation Gain/Loss on PPE	(2,580)			2,580
(12,696)			12,696	Movements in Fair Value of Investment Properties	(7,895)			7,895
(16)			16	Amortisation of intangible assets	(16)			16
3,009		147	(3,156)	Capital grants & contributions received and applied	5,316		(2,205)	(3,111)
(1,043)			1,043	Revenue exp funded from capital under statue (REFCUS)	(816)			816
(2,520)			2,520	Disposals	(7,743)			7,743
				Insertion of items not dr/cr to CIES				
317			(317)	Capital expenditure charged against General Fund	0			0
1,746			(1,746)	Statutory Provision for the financing of capital investment (MRP)	2,465			(2,465)
				Adjustments primarily involving the Capital Receipts Reserve				
2,982	(2,982)			Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	7,396	(7,396)		
	2,507		(2,507)	Use of the Capital Receipts Reserve to finance capital expenditure		7,355		(7,355)
				Use of Capital under Capital Receipt Flexibility	(324)	324		
				Adjustment's primarily involving the Pooled Fin Investment Fund Adjustment Account				
1,326			(1,326)	Unrealised Fair Value Gain/Loss on Financial Instruments	425			(425)
				Adjustments primarily involving the Pensions Reserve				
(2,278)			2,278	Pension remeasurements and cost	(1,927)			1,927
2,107			(2,107)	Employer's pension contributions and direct payments	2,390			(2,390)
				Adjustments primarily involving the Accumulated Absences Account				
551			(551)	Council tax and NNDR	1,720			(1,720)
				Adjustment's primarily involving the Accumulated Absences Account				
(40)			40	Holiday pay	(32)			32
(37,462)	**(475)**	**147**	**37,790**	**Total Adjustments**	**(2,656)**	**283**	**(2,205)**	**4,578**

9 Transfers to/from Earmarked Reserves

At 31 March 2024 £'000	Internal Transfers £'000	Transfers out £'000	Transfers in £'000	At 31 March 2025 £'000	Earmarked Reserves	Transfers out £'000	Transfers in £'000	At 31 March 2026 £'000
(5,934)	0	85	(2,119)	(7,968)	Commuted sums	379	(342)	(7,931)
(5,700)	0	518	0	(5,182)	Stability & Resilience Reserve	2,362	0	(2,820)
(3,892)	0	0	0	(3,892)	Business Rate equalisation reserve	0	0	(3,892)
(528)	0	0	(25)	(553)	Mercury abatement	559	(6)	0
0	0	0	(489)	(489)	Community Recovery Fund	322	0	(167)
(812)	0	398	0	(414)	Flexible Homelessness Support Grant	5	0	(409)
(320)	0	52	(94)	(362)	Homes for Ukraine support A	19	(6)	(349)
(144)	0	18	(172)	(298)	Asylum Dispersal	32	(38)	(304)
(257)	0	0	0	(257)	Regeneration Reserve	0	0	(257)
(253)	0	0	0	(253)	Insurance Reserve	0	0	(253)
(154)	0	37	(108)	(225)	Other grants (below £45k)	48	(27)	(204)
(206)	0	4	0	(202)	Civil parking enforcement surplus	0	0	(202)
0	0	0	(168)	(168)	Tennis Court Sink Fund	0	0	(168)
(134)	0	21	(25)	(138)	Pipeline environmental improvement	8	0	(130)
(129)	0	0	(5)	(134)	Farnborough'b airport environment Fund	11	0	(123)
0	0	0	(129)	(129)	Budget carry forwards	129	(73)	(73)
(106)	0	22	(2)	(86)	Deprivation reserve	0	0	(86)
(42)	0	0	(38)	(80)	Local Authority Housing Fund (LAHF)	0	0	(80)
(75)	0	0	0	(75)	Custom Build Grant	75	0	0
(124)	0	57	0	(67)	Climate emergency reserve	51	0	(16)
(24)	0	0	(9)	(33)	Afghan relocation scheme	13	0	(20)
(27)	0	10	0	(17)	Cyber security	17	0	0
(19)	0	8	0	(11)	Homes for Ukraine support B	7	0	(4)
(7)	0	0	0	(7)	Supp & Temp Accommodation Work	0	0	(7)
(213)	0	208	0	(5)	A331 Air Quality Project	5	0	0
(8)	0	5	0	(3)	Control outbreak	3	0	0
(312)	0	312	0	0	Workforce Reserve	0	0	0
(43)	0	43	0	0	Covid Council tax hardship	0	0	0
(7)	0	13	(6)	0	UK shared prosperity fund	0	0	0
0	0	0	0	0	Local Plan Funding	0	(108)	(108)
0	0	0	0	0	Supported Housing Strategies Funding	0	(49)	(49)
0	0	0	0	0	IDOX Cloud Onboarding Fees	0	(49)	(49)
0	0	0	0	0	Renters' Rights New Burdens	0	(32)	(32)
0	0	0	0	0	Whole Housing Approach - Domestic Abuse extra pressures	0	(15)	(15)
0	0	0	0	0	Planning Skills Delivery Fund	0	(4)	(4)
(19,470)	**0**	**1,811**	**(3,389)**	**(21,048)**	**Total**	**4,045**	**(749)**	**(17,752)**

10 Other Operating Expenditure

2024/25		2025/26
£'000		**£'000**
(46)	Photovoltaic Cells Feed-in Tariff	0
(461)	Gain/Loss on disposal of non-current assets	347
0	Other Corporate I&E	539
(507)	**Total Other Operating Expenditure**	**886**

11 Financing and Investment Income and Expenditure

2024/25		2025/26
7,010	Interest payable and similar charges	7,093
352	Net interest on the net defined benefit liability (asset)	118
(4,206)	Interest receivable and similar income	(2,497)
4,986	Income and expenditure in relation to investment properties and changes in their fair value	1,948
(428)	Unrealised Fair Value gain/loss on financial investments	(425)
471	Changes in impairment loss allowance of financial instruments	(541)
8,185	**Total**	**5,696**

12 Taxation and Non-Specific Grant Income

2024/25		2025/26
(7,684)	Council tax income	(8,008)
13	Collection Fund (Surplus) / Deficit - Council tax	42
(912)	Collection Fund (Surplus) / Deficit - NNDR	(1,900)
(2,995)	Non-domestic rates income and expenditure	(3,839)
3,382	NNDR (safety net) / levy payment	2,555
(4,134)	S.31 grants paid to compensate loss of business rates income	(3,340)
(1,071)	Non-ringfenced government grants	(1,996)
(2,069)	Capital grants and contributions	(3,206)
(15,470)	**Total**	**(19,692)**

13 Property, Plant and Equipment

	Land and Buildings	Vehicles, Plant & Equipment	Right-of - use Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation							
at 1 April 2025	**64,374**	**7,414**	**1,423**	**8,705**	**337**	**4,200**	**86,453**
Adjustment for right of use asset (IFRS 16)	0		0				0
Reclassifications	(12,199)			2,411	12,775	(3,145)	(158)
Additions		898	0	277	0	1,713	2,888
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,836)				(2,232)		(4,068)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(857)				(1,839)	0	(2,696)
Derecognition/Disposal	1,866						1,866
at 31 March 2026	**51,348**	**8,312**	**1,423**	**11,393**	**9,041**	**2,768**	**84,285**
Accumulated Depreciation and Impairment							
at 1 April 2025	**(10)**	**(4,338)**	**(405)**	**0**	**0**	**0**	**(4,753)**
Depreciation charge	(604)	(295)	(137)				(1,036)
Depreciation written out to revaluation reserve	511						511
Depreciation written out to the Surplus/Deficit on the Provision of Services	117						117
Derecognition/Disposal							0
at 31 March 2026	**14**	**(4,633)**	**(542)**	**0**	**0**	**0**	**(5,161)**
Net Book Value;							
at 31 March 2026	**51,362**	**3,679**	**881**	**11,393**	**9,041**	**2,768**	**79,124**
at 31 March 2025	**64,364**	**3,076**	**1,018**	**8,705**	**337**	**4,200**	**81,700**

	Land and Buildings	Vehicles, Plant & Equipment	Right-of - use Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation							
at 1 April 2024	58,870	8,307	0	7,817	723	48,369	**124,086**
Adjustment for right of use asset (IFRS 16)	0		292				**292**
Reclassifications		(1,131)	1,131			(27,400)	**(27,400)**
Additions		344	0	888	0	11,804	**13,036**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,144				(386)		**6,758**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,581)					(28,573)	**(30,154)**
Derecognition/Disposal	(59)	(106)					**(165)**
at 31 March 2025	64,374	7,414	1,423	8,705	337	4,200	86,453
Accumulated Depreciation and Impairment							
at 1 April 2024	(47)	(4,285)		0	0	0	**(4,332)**
Depreciation charge	(716)	(53)	(405)				**(1,174)**
Depreciation written out to revaluation reserve	356						**356**
Depreciation written out to the Surplus/Deficit on the Provision of Services	397						**397**
Derecognition/Disposal							**0**
at 31 March 2025	**(10)**	**(4,338)**	**(405)**	**0**	**0**	**0**	**(4,753)**
Net Book Value;							
at 31 March 2025	**64,364**	**3,076**	**1,018**	**8,705**	**337**	**4,200**	**81,700**
at 31 March 2024	**58,823**	**4,022**	**0**	**7,817**	**723**	**48,369**	**119,754**

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 2026, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2026/27 and future years budgeted to cost £1.6m

Effects of Changes in Estimates

In 2025/26, 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 Montagu-Evans. 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	Right-of - use Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost		3,679	881	11,393		2,768	18,721
Valued at Current value as at:							
31/03/2026	**51,282**	0	0	0	**9,041**	0	**60,323**
31/03/2025	0	0	0	0	**0**	0	**0**
31/03/2024	0	0	0	0	0	0	**0**
31/03/2023	80	0	0	0	0	0	**80**
31/03/2022	0	0	0	0	0	0	**0**
Total Cost or Valuation	**51,362**	**3,679**	**881**	**11,393**	**9,041**	**2,768**	**79,124**

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:

2024/25		2025/26
Non-Current		**Non-Current**
£'000	**Investment Properties Movements in Year**	**£'000**
135,812	**Opening Balance**	**131,633**
210	Additions	128
(2,520)	Disposals	(4,377)
(12,696)	Net gains/(losses) from fair value adjustment taken to CIES	(16,766)
27,400	Transfers to/from Property Plant and Equipment	0
(16,573)	Reclassified as Assets Held for Sale	(46)
131,633	**Balance at the end of the year**	**110,572**

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 2026.

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

2024/25		2025/26
£'000	**Investment Property Income and Expenditure**	**£'000**
(9,832)	Rental income from investment property	(10,546)
2,122	Direct operating expenses from investment property	4,598
(7,710)	**Net (gain)/loss**	**(5,948)**

Fair Value Hierarchy

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

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

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

Highest and best use of investment properties

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

Valuation techniques

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

Valuation process for investment properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out externally by Montague Evans, 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.

14a Assets Held for Sale

Assets held for sale are assets for which the Council has committed to a plan to sell, the assets are available for immediate sale in their present condition, and the sale is highly probable within twelve months of the balance sheet date.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated while classified in this category.

2024/25		2025/26
£'000	**Assets Held for Sale**	**£'000**
16,573	Investment properties reclassified as held for sale	14,400
0	Other Land and Building reclassified as held for sale	7,544
16,573		**21,944**

The assets held for sale comprise investment properties and other land and building. These assets were identified for disposal as part of the Council's approved asset rationalisation and financial recovery strategy.

No impairment was required on classification as assets held for sale, as the carrying amounts did not exceed fair value less costs to sell at the balance sheet date.

The Council expects the disposal of these assets to be completed during the 2026/27 financial year.

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 £16k charged to revenue in 2025/26 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:

2024/25		2025/26
£'000		**£'000**
	Balance at start of year:	
202	Gross carrying amounts	247
(166)	Accumulated amortisation	(182)
36	**Net carrying amount at start of year**	**65**
45	Additions (purchases)	4
0	Disposals	0
(16)	Amortisation for the period	(16)
0	Rev of past amortisation of disposal	0
0	Other charges	0
65	**Net carrying amount at end of year**	**53**
-	Comprising:	
247	Gross carrying amounts	251
(182)	Accumulated amortisation	(198)
65	**Total**	**53**

16 Interests in Jointly Controlled Operations

Building Control Service and Health & Safety
The Council entered into a jointly controlled operation with Hart District Council to deliver a shared Building Control service (started on 02 July 2015) and shared Health &Safety (started 01 January 2026).

Emergency Planning
The Council entered into a jointly controlled operation with Hart District Council and Havant Borough Council to deliver a shared Emergency Planning (started 01 April 2025).

Rushmoor Borough Council's element of the shared jointly controlled operations are included 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 jointly controlled operations from 1 April 2025 to 31 March 2026.

RBC	Hart DC	Havant BC	TOTAL		RBC	Hart DC	Havant BC	TOTAL
2024/25	**2024/25**	**2024/25**	**2024/25**		**2025/26**	**2025/26**	**2025/26**	**2025/26**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
190	292	0	482	Employee related expenditure	221	331	16	568
13	0	0	13	Premises related expenditure	4	7		11
3	5	0	8	Transport related expenditure	3	5	0	8
6	4	0	10	Supplies and Services	3	10	0	13
68	0	0	68	Support Services	0	0		0
0	0	0	0	Capital charges	0	0		0
280	**301**	0	**581**	**Expenditure**	**232**	**352**	**16**	**600**
(10)	10	0	0	Hosting charge	(14)	12	1	(1)
(208)	0	0	(208)	Fees and charges	(229)	0	0	(229)
(18)	0	0	(18)	Other income	(14)	0	0	(14)
(236)	**10**	**0**	**(226)**	**Income**	**(257)**	**12**	**1**	**(244)**

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

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

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

17 Long Term Debtors

2024/25		2025/26
£'000		**£'000**
6,587	Farnborough International Airport Loan	4,482
63	Rushmoor Development Partnerships	63
2,168	Loan to Subsidiary (RHL)	2,255
47	Service Provider Loan	0
28	Car Loans to staff	25
6	Rent Free Lease Periods	0
8,899	**Total**	**6,825**

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	Long Term Debtors	Current Investment & cash	Short Term Debtors	TOTAL
31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025		31-Mar-2026	31-Mar-2026	31-Mar-2026	31-Mar-2026	31-Mar-2026
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
11,913	0	0	0	**11,913**	Fair value through Profit or loss	12,338	0	0	0	**12,338**
0	0	5,000	0	**5,000**	Amortised cost - Investments	0	0	13,000	0	**13,000**
0	0	20,928	0	**20,928**	Amortised cost - Cash & cash equivalents	0	0	8,016	0	**8,016**
0	8,899	0	10,121	**19,020**	Amortised cost - Debtors	0	6,825	0	3,875	**10,700**
11,913	**8,899**	**25,928**	**10,121**	**56,861**	**Total financial assets**	**12,338**	**6,825**	**21,016**	**3,875**	**44,054**
0	0	0	2,410	**2,410**	Assets not defined as Financial Instruments	0	0	0	3,547	**3,547**
11,913	**8,899**	**25,928**	**12,531**	**59,271**	**Total**	**12,338**	**6,825**	**21,016**	**7,422**	**47,601**

Non-current Borrowing	Creditors	Current Borrowing	Creditors	TOTAL	Financial Liabilities	Non-current Borrowing	Long Term Creditors	Current Borrowing	Short Term Creditors	TOTAL
31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025		31-Mar-2026	31-Mar-2026	31-Mar-2026	31-Mar-2026	31-Mar-2026
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
					Fair value through Profit or loss					
(64,000)		(102,000)		**(166,000)**	Amortised cost- Borrowing	(75,000)		(74,000)		**(149,000)**
			(14,483)	**(14,483)**	Amortised cost- Creditors				(9,476)	**(9,476)**
	(348)		(301)	**(649)**	Amortised cost- Finance leases		(31)		(301)	**(332)**
(64,000)	**(348)**	**(102,000)**	**(14,784)**	**(181,132)**	**Total financial liabilities**	**(75,000)**	**(31)**	**(74,000)**	**(9,777)**	**(158,808)**

Non-current Borrowing	Creditors	Current Borrowing	Creditors	TOTAL	Financial Liabilities	Non-current Borrowing	Long Term Creditors	Current Borrowing	Short Term Creditors	TOTAL
31-Mar-2025	**31-Mar-2025**	**31-Mar-2025**	**31-Mar-2025**	**31-Mar-2025**		**31-Mar-2026**	**31-Mar-2026**	**31-Mar-2026**	**31-Mar-2026**	**31-Mar-2026**
			(8,131)	**(8,131)**	Liabilities not defined as Financial Instruments				(10,848)	**(10,848)**
(64,000)	**(348)**	**(102,000)**	**(22,915)**	**(189,263)**	**Total**	**(75,000)**	**(31)**	**(74,000)**	**(20,625)**	**(169,656)**

Notes to the Accounts

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 one soft loan which is immaterial;

- 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-2025	**31-Mar-2025**	**31-Mar-2025**		**31-Mar-2026**	**31-Mar-2026**	**31-Mar-2026**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			Net gains/losses on:			
0	(428)	(428)	Financial assets measured at fair value through Profit or loss	0	(425)	(425)
0	0	0	Financial assets measured at amortised cost	0	0	0
0	**(428)**	**(428)**	**Total net gains/losses**	**0**	**(425)**	**(425)**
(4,206)	0	(4,206)	Interest revenue	(2,497)	0	(2,497)
7,010	0	7,010	Interest expense	7,093	0	7,093
2,804	**(428)**	**2,376**	**Total**	**4,596**	**(425)**	**4,171**

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 2026, using the following methods and assumptions:

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

Fair values are assessed against the following fair value hierarchy:

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

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

31/03/2025	Recurring Fair Value Measurements	Input level in Fair Value hierarchy	Valuation technique used to measure Fair Value	31/03/2026
£'000				£'000
	Fair value through profit or loss;			
11,913	Pooled investment funds	Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly	12,338
11,913	**Total**			**12,338**

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
31/03/2025	31/03/2025		31/03/2026	31/03/2026
£'000	£'000		£'000	£'000
		Financial Liabilities;		
(166,000)	(166,000)	Loans	(149,000)	(149,000)
(14,483)	(14,483)	Creditors	(9,476)	(9,476)
(649)	(649)	Finance Lease	(332)	(332)
(181,132)	**(181,132)**	**Total**	**(158,808)**	**(158,808)**
		Financial assets;		
5,000	5,000	Investments	13,000	13,000
20,928	20,928	Cash and cash equivalents	8,016	8,016
19,020	19,020	Debtors	10,700	10,700
44,948	**44,948**	**Total**	**31,716**	**31,716**

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

Notes to the Accounts

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

2024/25		2025/26
£'000		**£'000**
3,146	Trade Receivables	752
492	Payments in advance / Prepayments	554
8,893	Other Receivables	6,116
12,531	**Total**	**7,422**

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:

2024/25		2025/26
£'000	**Debtors for local taxation**	**£'000**
0	Less than three months	0
0	Three to six months	0
237	Six months to one year	234
996	More than one year	985
1,233	**Total**	**1,219**
(1,037)	Bad debt provision	(1,131)
196	**Net**	**88**

20 Cash and Cash Equivalents

2024/25		2025/26
£'000		**£'000**
2,910	Cash and Bank balances held by the Council	2,048
18,018	Short Term Deposits / Cash Equivalents	5,968
20,928	**Total**	**8,016**

21 Short Term Borrowing

2024/25		2025/26
£'000		**£'000**
(102,000)	Borrowing from Local Authorities	(12,000)
0	Borrowing from PWLB	(62,000)
(102,000)	**Total**	**(74,000)**

22 Short Term Creditors

2024/25		2025/26
£'000		**£'000**
(11,871)	Trade payables	(8,049)
(2,730)	Receipts in advance	(2,064)
(8,013)	Other payables	(10,211)
(22,614)	**Total**	**(20,324)**

23 Long Term Provisions

2024/25		2025/26
£'000		**£'000**
(2,949)	Opening Balance	(2,510)
(119)	Increase in provision during year	962
558	Utilised during year	663
(2,510)	**Closing Balance**	**(885)**

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

24 Long Term Borrowing

2024/25		2025/26
£'000		**£'000**
(2,000)	Borrowing from LA's	(10,000)
(62,000)	Borrowing from PWLB	(65,000)
(64,000)	**Total**	**(75,000)**

25 Other Long Term Liabilities

2024/25		2025/26
£'000		**£'000**
(2,331)	Pensions Liability	(1,768)
(348)	Finance Lease Liability (Serco vehicles)	(31)
(2,679)	**Total**	**(1,799)**

26 Unusable Reserves

2024/25		2025/26
£'000		**£'000**
(40,955)	Revaluation Reserve	(36,858)
(23,263)	Capital Adjustment Account Reserve	(16,651)
1,103	Pooled Investment Funds Adjustment Account Reserve	678
2,331	Pension Reserve	1,768
(437)	Collection Fund Adjustment Account Reserve	(2,157)
161	Accumulated Absences Account Reserve	195
(61,060)	**Total**	**(53,025)**

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.

2024/25		2025/26
£'000		**£'000**
(33,936)	**Balance 1 April**	**(40,955)**
(9,700)	Upward revaluation of assets	(7,315)
2,586	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	10,872
(7,114)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**3,557**
95	Difference between fair value depreciation and historical cost depreciation	540
	Accumulated gains on assets sold or scrapped	
	Other amounts written off to the Capital Adjustment Account	
95	**Amount written off to the Capital Adjustment Account**	**540**
(40,955)	**Balance 31 March**	**(36,858)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2024/25		2025/26
£'000		£'000
(62,415)	**Balance 1 April**	**(23,263)**
(211)	Adjustment on transition to IFRS 16 Leases at 1 April 2024	0
1,055	Charges for depreciation and impairment of non-current assets	1,034
29,757	Revaluation losses on non-current assets	2,579
16	Amortisation of intangible assets	16
1,043	Revenue expenditure funded from capital under statute	816
2,520	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7,743
34,180	**Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement**	**12,188**
0	Adjusting Amounts written out of the Revaluation Reserve	(540)
34,180		**11,648**
(2,506)	Use of Capital Receipts Reserve to finance new capital expenditure	(7,355)
(1,036)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,036)
(2,120)	Application of grants to capital financing from the capital grants unapplied account	(1,074)
(317)	Capital expenditure charged against the General Fund balances	0
(1,746)	Statutory provision for the financing of capital investment charged against the General Fund balances (MRP)	(2,465)
(7,725)	**Capital financing applied in year:**	**(12,930)**
12,697	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	7,894
(23,263)	**Balance 31 March**	**(16,651)**

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.

2024/25		2025/26
£'000		£'000
2,428	**Balance 1 April**	**1,103**
(321)	Upwards revaluation charged to (surplus)/deficit on Provision of Services	(464)
134	Downwards revaluation charged to (surplus)/deficit on Provision of Services	39
(1,138)	Realised charge to General Fund	0
1,103	**Balance 31 March**	**678**

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.

2024/25		2025/26
£'000		£'000
7,431	**Balance 1 April**	**2,331**
	Opening balance adjustment per IAS19 actuary report	
(19,186)	Remeasurements of the net defined benefit (liability)/asset	(100)
2,278	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	1,927
(2,107)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,390)
13,915	Asset Ceiling Adjustment	0
2,331	**Balance 31 March**	**1,768**

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.

2024/25		2025/26
£'000		£'000
113	**Balance 1 April**	**(437)**
(550)	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	(1,720)
(437)	**Balance 31 March**	**(2,157)**

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.

2024/25		2025/26
£'000		£'000
125	**Balance 1 April**	**161**
(125)	Settlement or cancellation of accrual made at the end of the preceding year	(161)
161	Amounts accrued at the end of the current year	195
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
161	**Balance 31 March**	**195**

27 Cash Flow- Adjustments to surplus or deficit on the provision of services for non-cash movements

2024/25		2025/26
£'000		**£'000**
1,168	Depreciation of tangible assets	1,035
16	Amortisation of intangible assets	16
42,265	Impairment and downward valuations	10,050
(684)	Increase/(decrease) in provision for doubtful debts	(576)
667	Increase/(decrease) in interest creditors	0
776	Increase/(decrease) in creditors	(7,499)
(794)	(Increase)/decrease in interest debtors	(794)
(4,709)	(Increase)/decrease in debtors	9,690
(9)	(Increase)/decrease in inventory	(20)
171	Movement in pension liability	(463)
10,371	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	8,080
(465)	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,625)
48,773	**Total**	**17,894**

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

2024/25		2025/26
£'000		**£'000**
(7,985)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
(2,982)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,396)
(3,573)	Any other items for which the cash effects are investing or financing cash flows	0
(14,540)	**Total**	**(7,396)**

29 Cash Flow- Operating Activities

2024/25		2025/26
£'000		**£'000**
2,439	Interest received	2,315
(7,664)	Interest paid	(9,303)
(5,225)	**Total**	**(6,988)**

30 Cash Flow- Investing Activities

2024/25		2025/26
£'000		**£'000**
(11,004)	Purchase of property, plant and equipment, investment property and intangible assets	(2,613)
10,000	Purchase of short-term and long-term investments	(8,000)
2,982	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	7,396
7,985	Proceeds from short-term and long-term investments	0
0	Other payments for investing activities	0
0	Other receipts from investing activities	0
9,963	**Net cash flows from investing activities**	**(3,217)**

31 Cash Flow- Financing Activities

2024/25		2025/26
£'000		**£'000**
(160,000)	Repayments of short and long-term borrowing	(112,000)
164,000	Cash receipts of short and long term borrowing	95,000
(350)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(317)
488	Other receipts for Capital Grants Receipts in Advance (CGRIA)	1,496
3,082	Other payments for financing activities	1,580
7,220	**Net cash flows from financing activities**	**(14,241)**

32 Reconciliation of Liabilities Arising from Financing Activities

1st Apr'24	Fin cash flows	Non-cash changes	31st Mar'25		1st Apr'25	Fin cash flows	Non-cash changes	31st Mar'26
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(5,000)	(59,000)	0	**(64,000)**	Long Term Borrowing	(64,000)	(11,000)	0	**(75,000)**
(157,000)	55,000	0	**(102,000)**	Short Term Borrowing	(102,000)	28,000	0	**(74,000)**
(1,019)	330	40	**(649)**	Lease Liabilities	(649)	317	0	**(332)**
(163,019)	**(3,670)**	**40**	**(166,649)**	**Total Liabilities from Financing Activities**	**(166,649)**	**17,317**	**0**	**(149,332)**

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.

2024/25		2025/26
11	£50,000 to £54,999	13
22	£55,000 to £59,999	20
14	£60,000 to £64,999	8
5	£65,000 to £69,999	8
6	£70,000 to £74,999	7
1	£75,000 to £79,999	1
0	£80,000 to £84,999	0
1	£85,000 to £89,999	0
2	£90,000 to £94,999	1
0	£95,000 to £99,999 …	0
0	£100,000 to £104,999 …	0
0	£110,000 to £114,999 …	1
0	£135,000 to £139,999	0
62	**Total**	**59**

The rate of pension contribution to the Hampshire Pension Fund is 14.6%.

Notes to the Accounts

Senior Officer Remuneration

2024/25						2025/26				
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
153	0	0	27	180	**Chief Executive**	14	0	122	3	139
0	0	0	0	0	**Interim Managing Director**	118	1	0	21	140
114	1	0	20	135	**Executive Director**	12	0	0	2	14
113	1	0	20	134	**Executive Director**	115	1	0	21	137
101	0	0	18	119	**Exec Head of Fin. Services (CFO)**	103	0	0	18	121
0	0	0	0	0	**Exec Head of Gov & Law (Mon Officer)**	3	0	0	1	4
87	0	0	15	102	**Exec Head of Operations**	93	0	0	16	109
568	**2**	**0**	**100**	**670**	**Totals**	**458**	**2**	**122**	**82**	**664**

Exit Packages

2024/25					2025/26			
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
1	0	1	17,576	£0-£20,000	0	0	0	0
0	0	0	0	£20,001-£40,000	0	2	2	64,300
0	0	0	0	£40,000-£60,000	0	0	0	0
0	0	0	0	£60,001-£80,000	0	0	0	0
1	0	1	84,292	£80,001-£100,000	0	0	0	0
1	0	1	106,591	£100,001-£200,000	0	0	0	0
0	0	0	0	£200,000-£300,000	1	0	1	279,040
3	**0**	**3**	**208,459**	**Total**	**1**	**2**	**3**	**343,340**

The authority terminated the contracts of a number of employees in 2025/26, incurring liabilities of £343k (£208k in 2024/25) – see above for the number of exit packages and total cost per band.

34 External Audit Costs

2024/25		2025/26
£'000		£'000
160	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	164
28	Fees payable to external auditors for the certification of grant claims and returns for the year	26
0	Refund of fee payable to external auditors	0
188	**Total**	**190**

35 Grant Income

2024/25		2025/26
£'000		£'000
	Credited to Taxation and Non Specific Grant Income	
(385)	New Homes Bonus Grant	(512)
(2,069)	Capital Grants and Contributions	(3,206)
(516)	Funding Guarantee Grant	0
(53)	New Burdens Grant	(39)
(15)	DLUHC Service Grant	0
(101)	Revenue Support Grant (RSG)	(120)
(212)	Other non-ring fenced grants	0
(4,134)	Section 31 Grants in Relation to Business Rates	(3,340)
0	Extended Producer Responsibility Contribution	(1,070)
0	Recovery Grant	(118)
0	Employer National Insurance Contributions Grant	(137)
(7,485)	**Total**	**(8,542)**
	Credited to Services	
	Ministry of Housing, Communities and Local Government	
(687)	Homelessness Grant	(1,015)
(510)	Community Recovery Fund	0
(501)	UK Shared Prosperity Fund	(216)
(438)	Levelling Up Fund	0
(263)	Rough Sleeping Initiative	(67)
(125)	NNDR Cost of Collection - Admin Grant	(125)
(100)	Planning Skills Delivery Fund Grant	(68)
(20)	Local Audit Fees Grant	(20)
(15)	Local Government Cyber Get Cyber Assessment Framework Ready Grant	0
(14)	New Burdens	(34)
(9)	Other Grants	(1)
0	Audit Build -Back Grant	(45)
0	Supported Housing Strategy	(49)

2024/25		2025/26
£'000		£'000
0	Local Plan Implementation Grant	(108)
	Department for Works and Pensions	
(23,417)	Housing Benefit Subsidy	(19,610)
(245)	Housing Benefit Admin Subsidy	(260)
(161)	Discretionary Housing Payment	(161)
0	Discretionary Housing Payment Admin	(22)
(31)	Housing Benefit Welfare Reform	0
(29)	New Burdens	0
(25)	Housing Benefit Award Accuracy Initiative	(14)
(20)	Other	(7)
(326)	Home Office	(209)
(2,488)	Developers Contributions	(283)
	Hampshire County Council	
(1,493)	Better Care Fund / Disabled Facilities Grant	(1,598)
(300)	One Public Estate	0
(153)	Homes For Ukraine	(114)
(79)	Consolidated Hot Spot Response	(55)
(29)	Half Housing Approach Grant	0
(25)	Other	(179)
(27)	DEFRA Biodiversity	(27)
0	Other	(3)
(182)	Other Grants and Contributions	(106)
(31,710)	**Total**	**(24,396)**

Revenue Grant Receipts in Advance- Current Liabilities

2024/25		2025/26
£'000		**£'000**
(185)	Air Quality Grant	0
(68)	Planning Skills Fund Grant	0
(53)	Local Authority Housing Fund	0
(20)	Lottery Fund	(9)
(16)	Active Travel Grant	(13)
(15)	Live Longer Better Grant	(1)
0	UKSPF	(50)
0	Winter Top-up Grant	(79)
(15)	Safer Streets	0
(372)	**Total**	**(152)**

Capital Grant Receipts in Advance- Non-current Liabilities

2024/25		2025/26
£'000		**£'000**
(3,925)	Developers' Contributions (s106 and other contributions) See below*	(5,421)
(3,925)	**Total**	**(5,421)**
(7)	Creditor- armed forces community covenant	(7)
(7)	**Total**	**(7)**

Grant Receipts in Advance

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

2024/25 Capital Grants £'000	2024/25 Developer Contributions £'000	2024/25 Other Contributions £'000	2024/25 Total £'000		2025/26 Capital Grants £'000	2025/26 Developer Contributions £'000	2025/26 Other Contributions £'000	2025/26 Total £'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
1,036	344	0	1,380	Transferred to the Comprehensive Income & Expenditure Statement during the year	1,801	205	0	2,006
(1,036)	(344)	0	(1,380)	Transfer between short and long term	(1,801)	(205)	0	(2,006)
0	**0**	**0**	**0**	**Balance at 31 March**	**0**	**0**	**0**	**0**
				Long Term:				
(574)	(2,860)	0	(3,434)	**Balance as at 1 April**	(955)	(2,970)	0	(3,925)
(1,832)	(454)	0	(2,286)	Received/Refunded during the year	(2,570)	(932)	0	(3,502)
415	0	0	415	Transferred to the Capital Grants Unapplied	0	0	0	0
0	0	0	0	Interest	0	0	0	0
1,036	344	0	1,380	Transfer between short and long term	1,801	205	0	2,006
(955)	**(2,970)**	**0**	**(3,925)**	**Balance at 31 March**	**(1,724)**	**(3,697)**	**0**	**(5,421)**
(955)	**(2,970)**	**0**	**(3,925)**	**Total Balance at 31 March**	**(1,724)**	**(3,697)**	**0**	**(5,421)**

36 Members' Allowances

The authority paid the following amounts to Members of the Council during the year.

2024/25		2025/26
£'000		£'000
369	Allowances	395
9	Expenses	13
378	**Total Members Allowances**	**408**

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 2025/26, the Council provided financial assistance to 91 organisations by way of

- direct loans (£2,268,080),
- direct grant payments (£553,318),
- awards of rent relief (£206,688),
- awards of business rates relief (£881,411) and
- free parking permits (£29,595).

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:

2024/25	All financial assistance by entity where over £20k for the year	2025/26
£		£
328,369	Rushmoor Citizens Advice	364,657
159,705	Places for People Leisure Ltd	178,865
74,226	Rushmoor Voluntary Services	88,084
80,977	Chloe & Sophies Special Ears Fund	81,585
77,257	Step-by-Step	78,333
74,566	British Heart Foundation	75,455
65,050	Phyllis Tuckwell Hospice	65,923
0	North Hampshire Urgent Care Limited T/A Talk Plus	58,830
35,554	Dial a Ride (Paid to HCC)	34,360
35,000	Aldershot Town FC	30,000
28,058	FT Gearing Systems Ltd	27,750
25,230	Aldershot Military Museum	25,230
21,086	Aldershot & Fleet RUFC	21,588
0	Camberley Gymnastics Club Ltd / Rushmoor Gymnastics Academy	20,680
0	Samaritans of Farnborough & District	20,475
20,210	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 2026 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 2025/26 is shown in Note 36. During 2025/26 no works or services were commissioned from companies in which members had an interest.

Financial assistance totalling £2,838,209 was awarded to voluntary organisations in which 22 members and 0 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 £2,268,080 was award to organisations in which 1 senior officer 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 2026 has a long-term loan of £2,255k.

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 2026 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.

2024/25		2025/26
£'000		£'000
167,633	**Opening Capital Financing Requirement**	**174,437**
292	*Adjustment on transition to IFRS 16 Leases: recognition of new lease credit arrangements*	*0*
167,925	**Revised Opening Capital Financing Requirement**	**174,437**
	Capital Investment:	
0	Loans to external bodies	0
13,036	Property Plant and Equipment	4,772
210	Investment Properties	128
45	Intangible Assets	4
1,043	Revenue Expenditure Funded from Capital Under Statute	689
14,334	**Total Capital Investment**	**5,593**
	Sources of Finance:	
(2,603)	Capital receipts	(298)
(3,156)	Government Grants and other contributions	(3,040)
	Sums set aside from revenue:	
(317)	Direct revenue contributions	(89)
(1,746)	Minimum revenue provision (MRP)	(2,465)
(7,822)	**Total Sources of Finance applied**	**(5,892)**
174,437	**Closing Capital Financing Requirement**	**174,138**
6,512	Increase in underlying need to borrow (unsupported by government financial assistance)	(299)
(230)	Assets acquired under finance leases	0
6,282	**Increase/(decrease) in Capital Financing Requirement**	**(299)**

39 Leases

Council as Lessee

The Council's lease contract comprises leases of operational land and buildings, plant and equipment and motor vehicles. Most leases are individually immaterial; however, material leases include Refuse vehicles.
The Authority adopted IFRS 16 on 1 April 2024 in accordance with the Code of Practice on Local Authority Accounting 2024/25.

Right-of-Use Assets

Movements in the value of right-of-use assets during the year were as follows:

Right of Use Assets	**Land and buildings**	**Vehicles, plant and equipment**	**Total**
	£'000	**£'000**	**£'000**
Balance at 1 April 2025	**205**	**822**	**1,027**
Remeasurement	0	(9)	(9)
Additions	0	0	0
Revaluations or impairment	0	0	0
Depreciation charge	(11)	(126)	(137)
Disposals and other movements	0	0	0
Balance at 31 March 2026	**194**	**687**	**881**

Lease Liabilities Movement

Changes in the Council's lease liabilities during the year were as follows:

Lease Liabilities	**2024/25 £'000**
Balance at 1 April 2024	(1,019)
Additions in year	(44)
Remeasurements	(12)
Principal repaid in year	330
Interest charge	13
Disposals	83
Balance at 31 March 2025	(649)

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

2024/25		2025/26
£'000	**Comprehensive income and expenditure statement**	£'000
13	Interest expense on lease liabilities	13
0	Expenses relating to short-term leases	0
0	Expense relating to exempt leases of low value items	0
0	Variable lease payments not included in the measure of lease liabilities	0
0	Income from subletting right of use assets	0
0	Gains or losses arising from sale and leaseback transactions	0
	Cash flow statement	
(332)	Minimum lease payments	(317)

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

2024/25		**2025/26**
£'000		**£'000**
(324)	Less than one year	(334)
(344)	One to five years	(27)
0	More than five years	0
(668)	**Total undiscounted liabilities**	**(361)**

Council as Lessor

Finance Leases

The Council has no currently determined finance leases as lessor.

Operating Leases

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

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

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

2024/25		2025/26
£'000		£'000
(11,529)	Not later than 1 year	(11,065)
(33,986)	Later than 1 but no later than 5 years	(30,420)
(102,900)	Later than 5 years	(110,854)
(148,415)	**Total**	**(152,339)**

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 31 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	Discretio-nary Benefits		LGPS	Discretio-nary Benefits
2024/25	**2024/25**		**2025/26**	**2025/26**
£'000	**£'000**		**£'000**	**£'000**
		Cost of services:		
		Service cost comprising:		
1,916	0	* current service costs	1,381	0
10	0	* past service costs	428	0
		Financing and Investment income and exp:		
352	0	* net interest expense	118	0
2,278	**0**	**Total post employment benefit charged to the surplus/deficit on Provision of Services**	**1,927**	**0**
		Other post emp benefits charge to the CIES		
		Remeasurement of the net defined benefit liability comprising:		
764	0	* Return on plan assets (excluding amount included as the net interest expenses)	2,064	0
(18,350)	1	* Actuarial gain/loss arising on changes in financial assumptions	3,179	0
(218)	(30)	Actuarial gain/loss arising on changes in demographic assumption	1,817	0
(1,382)	92	* Actuarial (gains) and losses arising from liability other experience	(5,932)	0
		Changes in the effect of the asset ceiling	(1,228)	
(19,186)	**63**	**Total post employment benefits charged to the CIES**	**(100)**	**0**
		Movement in Reserves Statement		
(2,278)	0	* Reversal of net charges made to surplus/deficit on Provison of Services for post employment benefit	(1,927)	0
		Actual amount charged to General Fund for pensions in year:		
1,865	242	* Employer's contributions payable to scheme	2,171	219
(5,026)	(242)	* Retirement benefits payable to pensioners	(4,908)	(219)

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
2024/25	**2024/25**		**2025/26**	**2025/26**
£'000	**£'000**		**£'000**	**£'000**
120,517	0	Fair value of plan assets	124,097	0
(106,602)	(2,331)	Present value of the defined benefit obligation	(108,147)	(1,968)
13,915	**(2,331)**	**Net liability arising from the defined benefit obligation**	**15,950**	**(1,968)**
(13,915)	**0**	Effect of Asset Ceiling	**(15,950)**	**0**
0	**(2,331)**	Net defined benefit asset recognised on the balance sheet	**0**	**(1,968)**

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

LGPS 2024/25 £'000	Disc Benefits 2024/25 £'000		LGPS 2025/26 £'000	Disc Benefits 2025/26 £'000
118,081	0	**Opening fair value of scheme assets**	**120,517**	**0**
0	0	Opening balance adjustment per 'revised' IAS19 actuary report	0	0
5,607	0	Interest income	6,933	0
(764)	0	Remeasurement gain/(loss) on assets	(1,353)	0
1,865	242	Contribution from employer	2,171	219
754	0	Contribution from employee's into scheme	737	0
(5,026)	(242)	Net Benefits paid	(4,908)	(219)
120,517	**0**	**Closing fair value of scheme assets**	**124,097**	**0**

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

LGPS 2024/25 £'000	Disc Benefits 2024/25 £'000		LGPS 2025/26 £'000	Disc Benefits 2025/26 £'000
122,847	**2,665**	**Opening balance at 1st April**	**106,602**	**2,331**
0	(5)	Opening balance adjustment per 'revised' IAS19 actuary report	0	0
1,916	0	Current service costs	1,381	0
5,959	0	Interest income	6,244	0
754	0	Contributions by scheme participants	737	0
		Remeasurement gain/(loss):		
(18,350)	1	* Actuarial gain/loss arising on changes in financial assumptions	(3,035)	(144)
(126)	(90)	* Actuarial gain/loss arising on changes in demographic assumption	(1,817)	0
(1,382)	0	* Actuarial (gains) and losses arising from liability experience	2,515	0
(5,026)	(240)	Net Benefits paid	(4,908)	(219)
10	0	Past service costs	428	0
106,602	**2,331**	**Closing balance at 31st March**	**108,147**	**1,968**

Local Government Pension Scheme assets comprised

2024/25 Quoted £'000	2024/25 Unquoted £'000	2024/25 Total £'000	Fair value of scheme assets	2025/26 Quoted £'000	2025/26 Unquoted £'000	2025/26 Total £'000
2,337	**0**	**2,337**	**Cash and Cash equivalents**	**1772**	**0**	**1772**
			Equity instruments: by industry type			
40,138	0	40,138	· Other	42,852	0	42,852
42,475	**0**	**42,475**	**Subtotal equity**	**42,852**	**0**	**44,624**
			Debt securities: by sector			
5,465	0	5,465	· Corp Bonds (non-investment grade)	5,303	5861	11,164
17,561	5,682	23,243	· UK Govt	19,003	0	19,003
11,038	3,114	14,152	· Other	10,636	2,936	13,572
34,064	**8,796**	**42,860**	**Subtotal bonds**	**34,942**	**8,797**	**43,739**
			Property: by type			
0	10,753	10,753	· UK	0	10,365	10,365
0	**10,753**	**10,753**	**Subtotal property**	**0**	**10,365**	**10,365**
			Private equity:			
0	11,003	11,003	· All	**0**	10,685	10,685
0	**11,003**	**11,003**	**Subtotal private equity**	**0**	**10,685**	**10,685**
			Other investment funds:			
0	12,287	12,287	· Infrastructure	0	13,134	13,134
0	**1,139**	**1,139**	**Subtotal other investment funds**	0	1,550	1,550
0	13,426	13,426	· Other	**0**	**14,684**	**14,684**
0	**0**	**0**	**Derivatives**	**0**	**0**	**0**
0	**0**	**0**	**Other**	**0**	**0**	**0**
76,539	**43,978**	**120,517**	**Total Assets**	**79,566**	**44,531**	**124,097**

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 2026.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
2024/25		**2025/26**
%		**%**
	Longevity at 65 for current pensioners:	
22.0 yrs	Men	22.1 yrs
24.7 yrs	Women	24.7 yrs
	Longevity at 65 for future pensioners:	
22.5 yrs	Men	22.8 yrs
25.6 yrs	Women	25.9 yrs
2.8%	Rate of inflation (CPI)	3.0%
4.8%	Rate of increase to pensions in payment	3.0%
2.8%	Pension accounts revaluation rate	3.0%
3.8%	Salary increases	4.0%

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 £'000**
0.1% decrease in real discount rate	1%	1,559
1 year increase in member life expectancy	4%	4,405
0.1% increase in the salary increase rate	0%	84
0.1% increase in the pensions increase rate (CPI)	1%	1,473

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 £1,505,000 expected contributions to the scheme in 2026/2027.

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 has now been upheld by the Court of Appeal.

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 to the liabilities or if it can be reliably estimated. As a result, Rushmoor Borough Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case 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 2025/26

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 2025/26 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 2025/26 was £0 nil (2024/25, £0 nil).

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

Asset class (amortised cost)	12 month expected credit losses	Lifetime expected credit losses- not credit impaired	Lifetime expected credit losses- credit impaired	Lifetime expected credit losses- simplified approach	Purchased or originated credit impaired fin asset	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening 01/04/2025	**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 31/03/2026	**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 2024/25) that are still subject to enforcement activity.

Credit risk exposure

The authority has the following exposure to credit risk at 31 March 2026:

	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	12,338

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:

2024/25	Analysis of Financial Liabilities	2025/26
£'000		£'000
(83,777)	Less than one year	(83,777)
(75,031)	Between one and three years	(75,031)
0	More than three years	0
(158,808)	**Total**	**(158,808)**

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.

done

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 2026, 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	203
Impact on surplus/deficit on the Provision of Services	203
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 31/03/2026 could result in a £295k 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 31/03/2026 could result in a 46k adjustment
  A 5% fall in property prices at 31/03/26 could result in a £21k adjustment
  A 1% interest rate rise at 31/3/26 could result in a £7k adjustment
- Bond funds are subject to the risk of interest rate rises-
  A 1% interest rate rise at 31/03/2026 could result in a £338k 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

Group consolidation

The Council has one wholly owned subsidiary undertaking, Rushmoor Homes Limited (company number 12568211) (the “subsidiary”). The subsidiary is incorporated in England and Wales and its principal activity is to assist the Council in developing new homes to support the Council’s regeneration and housing objectives. The Group financial statements include the results, assets and liabilities of the subsidiary for the financial year ended 31 March 2026.

Audit exemption under the Companies Act 2006

The subsidiary is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts for the financial year ended 31 March 2026 under section 479A (subsidiary company audit exemption). This exemption applies on the basis that the Council is the parent undertaking and provides the guarantee required by section 479C of the Companies Act 2006 for the relevant financial year. The subsidiary’s name and registered number are disclosed here in a prominent place in the Council’s consolidated accounts for the purposes of the Companies Act requirements.

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Income & Expenditure	2025/26 Single	2025/26 RHL	2025/26 Group
£’000	£’000	£’000		£’000	£’000	£’000
(9,832)	(134)	(9,966)	Rental income from Investment Property	(10,546)	(119)	(10,665)
2,122	264	2,386	Direct operating expenses from Investment property	4,598	159	4,757
(7,710)	**130**	**(7,580)**	**Net (Gain)/Loss**	**(5,948)**	**40**	**(5,908)**

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Movements In Year	2025/26 Single	2025/26 RHL	2025/26 Group
£’000	£’000	£’000		£’000	£’000	£’000
135,812	**2,923**	**138,735**	**Opening Balance**	**131,633**	**2,890**	**151,246**
210	0	210	Additions	128	0	128
(2,520)	0	(2,520)	Disposals	(4,377)	0	(4,377)
(12,696)	117	(12,579)	Net (Gain)/Loss from fair value (CIES)	(16,766)	40	(16,726)
27,400	0	27,400	Transfers to/from Property Plant and Equipment	0	0	0
148,206	**3,040**	**151,246**	**Closing Balance**	**110,618**	**2,930**	**130,271**

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Income & Expenditure	2025/26 Single	2025/26 RHL	2025/26 Group
£’000	£’000	£’000		£’000	£’000	£’000
(9,832)	(134)	(9,966)	Rental income from Investment Property	(10,546)	(119)	(10,665)
2,122	264	2,386	Direct operating expenses from Investment property	4,598	159	4,757
(7,710)	**130**	**(7,580)**	**Net (Gain)/Loss**	**(5,948)**	**40**	**(5,908)**

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Income & Expenditure	2025/26 Single	2025/26 RHL	2025/26 Group
£'000	£'000	£'000		£'000	£'000	£'000
(9,832)	(134)	(9,966)	Rental income from Investment Property	(10,546)	(119)	(10,665)
2,122	264	2,386	Direct operating expenses from Investment property	4,598	159	4,757
(7,710)	**130**	**(7,580)**	**Net (Gain)/Loss**	**(5,948)**	**40**	**(5,908)**

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Movements In Year	2025/26 Single	2025/26 RHL	2025/26 Group
£'000	£'000	£'000		£'000	£'000	£'000
135,812	**2,923**	**138,735**	**Opening Balance**	**131,633**	**2,890**	**151,246**
210	0	210	Additions	128	0	128
(2,520)	0	(2,520)	Disposals	(4,377)	0	(4,377)
(12,696)	117	(12,579)	Net (Gain)/Loss from fair value (CIES)	(16,766)	40	(16,726)
27,400	0	27,400	Transfers to/from Property Plant and Equipment	0	0	0
148,206	**3,040**	**151,246**	**Closing Balance**	**110,618**	**2,930**	**130,271**

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Income & Expenditure	2025/26 Single	2025/26 RHL	2025/26 Group
£'000	£'000	£'000		£'000	£'000	£'000

2024/25 Single	2024/25 RHL	2024/25 Group	Investment Property Movements in Year	2025/26 Single	2025/26 RHL	2025/26 Group
£'000	£'000	£'000		£'000	£'000	£'000
135,812	**2,923**	**138,735**	**Opening Balance**	**131,633**	**2,890**	**151,246**
210	0	210	Additions	128	0	128
(2,520)	0	(2,520)	Disposals	(4,377)	0	(4,377)
(12,696)	117	(12,579)	Net (Gain)/Loss from fair value (CIES)	(16,766)	40	(16,726)
27,400	0	27,400	Transfers to/from Property Plant and Equipment	0	0	0
148,206	**3,040**	**151,246**	**Closing Balance**	**110,618**	**2,930**	**130,271**

Recurring fair value measuring usage 2025/26	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	44,247	733	0	68,139
Buildings	0	66,371	2,198	0	70,596
	0	**110,618**	**2,930**	**0**	**138,735**
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**

2024/25	Profit/Loss from Rushmoor Homes Ltd (RHL)	2025/26
£'000		£'000
(134)	Turnover	(119)
86	Administration Expenses	159
(48)	Operating (Profit)/Loss	40
154	Exceptional Items	0
(30)	Fair Value Movements on Investment Properties	(40)
165	Interest paid	170
241	Profit before Tax	170
8	Tax on Profit	(40)
0	Dividends	0
249	**Total (Profit)/Loss for the Year**	**130**
696	**Shareholder funds**	**507**

2024/25	Share of Ownership Interests between RHL and RBC	2025/26
£'000		£'000
0	Investment in shareholding company(s)	0
2,163	Loans with Rushmoor Borough Council (RBC)	2,255
2,163		**2,255**

43 Capitalisation of Borrowing Costs

Finance costs of £103k for crematorium have been capitalised at a rate of 4.80% 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 2026, 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.

- **Rights to Light at Union Yard**

  The Council is exposed to potential obligations in respect of Rights to Light associated with the development at Union Yard.

  At the balance sheet date, no provision has been recognised as it is not considered probable that a present obligation exists, or the amount of any obligation cannot be measured reliably. Accordingly, this matter has been disclosed as a contingent liability.

  The Council will continue to monitor the position and will recognise a provision or make appropriate disclosure in the financial statements in accordance with the requirements of the Code where necessary.

Contingent Assets

The Council has a potential claim of approximately **£500,000** arising from defects identified in connection with the **Aldershot Crematorium** project. The claim is against **Arcus**, whose business and associated liabilities have been acquired by **Baily Garner**.

As at the date of authorisation of these accounts, the Council and Baily Garner are in preliminary discussions with a view to reaching an informal settlement. Baily Garner are engaging with their insurers to determine whether an informal settlement will be agreed or whether a formal letter before action will be required. A formal valuation of the claim is in progress.

The outcome of these discussions is uncertain and no amount has been recognised in the Balance Sheet. However, the Council considers it probable that an economic benefit will flow and the claim is therefore disclosed as a contingent asset in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as adopted by the CIPFA/LASAAC Code of Practice.

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.

2024/25				2025/26		
Council Tax	**Business Rates**	**Total**	-	**Council Tax**	**Business Rates**	**Total**
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
			INCOME:			
(70,193)		(70,193)	Council Tax receivable	(74,372)		(74,372)
	(59,623)	(59,623)	Business Rates receivable		(64,989)	(64,989)
	(2,287)	(2,287)	Transitional Protection Payments receivable		(78)	(78)
(40)		(40)	Council tax discounts funded by billing authority General Fund	(32)		(32)
(70,233)	**(61,910)**	**(132,143)**	**Total amounts to be credited**	**(74,404)**	**(65,067)**	**(139,471)**
			EXPENDITURE:			
			Apportionment of Previous year Surplus/Deficit			
	407	407	Central Government		137	137
147	74	221	Hampshire County Council	201	24	225
23	326	349	Rushmoor Borough Council	31	109	140
25		25	Police & Crime Commissioner for Hampshire	34		34
8	8	16	Hampshire Fire and Rescue	11	2	13
			Precepts, demands and shares			
	30,135	30,135	Central Government		31,777	31,777
50,615	5,425	56,040	Hampshire County Council	53,785	5,720	59,505
7,683	24,108	31,791	Rushmoor Borough Council	8,008	25,421	33,429
8,631		8,631	Police & Crime Commissioner for Hampshire	9,203		9,203
2,735	603	3,338	Hampshire Fire and Rescue	2,935	636	3,571
			Charges to Collection Fund			
	(12)	(12)	Write offs of uncollectable amounts		73	73
713	345	1,058	Increase/(decrease) in allowance for debt impairment	905	624	1,529
	(1,098)	(1,098)	Increase/(decrease) in allowance for NNDR appeals		(4,063)	(4,063)
	125	125	Charge to GF for allowable nndr collection costs		125	125
70,580	**60,446**	**131,026**	**Total amounts to be debited**	**75,113**	**60,585**	**135,698**
347	**(1,464)**	**(1,117)**	**(Surplus)/Deficit arising in year**	**709**	**(4,482)**	**(3,773)**
941	**24**	**965**	**(Surplus)/Deficit brought forward at 1st April**	**1,288**	**(1,440)**	**(152)**
1,288	**(1,440)**	**(152)**	**(Surplus)/Deficit carried forward at 31st March**	**1,997**	**(5,922)**	**(3,925)**
			Allocated to:			
	(720)	(720)	Central Government		(2,961)	(2,961)
937	(130)	807	Hampshire County Council	1,455	(533)	922
140	(576)	(436)	Rushmoor Borough Council	212	(2,369)	(2,157)
161		161	Police & Crime Commissioner for Hampshire	250		250
50	(14)	36	Hampshire Fire and Rescue	80	(59)	21
1,288	**(1,440)**	**(152)**	**Total**	**1,997**	**(5,922)**	**(3,925)**

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: 33,410.6 for 2025/26.

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

	discounted equivalent dwellings	weighting	2025/26
Tax Band			
Valuation Band A (disabled relief)	1	5/9	0.6
Valuation Band A	842	6/9	561.3
Valuation Band B	6,140	7/9	4,775.8
Valuation Band C	13,681	8/9	12,160.7
Valuation Band D	7,612	1	7,611.8
Valuation Band E	3,918	11/9	4,788.7
Valuation Band F	1,238	13/9	1,788.8
Valuation Band G	301	15/9	502.0
Valuation Band H	6	18/9	11.0
Total Band D Equivalents			**32,200.6**
Valuation Band O (Army)	1,854	-	1,854.0
Allowance for non-collection (2%)			-644.0
Tax Base for year			**33,410.6**

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 2026 is £141.260m and the national non-domestic multiplier was 55.5p (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 Council's 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 NNDR Bad or Doubtful Debts and NNDR provision for valuation appeals

2024/25 £000		2025/26 £000
	Council Tax allowance for non collection	
(5,213)	Provision at 1 April	(5,588)
(713)	Provision made in year	(905)
338	Written off in year	323
(5,588)	**Provision at 31 March**	**(6,170)**
	NNDR allowance for non-collection	
(1,024)	Provision at 1 April	(1,080)
(346)	Provision made in year	(623)
290	Written off in year	516
(1,080)	**Provision at 31 March**	**(1,187)**
	NNDR valuation Appeals	
(7,373)	Provision at 1 April	(6,275)
0	Adjustment to opening	0
(296)	Provision made in year	2,406
1,394	Written off in year	1,657
(6,275)	**Provision at 31 March**	**(2,212)**

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

ANNUAL GOVERNANCE STATEMENT – 2025/26

The draft annual governance statement will be available as a separate document on the Council website.

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

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.

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.

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.

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 (Rushmoor Borough Council) through the Council Tax bill. Hampshire County Council , Police & Crime Commissioner for Hampshire and Hampshire Fire & Rescue are known as major precepting authorities.

Prepayment

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

Prior Year Adjustment

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

Property, Plant & Equipment (PPE)

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

Provision

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

Public Works Loan Board (PWLB)

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

Rateable Value

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

Receivables (also known as Debtors)

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

Related Parties

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

Related Party Transactions

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

Remuneration

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

Reserves

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

Retirement Benefits

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

Revenue Expenditure

The day-to-day expenses of providing services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Support Services Costs/Charges

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

Tangible Fixed Asset

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

Useful Economic Life (UEL)

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

Unobservable Inputs

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

Unusable Reserve

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

Usable Reserve

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

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DRAFT ANNUAL GOVERNANCE STATEMENT – 2025/26

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, whist 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 Audit and Governance Committee (AGC), and the Senior Leadership Team (SLT).

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 reviews and updates its code annually.

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, who is the Head of Paid Services. The Managing Director is supported by the Senior Leadership Team (SLT).

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.
Audit and Governance Committee (AGC)	• 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. The Group is currently on hiatus while the statutory officers refresh and reframe

	the TOR. It will reconvene later in 2026 and will include the work of the former Information Governance Group.
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.
Head of Paid Service	• The Interim Managing Director carries the responsibility for the proper management of RBC and for ensuring that the principle of good governance are reflected in sound management arrangements. His permanent appointment as the Chief Executive is pending Council approval, anticipated on 2nd July 2026. • 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 delivers good financial management and governance.
Senior Leadership Team (SLT)	• 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. • Provide assurance statements for the governance arrangements within their services which inform the Local Code of Corporate Governance and the AGS. • Contribute to the effective corporate management and governance of the Council. • Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. Including maintaining service and corporate risk register.
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.
Asset Management Strategy Group	• Oversees the Council's property assets and includes all three statutory officers.

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 2025/26.

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 Monitoring Officer is Amanda Bancroft, Executive Head of Governance and Legal Services and Abi Khan is the Deputy Monitoring Officer.

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, 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 terms of reference and membership are currently being reviewed.

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.

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.

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 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:

- Audit and Governance Committee (AGC), with specific roles to ensure effective governance;
- The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects.

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.

The Council's senior leadership structure is currently undergoing restructure to reflect the considerations made by the LGA Corporate Peer Challenge in June 2024, the CIPFA review and the new administration. The senior leadership structure continues to be further strengthened via restructure including by the creation of a new role, the Executive Head of Governance and Law, who is also the Council's Monitoring Officer.

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 Senior Leadership Team (SLT) for further review and consideration. Quarterly the corporate risk register is reviewed by SLT.

Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management and internal control to the Audit and governance Committee (AGC).

The Council's Cyber Security position, plans and mitigations are reported and reviewed via the Senior Leadership Team. The Council continues to enhance its cyber aware training and simulation exercises for staff and members. 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.

A follow-up visit was made in April 2025. The Council Delivery Plan approved in July 2025 required all actions to be completed by March 2026. Internal audit gave the programme arrangements a substantial assurance rating in September 2025.

The programme was agreed to be closed down in April 2026.

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

The Interim Managing Director has recently set out the following.

It has become clear over the last 12 months that the reduction of Director level capacity alongside the increase in LGR activity is starting to have an impact on the effective running of the organisation and risk of delays in delivery of key projects and essential service activity. The existing interim management structure is no longer fit for purpose. With the confirmation of the new Unitary Council arrangements, work on LGR is expected to increase significantly and the Interim Managing Director and others will increasingly be drawn into activity associated with LGR and the effective establishment of the new unitary council arrangements. The existing Executive Director will continue with responsibility for the LGR programme, oversee the Council's priorities relating to Economy and Regeneration and maintain responsibility for major projects including the new Farnborough Leisure Centre and the National Armed Forces Day events.

To provide the additional capacity needed at chief officer (Director) level, which is critical for the delivery of LGR, it is proposed to establish a new role of Chief Operating Officer. This post will operate as part of the strategic leadership team and will oversee a broad range of Council functions. The final allocation of functions and the allocation of service heads will be confirmed following the appointment process but is anticipated the role will be wide ranging with both outward and internally facing functions to reduce the load on the existing Executive Director and the Interim Managing Director.

The S151 officer as the Executive Head of Finance will remain unchanged and the Executive Head of Governance and Law has been created. These two officers with the Head of Paid Service form the governance 'golden triangle' and work together to ensure good administrative, financial, and ethical governance of a local authority in the exercise of its functions.

The final elements of the Strategic Management arrangements recognise the strategic importance of the planned improvements to the property service and the income and financial risks associated with those functions. Currently led by the Executive Head of Property and Growth it is proposed to move this role to report directly to the Head of Paid Service and reduce the range to enable increased focus on key responsibilities. This has the additional advantage of local plan arrangements and key planning issues such as the airport being closer to the Head of Paid Service.

The post of Executive Head of Operations is also proposed as part of the Strategic Management Arrangements. Given the Council's financial position, in the event that the successful candidate is an existing member of the Senior Leadership Team, consideration will need to be given as to whether the vacated role is retained or repurposed with the subsequent reallocation of those responsibilities. The appointment process for a permanent Chief Officer post at Executive Director level is through an appointment panel consisting of four Members, including the Cabinet Member for Corporate Services and the Leader of the Council. The appointment is then subject to confirmation by the Licensing and Corporate Business Committee. Given the desire to put these new arrangements in place as soon as possible, the Interim Managing Director has made provisional arrangements for the appointment process for the Chief Operating Officer to take place before the elections.

The final stage of the work on restructure will establish the future Head of Service and Corporate/Service Management arrangements (Operational Management) and will be agreed and implemented by the Interim Managing Director based on the following principles;

- Overall, the management arrangements should enable clear accountability and provide a named lead officer for each of the Council's priority themes, key projects and operational activity.
- The proposed management arrangements should seek to increase capacity at strategic management level through transfer of some responsibilities to the operational management tier.
- The proposed management arrangements should maintain capacity and skills in the current workforce and provide development opportunities for the existing workforce and minimise redundancies in light of LGR.
- The arrangements should enable sufficient capacity to enable robust financial management and accountability.
- The proposed arrangements should ensure that job roles are appropriately designated and described to ensure parity with other Hampshire district councils and no disadvantage to Rushmoor managers in relation to future appointments to new unitary authorities.
- The arrangements should be delivered within the Council's approved budget combined with additional funding made available for LGR.

Through setting out the revised management arrangements in this report the Interim Managing Director has now completed the key tasks identified as part of the appointment process. It is therefore now appropriate to consider the permanent appointment to the role of Managing Director and Head of Paid Service which it is anticipated will be approved on 2nd July 2026 by Council.

4.3 *Finances*

The council's Chief Finance Officer (Section 151 Officer) has a statutory duty to consider the requirement to issuing a Section 114(3) Notice, where in his view, the current or future expenditure of the authority incurred (including expenditure it proposes to incur) in a budget year is likely to exceed resources (including sums borrowed) available to it to meet that expenditure. A S114(3) Notice is extremely serious and has far-reaching implications for the Council. It requires the Council to cease all non-essential expenditure and reduce operational and service delivery costs immediately. That said, the council cannot go into Administration or Liquidation as it is backed by government and taxation. This means all contracts in flight and creditors are secure, staff will continue to be paid and deliver statutory services, particularly to the vulnerable and homeless.

As proposed in the Medium Term Financial Strategy, the council can balance the 2026/27 General Fund budget, with the use of reserves, avoiding the issuing of a S114(3) in this financial year. However, the ability to resolve the MTFS deficit is also a S114(3) consideration in respect of the wider financial sustainability and reserves position, and this is much more challenging to assess in respect of the key significant financial assumptions. The MTFS and related risks will be kept under constant review during the year and will be brought to the new council's attention at the earliest opportunity to draw attention to the 2028/29 financial projection, which otherwise will, based upon these projections, require a S114(3) if the council were delayed or not to be absorbed into a new council on 1st April 2028.

There are a range of risks associated with the delivery of the MTFS and plan to address the budget shortfall. A summary of the key risks over the MTFS period are included below:

• Local Government Review delay beyond April 2028 will require significant budget savings to be implemented to address the adverse projections identified in this report.

• Financial Statements disclaimed audit backlog to 2020/21 carries risk around impact on available reserves. Full audit assurance will not be achieved until the 2026/27 financial statements audit is completed by audit deadline of February 2029. There may be matters that affect the reserves identified at any point within this period.

• Timing and value of capital receipts are a material element of achieving the budgeted reduction in borrowing interest and MRP and capacity to resource the work required has proven to be challenging for the council. Specific oversight is in place to assess the capacity and performance of this work.

• Assumptions on interest rates may not materialise as planned. Securing cost certainty to Vesting Day is a key priority.

• The airport planning application is a financial risk from the cost that could arise from any legal proceedings following the decision. This could be a significant revenue expense.

• The Waste collection contract with Serco (circa £5m) negotiations to extend the contract have not been concluded. There are some significant cost and capital commitment risks associated with this contract that must be engaged with and understood as early as possible to enable any potential mitigation to be effective. A provision for cost risk has been included in the MTFS forecast.

• Local Government Reorganisation capacity cost to prepare the council during 2026/27 is budgeted at £300k. Work is now underway with the KPMG data Hub; the true capacity requirement will become clear by the end of April 2026.

• There is an unsecured loan to Farnborough International Limited (FIL) of £6.482m due for repayment in tranches in the next three years. The financial stability of FIL is reviewed quarterly to understand their trading and cashflow position and the risk to the council.

• Vacancy margin annual establishment savings target requires active management to achieve £400k, from staff turn-over.

• There is a contingent liability on the grant funding for the Civic Quarter, One Public Estate, with a potential repayment of £0.8m if grant conditions are not met by 31st March 2027. In addition, the Rushmoor Development Partnership (RDP) holds £750k representing the council's share of 50:50 development agreement costs on RDP balance sheet, if written off will be funded by useable revenue reserve.

• If the divestment of Union Yard 82 PRS units is delayed beyond May 2026 there will be an unbudgeted cost of circa £44.5k per month consisting of council tax, utilities, service charge.

The S151 has discussed the proposed budget and MTFS with the council's external auditor, Ernst Young (EY). The 2024/25 Annual Audit report was presented to the Audit and Governance committee on 28th January 2026, and being consistent with the previous year's report, raises concerns regarding the council's progress on achieving financial sustainability and resolving its deficit. EY have a duty to consider if it is appropriate to raise a public interest report, with the very grave effect of overriding the democratic control of the council. EY have expressed a continuing concern and will be keeping the councils progress under review. EY attended a member only (i.e., no officers present) pre-meeting session of the committee on the 28th January to raise their concerns.

4.4 *External Audit*

The external auditors issued a disclaimer audit opinion for 2023/24, 2022/23, 2021/22 and 2020/21 financial statements under the arrangements to reset and recover local government audit.

In 2024/25, the external auditors continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, they have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, they do not have assurance over some brought forward balances from 2023/24 where they did not gain assurance. This means they do not have assurance over all the 2024/25 in-year movements and the comparative prior year movements. They also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. They also have not been able to complete all planned procedures to gain assurance on the valuation of property, plant & equipment and investment property in either 2023/24 or 2024/25 because of weaknesses in the quality of evidence provided and in certain assumptions adopted by the Council's valuer for assets valued at Depreciated Replacement Cost, Existing Use Value and Fair Value.

Taken together with the requirement to conclude work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean they were unable to conclude that the 2024/25 financial statements were free from material and pervasive misstatement of the financial statements. Therefore, they issued a disclaimed 2024/25 audit opinion.

4.5 *Resolution of governance issues identified in 2024/25*

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.

A self-assessment against the CIPFA financial Management Code was carried out and is reviewed annually. Actions towards compliance with eh code is ongoing with elements forming part of the financial resilience plan.

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 Audit and Governance Committee (AGC), Members and Senior Officers of the Council who have responsibility for good governance.
- In previous years a statement of assurance has been obtained from Heads of Service to confirm the governance arrangements in place within their service and any actions to be included within the AGS. This arrangement will be considered in terms of effectiveness by Corporate Governance.
- Risk management reports and the corporate risk register is maintained and scrutinised by Senior Leadership Team (SLT) quarterly and subsequently communicated to Cabinet and AGC.
- 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 AGC 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, when refreshed, will provide assurance over the governance arrangements within the Council.

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 Senior Leadership Team (SLT), the Chief Executive 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.

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 TO BE INCLUDED ONCE FINALISED

9. Actions to implement in 2026/27

The review of the effectiveness of the Council's governance framework has identified that the key action for 2026/2027 is the finalisation of the reframe and refresh of the Corporate Governance Group to further enhance governance oversight across the organisation. The Terms of Reference will be approved by Audit and Governance Committee, to who the Corporate Governance Group, by way of one of the statutory officers, will report.

10. Certification

10.1 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 16 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:	xxxxxxxx 2026	xxxxxxx 2026

Appendix 3 - Local Code of Corporate Governance

Introduction

Rushmoor Borough Council recognises the importance of effective corporate governance so that local communities can place trust in the way that the Council undertakes and carries out its duties. This document sets out the Council's commitment to corporate governance and identifies the arrangements to ensure its effective implementation and application in all aspects of the Council's work.

What is Corporate Governance?

Rushmoor Borough Council has accepted the definition of Governance as stated within the CIPFA/ SOLACE Framework,

> *'Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*
>
> *To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times.*
>
> *Acting in the public interest implies primary consideration of the benefits for society which should result in positive outcomes for service users and other stakeholders.'*

Core Principles

Rushmoor Borough Council is committed to applying the seven core principles of good governance set out in the CIPFA/SOLACE framework, which are:

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

B. Ensuring openness and comprehensive stakeholder engagement.

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

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

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

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

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

This code identifies the actions and behaviours taken by the Council in relation to each of these core principles and associated sub principles. The details are set out in Appendix 3A and the relevant evidence is detailed within Appendix 3B.

Appendix 3A

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

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. IT is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub Principles	Council actions and behaviours
Behaving with integrity	• Ensure that Members and Officer behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputation of the Council. • Ensure that Members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. They will build on the Seven Principles of Public Life (The Nolan Principles) • Lead by example and use these standard operating principles or values as a framework for decision making and other actions. • Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively.
Demonstrating strong commitment to ethical values	• Seek to establish, monitor and maintain the Council's ethical standards and performance. • Underpin personal behaviour with ethical values and ensure they permeate all aspects of the Council's culture and operation. • Develop and maintain robust policies and procedures which place emphasis on agreed ethical values. • Ensure that external providers of services on behalf of the Council are required to act with integrity and in compliance with ethical standards expected by the Council.
Respecting the rule of law	• Ensure Members and Officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Create the conditions to ensure that the statutory officers, other key post holders, and Members are able to fulfil their responsibilities in accordance with legislative and regulatory provisions. • Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. • Deal with breaches of legal and regulatory provisions effectively. • Ensure corruption and misuse of power is dealt with effectively.

Principle B
Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub Principles	Council actions and behaviours
Openness	• Ensure an open culture through demonstrating, documenting and communicating the Council's commitment to openness. • Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided. • Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and will be explicit about the criteria, rationale and considerations used. In due course, the Council will ensure that the impact and consequence of those decisions are clear. • Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.
Engaging comprehensively with institutional stakeholders	• Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. • Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. • Ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
Engaging stakeholders effectively, including individual citizens and service users	• Establish a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensure that communication methods are effective and that Members and Officers are clear about their roles with regard to community engagement. • Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. • Implement effective feedback mechanisms in order to demonstrate how their views have been taken into account. • Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. • Take account of the interests of future generations of tax payers and service users.

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

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for finite resources available.

Sub Principles	Council actions and behaviours
Defining outcomes	• Have a clear vision, which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council's overall strategy, planning and other decisions. • Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Deliver defined outcomes on a sustainable basis within the resources that will be available. • Identify and manage risks to the achievement of outcomes. • Manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	• Consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Take a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints. • Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensure fair access to services.

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

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub Principles	Council actions and behaviours
Determining interventions	• Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved however services are provided. • Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land, and assets and bearing in mind future impacts.
Planning interventions	• Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. • Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. • Consider and monitor risks facing each partner when working collaboratively including shared risks. • Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. • Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensure capacity exists to generate the information required to review service quality regularly. • Prepare budgets in accordance with organisational objectives, strategies and the medium term financial plan. • Inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Optimising achievement of intended outcomes	• Ensure the medium term financial plan integrates and balances service priorities, affordability and other resource constraints. • Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensure the medium term financial plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. • Ensure the achievement of ‘social value’ through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is “the additional benefit to the community over and above the direct purchasing of goods, services and outcomes”.

Principle E
Developing the Council’s capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub Principles	Council actions and behaviours
Developing the Council’s capacity	• Review operations, performance use of assets on a regular basis to ensure their continuing effectiveness. • Improve resources use through appropriate application of techniques such as benchmarking and other options to determine how the Council’s resources are allocated so that outcomes are achieved effectively and efficiently. • Recognise the benefits of partnership and collaborative working where added value can be achieved. • Develop and maintain an effective workforce plan to enhance the strategic allocation of resources
Developing the capability of the Council’s leadership and other individuals	• Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. • Publish a statement that specifies the type of decisions that are delegated and those reserved for the collective decision making of the governing body. • Ensure the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the Council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other’s authority. • Develop the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risk by: - ensuring Members and Officers have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged - ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external • Ensure that there are structures in place to encourage public participation. • Take steps to consider the leadership’s own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections. • Hold staff to account through regular performance reviews which take account of training or development needs. • Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

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

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilities effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub Principles	Council actions and behaviours
Managing risk	• Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making. • Implement robust and integrated risk management arrangements and ensure that they are working effectively. • Ensure that responsibilities for managing individual risks are clearly allocated.
Managing performance	• Monitor service delivery effectively including planning, specification, execution and independent post implementation review. • Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook. • Ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible. • Provide Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)
Robust internal control	• Align the risk management strategy and policies on internal control with achieving objectives. • Evaluate and monitor the Council's risk management and internal control arrangements on a regular basis. • Ensure effective counter fraud and anti-corruption arrangements are in place. • Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Audit Manager • Ensure the Audit and Governance Committee, which is independent of the executive and accountable to the Council: - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. - That its recommendations are listened to and acted upon.
Managing data	• Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. • Ensure effective arrangements are in place and operating effectively when sharing data with other bodies. • Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring
Strong public financial management	• Ensure financial management supports both long term achievement of outcomes and short term financial and operational performance. • Ensure well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub Principles	Council actions and behaviours
Implementing good practice in transparency	• Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate. • Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
Implementing good practices in reporting	• Report at least annually on performance, value for money and the stewardship of the Council's resources. • Ensure Members and senior management own the results. • Ensure robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publish the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement – AGS) • Ensure that the Framework is applied to jointly managed or shared service organisations as appropriate. • Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
Assurance and effective accountability	• Ensure that recommendations for corrective action made by external audit are acted upon. • Ensure an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and that recommendations are acted upon. • Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations. • Gain assurance on risks associated with delivering services through third parties and evidence this in the annual governance statement. • Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

Appendix 3B

'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must try to achieve the Council's objectives while acting in the public interest at all times.

Core Principles	(A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	(B) Ensuring openness and comprehensive stakeholder engagement	(C) Defining outcomes in terms of sustainable economic, social and environmental benefits	(D) Determining the interventions necessary to optimise the achievement of the intended outcomes	(E) Developing the Council's capacity of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practice in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	The Constitution Whistleblowing policy Anti-money laundering policy Anti-fraud, bribery and corruption policy – (Part 5 of the Constitution section 10) Member Code of Conduct – (Part 5 of the Constitution section 1) Officer Code of Conduct – (Part 5 of the Constitution section 8) Gifts and Hospitality policy Statutory Officer Roles – Head of Paid services (Chief Executive), Chief Financial Officer (S151), Monitoring Officer and Data Protection Officer. Contract Standing Orders – (Part 4 of the Constitution section 10) Financial Regulations – (Part 4 of the Constitution section 9) Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4) Member interests register (shown against each Councillor) Council corporate values Corporate Governance group	Council website Council Plan and monitoring Freedom of Information Public consultations Committee meetings – Agenda & Minutes Records of Executive Decisions Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4) Annual statement of Accounts and Annual Governance Statement Open data/ Transparency Code Local Plan Arena Magazine Strategic Economic framework	Council Plan and monitoring Committee meetings – Agenda & minutes Service business plans Financial/ capital programme reporting Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4) Records of Executive Decisions Contract Standing Orders – (Part 4 of the Constitution section 10) Local Plan People Strategy Corporate and Service Risk Registers Climate Change Action plan	Council Plan and monitoring Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4) Medium Term Financial Strategy Committee meetings – Agenda & Minutes Service business plans PIAG Overview and Scrutiny Committee Union Yard Project group Property, Major works and Regeneration Programme Board	The Constitution Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4) Development reviews – highlighting any training needs for employees. Member development Member and employee induction programmes Council wide training e.g. Health and Safety, Data Protection Staff development including, Action Learning sets, Apprenticeships, and Leadership and management development Peer review – Corporate and Service reviews HR policies and wellbeing promotion	The Constitution Audit & Governance Committee Financial Regulations – (Part 4 of the Constitution section 9) Contract Standing Orders – (Part 4 of the Constitution section 10) Information Governance Group Corporate Governance Group Risk based audits Annual Audit Opinion External Audit of Accounts Overview & Scrutiny – Agenda & Minutes Annual Governance Statement Budget monitoring reports Anti-fraud, bribery and corruption policy – (Part 5 of the Constitution section 10) Anti-money laundering policy Whistleblowing policy Corporate and Service Risk Registers PSN compliance and Cyber Security treatment plan	Council website Council plan and monitoring Annual Statement of Accounts and Annual Governance Statement Open data/ Transparency Code Freedom of Information Annual Audit Opinion Audit update reports Audit & Governance Committee Peer review External Audits

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