

## Statement of Accounts

### SUMMARY:

The purpose of the report is for the committee to consider and approve the financial statements for 2024/25 following audit.

### RECOMMENDATIONS:

Members are requested to:

- (i) Delegate the approval of the Statement of Accounts for 2024/25 to the Chair of Audit Committee and the S151 Officer.
- (ii) Delegate the signing of the Letter of Representation for 2024/25 to the Chair of Audit Committee and the S151 Officer.
- (iii) Confirms that the 2024/25 accounts have been prepared on a going concern basis.

## 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***

*23. 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.*

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

## 2. PURPOSE

- 2.1 This report sets out the 2024/25 accounts which require approval in line with the statutory Local Government Audit backstop position and includes as update on prior years.

### **Appendix 1 – 2024/25 Statement of Accounts**

### **Appendix 2 – Draft Letter of Representation**

## BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 set out the requirements for the

production and publication of the annual Statement of Accounts. These Regulations incorporate a statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body by 31 July for the relevant year.

- 3.2 The Local Audit the Accounts and Audit (Amendment) Regulations 2022 and Accounts and Audit (Amendment) Regulations 2024 introduced a temporary change to the required dates, moving the dates statutory requirement for the Statement of Accounts to be approved by a resolution of a Committee of the relevant body to later in the year for a temporary period.
- 3.3 For the 2024/25 Statement of Accounts, the unaudited accounts were required to have been published by 30 June 2025 and the statutory audit backstop date is 27 February 2026.
- 3.4 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.
- 3.5 Due to prior years having been a disclaimed opinion, and therefore not having reasonable assurance for prior years balances brought forward, the external auditors therefore can only give limited assurance for 2024/25 rather than a clear audit opinion. Work to rebuild assurance is ongoing and an unqualified opinion is anticipated to be achieved for the 2026/27 financial year accounts.

## **4 STATEMENT OF ACCOUNTS**

- 4.1 The Statement of Accounts for 2024/25 is included as a separate document at Appendix 1.
- 4.2 The Narrative Report within the set of Accounts provides a summary position of the finances of the Council, highlighting the key issues and including the headline figures to provide a more accessible format.
- 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 Changes have been identified through the audit which will be reflected in the final published copy of the accounts, these are included in the schedules below, material items include:
  - Assets – Frimley Business Park and Union Yard incorrectly categorised as investment property not Assets Held for Sale

- Pension – pension liability did not include the impact of the IFRIC 14 asset ceiling
  - Cashflow – capital accruals not adjusted in cashflow
- 4.5 The Audit Results Report of the Council's accounts by Ernst & Young is included within this Committees agenda.
- 4.6 It is a requirement that the Council issues a Letter of Representation to its external auditors at the conclusion of the audit and a draft is attached at Appendix 2.
- 4.7 Alongside the accounts the Council must publish the Annual Governance Statement which is a statutory document which helps ensure there are the correct controls in place to enable the council to deliver its services and functions and minimise risk to the Council. The Annual Governance Statement is included at the end of the Statement of Accounts.

## **5 GOING CONCERN REPORT**

- 5.1 International Audit Standards require the Audit Committee to provide confirmation that the Statement of Accounts have been prepared on a 'going concern' basis. The going concern concept is one of the core principles underpinning local authority accounting practice and refers to the assumption made when the Accounts are prepared that the organisation will continue to operate for at least 12 months following the accounting period in question, taking into consideration best estimates of future activity and cash flows.
- 5.2 The main issues around the application of the 'going concern' concept are to consider the medium-term financial plans and cash flow forecasts in existence to ensure the continuing operation of the Council.
- 5.3 Rushmoor's Medium-Term Financial Strategy (MTFS) (2025/2026) was agreed by Council in February 2025. The MTFS forecasts the Council's financial performance and identifies budget pressures for the three years of the plan. This plan demonstrates that the Council faces significant financial pressure. External factors have continued to affect the Council's operations and financial position directly and indirectly. The Council is working through it's Financial Resilience Plan to support the financial recovery of the Council with appropriate project governance to secure delivery. Officers have implemented more robust monitoring arrangements and have increased frequency to ensure that the Council has early warning of adverse variations to the forecast so that it can take corrective action.

## **6 CONSULTATION**

- 6.1 The unaudited accounts were available for public inspection for 30 working days following publishing as required in Section 25 of the Local Audit and Accountability Act 2014

## **7 IMPLICATIONS**

## 7.1 Risks

The preparation of the Statement of Accounts and the audit scrutiny provide reassurance that the accounts give a true and fair view of the financial position of the Council. The process of clearing down the backlog of the Annual Statements of prior years' means full audit sign off has not been achieved for the four years 2020-2024, therefore risks of the Councils financial accounts not showing a true and fair financial position were increased.

## 7.2 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.

## 7.3 Financial and Resource

There are no additional resource implications resulting from the 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.

The Value for Money report from audit helps to demonstrate performance against the objective of providing good value for money in how the Council's resources have been utilised.

## 7.4 Equalities Impact

No direct implications.

## 7.5 Other

Not applicable.

# 8. CONCLUSIONS

- 8.1 The accounts require approval following closure of the audit. The Committee as 'Those Charged with Governance' are required to receive the Audit Findings Report and approve for the Chair to sign the letters of representation on behalf of the Council.

## BACKGROUND DOCUMENTS:

None

## CONTACT DETAILS:

Report Author: Rosie Plaistowe-Melham – Financial Services Manager  
[rosie.plaistowe@rushmoor.gov.uk](mailto:rosie.plaistowe@rushmoor.gov.uk)

Head of Service: Peter Vickers – Executive Head of Finance, S151  
[peter.vickers@rushmoor.gov.uk](mailto:peter.vickers@rushmoor.gov.uk)



## UNAUDITED STATEMENT OF ACCOUNTS 2024/25

**RUSHMOOR**  
BOROUGH COUNCIL

# Table of Contents

<b>Narrative Statement .....</b>	<b>1</b>
<b>Statement of Responsibilities .....</b>	<b>3</b>
<b>Expenditure and Funding Analysis .....</b>	<b>3</b>
<b>Comprehensive Income and Expenditure Statement (CIES).....</b>	<b>4</b>
<b>Movement in Reserves Statement (MiRS) .....</b>	<b>7</b>
<b>Balance Sheet.....</b>	<b>8</b>
<b>Cash Flow Statement.....</b>	<b>10</b>
<b>Notes to the Accounts.....</b>	<b>11</b>
1 Accounting Policies .....	11
2 Accounting Standards Issued, Not Adopted .....	19
3 Critical Judgements in Applying Accounting Policies .....	19
4 Assumptions & Uncertainty .....	20
5 Events After the Balance Sheet Date .....	21
6 Note to Expenditure and Funding Analysis.....	22
7 Expenditure and Income Analysed by Nature.....	23
8 Adjustments between Accounting & Funding Basis under Regulations .....	24
9 Transfers to/from Earmarked Reserves.....	25
10 Other Operating Expenditure .....	26
11 Financing and Investment Income and Expenditure .....	26
12 Taxation and Non-Specific Grant Income .....	26
13 Property, Plant and Equipment.....	27
14 Investment Properties .....	30
15 Intangible Assets.....	31
16 Interests in Jointly Controlled Operations .....	31
17 Long Term Debtors .....	32
18 Financial Instruments .....	33
19 Short Term Debtors.....	36
20 Cash and Cash Equivalents .....	36
21 Short Term Borrowing .....	36
22 Short Term Creditors.....	36
23 Long Term Provisions .....	36
24 Long Term Borrowing.....	37
25 Other Long Term Liabilities .....	37
26 Unusable Reserves .....	37
27 Cash Flow- to net surplus/deficit .....	40

28 Cash Flow- Adjustments for Provision Of Services that are investing or financing activities .....	40
29 Cash Flow- Operating Activities .....	40
30 Cash Flow- Investing Activities .....	40
31 Cash Flow- Financing Activities .....	40
32 Recon of Liabilities Arising from Financing Activities.....	40
33 Officer Remuneration and Termination Benefits .....	41
34 External Audit Costs .....	43
35 Grant Income.....	43
36 Members' Allowances .....	45
37 Related Party Transactions .....	45
38 Capital Expenditure and Financing.....	46
39 Leases .....	47
40 Defined Benefits Pension Scheme.....	48
41 Nature and Extent of Risk Arising from Financial Instruments.....	53
42 Subsidiary.....	56
43 Capitalisation of Borrowing Costs .....	57
44 Contingent Liabilities.....	57
<b>Collection Fund Statement.....</b>	<b>58</b>
Notes to the Collection Fund .....	59
<b>Annual Governance Statement.....</b>	<b>60</b>
<b>Glossary .....</b>	<b>69</b>

# Narrative Statement

## Introduction

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

## Organisational Overview and Environment

### An introduction to Rushmoor

The Borough of Rushmoor, with an estimated population of around 100,000, covers an area of 3,905 hectares at the northeast corner of Hampshire, with its eastern boundary with Surrey being formed by the river Blackwater. London is some thirty miles away and the Borough is served by direct road and rail links to the capital and the south coast. Rushmoor includes the towns of Aldershot, with its world-famous military history and Farnborough, long noted as the birthplace of aeronautical research and development and served by Farnborough Airport.

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

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

## Council services and purpose

Rushmoor Borough Council (RBC) delivers more than 100 local services to the communities of Aldershot and Farnborough, including core services such as rubbish and recycling collection, street cleaning, planning, environmental health, housing, parks and leisure facilities. The Council is more complex than ever before and plays an essential role in broad areas like engaging with and where necessary, supporting local communities and business, helping the most vulnerable in society and making sure our Borough continues to develop and thrive economically.

## Strategic Objectives and Corporate Delivery Plan

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

The full plan is available on our website - [www.rushmoor.gov.uk/your-council/council-delivery-plan-2025-26/](http://www.rushmoor.gov.uk/your-council/council-delivery-plan-2025-26/)

The Council's priorities include:

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

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

## Key Achievements in 2024/25

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

## Challenges facing the Council

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

## Medium-Term Financial Strategy

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

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

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

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

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

## 4. Resource Allocation

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

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

# Narrative Statement

- iv.

Managing a £231m portfolio of investment properties, land, building and equipment that generates £9.8m of income
- v.

Managing a £15m portfolio of and investments that generates £4.1m of income
- vi.

Managing £166m of borrowing which costs the Council £7.0m
- vii.

Receiving grants and contribution of £39.1m mainly from central government.

Total asset cash flows through the Council are shown below:

Total Assets Brought Forward			
£312.1 m			
Net Additions/ (Disposals)	Depreciation	Revaluation of Non Current Assets	Other Changes
£11.0m	(£1.1m)	(£35.3m)	£3.7m
Property, Plant & Equipment	Investment Property	Other Long Term Assets	Current Assets
£81.7m	£131.6m	£21.1m	£56.1m
Total Assets Carried Forward			
£290.4m			

Total revenue cash flows through the Council are shown below:

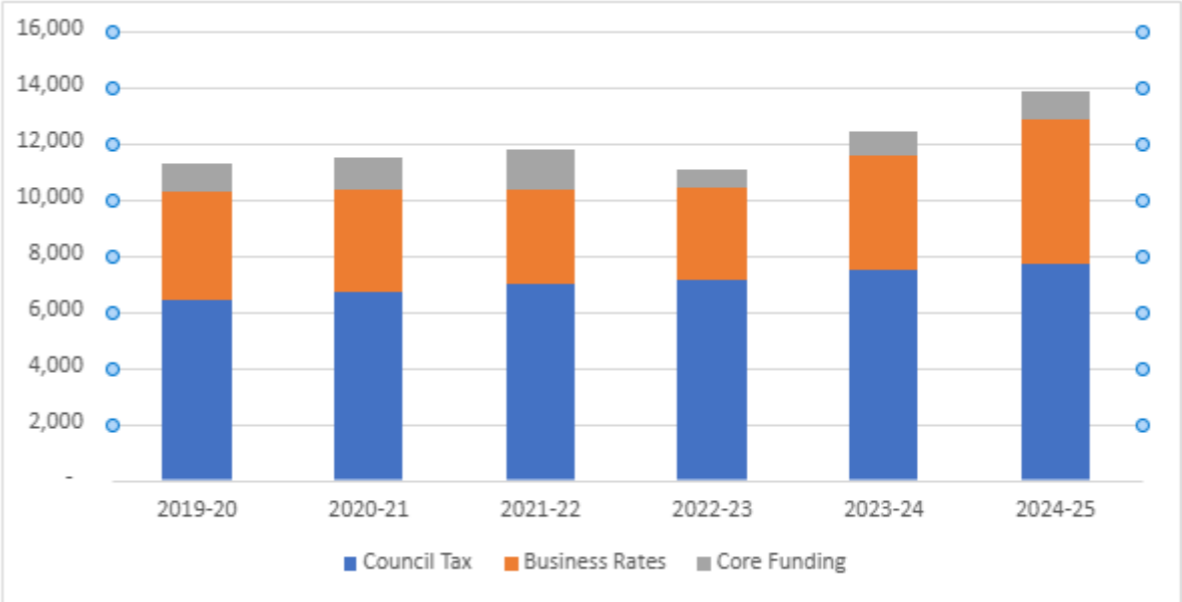
Business Rates	Council Tax	Grants / Contributions	Fees & Charges	Other Income	Investment Income
(£25.0m)	(£7.7m)	(£39.1m)	(£25.7m)	£0.3m	(£4.2m)
Total Resources					
(£101.4m)					
Paid to Others			Financing Local Services		
£46.0m			£55.4m		
Housing Benefit	Interest Payable	Business Rates / Council Tax	Operating Expenses	Capital Costs	Staffing Costs
£23.4m	£7.0m	£24.5m	£34.9m	£32.0m	£15.4m
Net (Surplus)/Deficit on Providing Services					
£35.8m					

## Financial performance

## Core Funding

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

Core funding trend:



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

## Financial position

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

31 March 2024			31 March 2025		
Net Assets		(£115.6m)	Net Assets		(£92.1m)
Funded by:			Funded by:		
Usable Reserves:		(£29.3m)	Usable Reserves:		(£31.1m)
Un-usable Reserves		(£86.3m)	Un-usable Reserves		(£61.1m)
Composed of:			Composed of:		
Long Term Assets	Net Current Assets / (Liabilities)	Long Term Liabilities and Provisions	Long Term Assets	Net Current Assets / (Liabilities)	Long Term Liabilities and Provisions
£283.3m	(£148.3m)	(£19.5m)	£234.5m	(£69.2m)	(£73.1m)

## Revenue Outturn

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

## Narrative Statement

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

The main contributors to the reported saving are:

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

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

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

### Capital Outturn

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

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

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

# Narrative Statement

## Organisational Model

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

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

Party	Number of Councillors
Labour	21
Conservative	14
Liberal Democrat	3
Independent	1
<b>Total number of Elected Members</b>	<b>39</b>

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

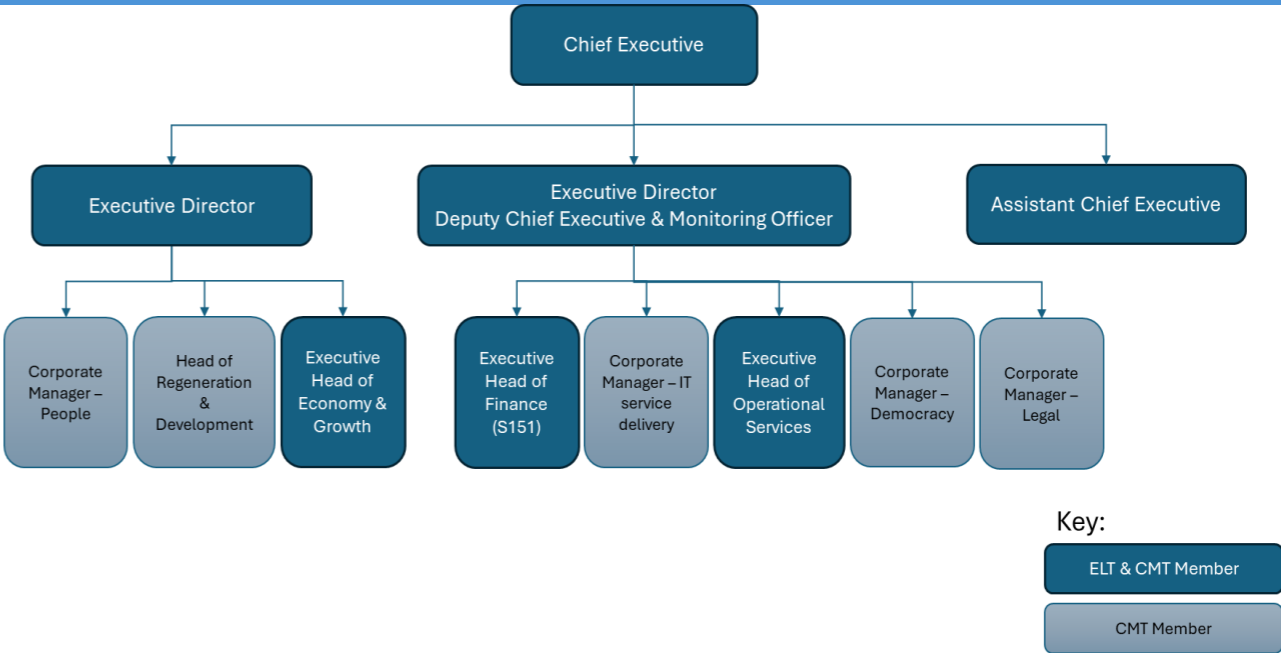
### Management Structure of the Council

The Council has two senior management boards in 2024/25

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

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

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



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

### Governance

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

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

### Risk and Opportunities

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

The Council's Corporate Risk register sets out on the key risks to the Council in achieving its objectives. The key themes include;

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

# Narrative Statement

## Non-Financial Performance of the Council

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

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

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

## Financial Statements

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

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

### The Core Financial Statements are:

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

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

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

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

The **Collection Fund** (page 58) 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](http://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.

.....  
**Peter Vickers** BSc FCA

Date: 27 February 2026

# 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 2025. I confirm that the date of this declaration is the date up to which events have been considered for inclusion within the Council's Statement of Accounts and that events after the Balance Sheet date have been considered to this date and the accounts amended accordingly for such events and adjustments arising from audit. The accounts are therefore authorised for issue.

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

Dated 27 February 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, Chairman – Audit and Governance Committee

Dated 27 February 2026

## Expenditure and Funding Analysis

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

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

	2023/24				2024/25	
Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
3,901	(1,357)	2,544	Community & Residents	1,603	16	1,619
2,028	606	2,634	Development & Economic Growth	639	(21)	618
426	100	526	Enabling Services	3,795	1,332	5,127
1,111	(260)	851	Finance	(202)	(17)	(219)
6,656	2,712	9,368	Neighbourhood Services	3,776	1,091	4,867
281	(80)	201	Policy, Climate & Sustainability	985	(7)	978
1,695	(3,048)	(1,353)	Regeneration & Property	969	29,851	30,820
<b>16,098</b>	<b>(1,327)</b>	<b>14,771</b>	<b>Net Cost of Service</b>	<b>11,565</b>	<b>32,245</b>	<b>43,810</b>
(17,679)	10,949	(6,730)	Total: Other Income & Expenditure	<b>(13,009)</b>	<b>5,006</b>	(8,003)
<b>(1,581)</b>	<b>9,622</b>	<b>8,041</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(1,444)</b>	<b>37,251</b>	<b>35,807</b>
<b>(2,104)</b>			<b>Opening General Fund Balance</b>	<b>(3,350)</b>		
(1,581)			(Surplus) or Deficit on Provision of Services	(1,444)		
335			Transfer to and from Earmarked Reserves	1,578		
<b>(3,350)</b>			<b>Closing General Fund Balance</b>	<b>(3,216)</b>		

## Comprehensive Income and Expenditure Statement (CIES)

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

	2023/24					2024/25	
Gross Expenditure	Gross Income	Net Expenditure	CIES Single	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
4,720	(2,176)	2,544	Community & Residents		3,386	(1,767)	1,619
4,275	(1,641)	2,634	Development & Economic Growth		3,269	(2,651)	618
5,718	(5,192)	526	Enabling Services		7,421	(2,294)	5,127
30,873	(30,022)	851	Finance		28,141	(28,360)	(219)
18,436	(9,068)	9,368	Neighbourhood Services		15,293	(10,426)	4,867
1,918	(1,717)	201	Policy, Climate & Sustainability		1,000	(22)	978
2,829	(4,182)	(1,353)	Regeneration & Property		32,702	(1,882)	30,820
68,769	(53,998)	14,771	Net Cost of Service		91,212	(47,402)	43,810
9,892	(25)	9,867	Other Operating Expenditure	10	(461)	(46)	(507)
13,537	(15,149)	(1,612)	Financing and Investment I&E	11	21,938	(13,753)	8,185
18,127	(33,112)	(14,985)	Taxation & Non-specific Grant Income	12	24,494	(40,175)	(15,681)
110,325	(102,284)	8,041	(Surplus)/Deficit on Provision of Service		137,183	(101,376)	35,807
		2,553	(Surplus)/Deficit on revaluation of PPE	13			(7,113)
		(5,195)	Remeasure of net defined benefit liability/(asset)	40			(5,271)
		(2,642)	Other Comprehensive I&E				(12,384)
		5,399	Total Comprehensive I&E				23,423

## Group Comprehensive Income and Expenditure Statement (CIES)

### Group CIES

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

	2023/24				2024/25	
Gross Expenditure	Gross Income	Net Expenditure	Group CIES	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,720	(2,176)	2,544	Community & Residents	3,386	(1,767)	1,619
4,275	(1,641)	2,634	Development & Economic Growth	3,269	(2,651)	618
5,718	(5,192)	526	Enabling Services	7,421	(2,294)	5,127
30,873	(29,956)	917	Finance	28,141	(28,283)	(142)
18,436	(9,068)	9,368	Neighbourhood Services	15,293	(10,426)	4,867
1,918	(1,717)	201	Policy, Climate & Sustainability	1,000	(22)	978
2,829	(4,182)	(1,353)	Regeneration & Property	32,702	(1,882)	30,820
35	(1,345)	(1,310)	# Rushmoor Homes Ltd #	133	(134)	(1)
68,804	(55,277)	13,527	Cost of Service	91,345	(47,459)	43,886
9,892	(25)	9,867	Other Operating Expenditure	(461)	(46)	(507)
13,537	(15,044)	(1,507)	Financing and Investment I&E	21,938	(13,588)	8,350
18,127	(33,112)	(14,985)	Taxation & Non-specific Grant Income	24,494	(40,175)	(15,681)
110,360	(103,458)	6,902	(Surplus)/Deficit on Provision. of Service	137,316	(101,268)	36,048
0		0	# Tax expense of Subsidiary #	8	0	8
110,360	(103,458)	6,902	# (Surplus)/Deficit on Group #	137,324	(101,268)	36,056
		2,553	(Surplus)/Deficit on revaluation of PPE			(6,659)
		(5,195)	Remeasure of net defined benefit liability/(asset)			(5,271)
		(2,642)	Other Comprehensive I&E			(11,930)
		4,260	Total Comprehensive I&E			24,126

## 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' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

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

MIRS SINGLE 2024/25	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March brought forward</b>		<b>(3,350)</b>	<b>(19,470)</b>	<b>(3,537)</b>	<b>(2,945)</b>	<b>(29,302)</b>	<b>(86,255)</b>	<b>(115,557)</b>
(Surplus)/Deficit on Provision of Services		35,807				35,807		35,807
Other Comprehensive I&E						0	(12,384)	(12,384)
<b>Total Comprehensive I&amp;E</b>		<b>35,807</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,807</b>	<b>(12,384)</b>	<b>23,423</b>
Adjustments between accounting basis & funding basis under regulations	8	(37,251)		(475)	147	(37,579)	37,579	0
Transfer to/from Earmarked Reserves	9	1,578	(1,578)			0	0	0
<b>(Increase) or Decrease in year</b>		<b>134</b>	<b>(1,578)</b>	<b>(475)</b>	<b>147</b>	<b>(1,772)</b>	<b>25,195</b>	<b>23,423</b>
<b>Balance at 31 March carried forward</b>		<b>(3,216)</b>	<b>(21,048)</b>	<b>(4,012)</b>	<b>(2,798)</b>	<b>(31,074)</b>	<b>(61,060)</b>	<b>(92,134)</b>

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

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

## Movement in Reserves Statement (MIRS)

MIRS Group 2024/25	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Council Share of Subsidiary P&L Reserve	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March brought forward</b>		(3,350)	(19,470)	(3,537)	(2,945)	(945)	(30,246)	(86,706)	(116,952)
(Surplus)/Deficit on Provision of Services		35,807				249	36,056		36,056
Other Comprehensive I&E							0	(11,930)	(11,930)
<b>Total Comprehensive I&amp;E</b>		<b>35,807</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>249</b>	<b>36,056</b>	<b>(11,930)</b>	<b>24,126</b>
Adjustments between accounting basis & funding basis under regulations (Note 8)		(37,251)	0	(475)	147		(37,579)	37,579	0
Transfer to/from Earmarked Reserves		1,578	(1,578)	0	0		0	0	0
<b>(Increase) or Decrease in year</b>		<b>134</b>	<b>(1,578)</b>	<b>(475)</b>	<b>147</b>	<b>249</b>	<b>(1,523)</b>	<b>25,649</b>	<b>24,126</b>
<b>Balance at 31 March carried forward</b>		<b>(3,216)</b>	<b>(21,048)</b>	<b>(4,012)</b>	<b>(2,798)</b>	<b>(696)</b>	<b>(31,769)</b>	<b>(61,057)</b>	<b>(92,826)</b>

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

# Balance Sheet

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

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

Reserves are reported in two categories.

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

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

**Peter Vickers** BSc FCA, Chief Finance Officer.....

Date: 27 February 2026

<b>SINGLE</b>	<b>GROUP</b>	<b>Balance Sheet</b>	<b>Single</b>	<b>SINGLE</b>	<b>GROUP</b>
<b>31/03/2024</b>	<b>31/03/2024</b>			<b>31/03/2025</b>	<b>31/03/2025</b>
<b>£'000</b>	<b>£'000</b>		<b>Note*</b>	<b>£'000</b>	<b>£'000</b>
119,755	119,755	Property, Plant and Equipment (PPE)	13	81,700	81,700
258	258	Heritage Assets	-	258	258
135,812	138,734	Investment Property	14	131,633	134,673
36	36	Intangible Assets	15	65	65
19,470	19,470	Long Term Investments	18	11,913	11,913
7,972	6,612	Long Term Debtors	17	8,899	7,539
<b>283,303</b>	<b>284,865</b>	<b>Long Term Assets</b>		<b>234,468</b>	<b>236,148</b>
0	0	Assets held for Sale	14a	16,573	16,573
15,000	15,000	Short Term Investments	18	5,000	5,000
5	5	Inventories	-	14	10
7,271	7,039	Short Term Debtors	19	13,552	12,795
6,550	6,617	Cash and Cash Equivalents	20	20,928	21,054
<b>28,826</b>	<b>28,661</b>	<b>Current Assets</b>		<b>56,067</b>	<b>55,432</b>
(157,000)	(157,000)	Short Term Borrowing	21	(102,000)	(102,000)
(19,563)	(19,563)	Short Term Creditors	22	(22,614)	(22,648)
(199)	(199)	Short Term Revenue Grants- Receipts in Advance	35	(372)	(372)
(324)	(324)	Other Short Term Liabilities (Leases)	18	(301)	(301)
<b>(177,086)</b>	<b>(177,086)</b>	<b>Current Liabilities</b>		<b>(125,287)</b>	<b>(125,321)</b>
(2,949)	(2,949)	Long Term Provisions (NNDR only)	23	(2,510)	(2,510)
(5,000)	(5,000)	Long Term Borrowing	24	(64,000)	(64,000)
(8,106)	(8,106)	Other Long Term Liabilities (Pensions & Leases only)	25	(2,679)	(2,679)
(3,434)	(3,434)	Long Term Capital Grants- Receipts in Advance	35	(3,925)	(3,925)
0	0	# Deferred Tax Liability #	-	0	(319)
<b>(19,489)</b>	<b>(19,489)</b>	<b>Long Term Liabilities</b>		<b>(73,114)</b>	<b>(73,433)</b>
<b>115,554</b>	<b>116,951</b>	<b>Net Assets</b>		<b>92,134</b>	<b>92,826</b>
(29,301)	(30,246)	Usable Reserves	MiRS	(31,074)	(31,769)
(86,253)	(86,705)	Unusable Reserves	26	(61,060)	(61,057)
<b>(115,554)</b>	<b>(116,951)</b>	<b>Total Reserves</b>		<b>(92,134)</b>	<b>(92,826)</b>

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

# Cash Flow Statement

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

SINGLE	GROUP			SINGLE	GROUP
2023/24	2023/24			2024/25	2024/25
£000	£000		Notes	£000	£000
(8,041)	(6,901)	Net surplus or (deficit) on the provision of services	CIES	(35,807)	(36,056)
10,858	10,858	Adjustments to surplus or deficit on the provision of services for non-cash movements	27	47,772	48,082
446	341	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	28	(13,519)	(13,519)
<b>3,263</b>	<b>4,298</b>	<b>Net Cash flows from operating activities</b>		<b>(1,554)</b>	<b>(1,493)</b>
(46,930)	(48,080)	Investing activities	30	9,732	9,732
38,933	39,023	Financing activities	31	6,199	6,199
<b>(4,734)</b>	<b>(4,759)</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>14,377</b>	<b>14,438</b>
1,817	1,857	Cash and cash equivalents at the beginning of the reporting period		<b>6,551</b>	<b>6,616</b>
<b>6,551</b>	<b>6,616</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>20,928</b>	21,054

## 1 Accounting Policies

### i. General Principles

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

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

### Basis of Preparation and Presentation

#### Explanation of accounting statements

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

The format and content of the financial statements is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK 2024/25, in turn underpinned by International Financial Reporting Standards.

The Core (single entity and group) statements are:

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

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

The supplementary financial statements are:

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

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

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

### ii. Accruals of Income and Expenditure

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

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

### iii. Cash and Cash Equivalents

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

# Notes to the Accounts

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

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

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

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

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

## v. Charges to Revenue for Non-Current Assets

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

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

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

## vi. Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR:

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

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

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

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

## vii. Employee Benefits

Benefits Payable during Employment:

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

Termination Benefits:

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

Post-employment Benefits:

Employees of the authority are members of one pension scheme:

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

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

The Local Government Pension Scheme:

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

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

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

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

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

Service cost comprising:

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

Remeasurements comprising:

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

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

Discretionary Benefits:

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

## viii. Events After the Balance Sheet Date

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

Two types of events can be identified:

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

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

## ix. Financial Instruments

Financial Liabilities:

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

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

Financial Assets:

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

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

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

Financial Assets Measured at Amortised Cost:

## Notes to the Accounts

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

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

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

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

### Expected Credit Loss Model:

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

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

### Financial Assets Measured at Fair Value through Comprehensive Income:

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

### Financial Assets Measured at Fair Value through Profit and Loss:

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

### Fair Value Measurements of Financial Assets:

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

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

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

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

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

## x. Government Grants and Contributions

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

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

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

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

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

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

## xi. Heritage Assets

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

## xii. Intangible Assets

## Notes to the Accounts

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

## Notes to the Accounts

- 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

## Notes to the Accounts

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

## Notes to the Accounts

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

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

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

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

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

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

### xx. Provisions, Contingent Liabilities and Assets

#### Provisions:

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

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

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

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

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

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

#### Contingent Liabilities

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

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

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

#### Contingent assets

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

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

### xxi. Reserves

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

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

### xxii. Revenue Expenditure Funded from Capital under Statute

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

### xxiii. Value Added Tax (VAT)

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

### xxiv. Fair value measurement of non-financial assets

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

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

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

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

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

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

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

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

## xxv. Capitalisation Criteria

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

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

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

## 2 Accounting Standards Issued, Not Adopted

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

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

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

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

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

T

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

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

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

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

## 3 Critical Judgements in Applying Accounting Policies

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

- Future Funding for Local Government. There is an element of risk about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. In addition, as mentioned in the Narrative Statement, the Council has made judgements about the adequacy of its balances and has also put in place processes to achieve savings that will mitigate or counteract any future changes in its levels of funding or other income.

- Asset Classifications. The Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on an understanding of the main purpose that the Council is holding the asset. If the asset is used in delivering services, or is occupied by third parties who are subsidised by the Council, the asset is deemed to be Property, Plant and Equipment. A non-current asset used solely to earn rentals and/or for capital appreciation is classified as an Investment Property.

- Assets Held for Sale. During 2024/25 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 £16.573m, met the criteria for classification as assets held for sale at 31 March 2025. 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.

## Notes to the Accounts

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

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

### 4 Assumptions & Uncertainty

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that 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.	<p>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.</p> <p>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</p>

	<p>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.</p> <p>Applicable assets are revalued on a minimum five-year rolling basis.</p>	<p>would increase by approximately £1k, which is not material enough to warrant a full valuation.</p> <p>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.</p>
Investment Properties	<p>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.</p> <p>Given current fluctuations in commercial property markets, these assumptions carry a significant degree of estimation uncertainty.</p>	<p>Changes in market yields, rental assumptions or void period estimates would lead to a material change in the fair value of investment properties.</p> <p>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.</p> <p>Variations in rental income assumptions (for example, a 5% change in expected rents) could also lead to significant changes in carrying values.</p>
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values.</p> <p>These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

## Notes to the Accounts

	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.	
Provisions (NNDR appeals)	The Council has recognised a provision of £2.510m (£6.275m full collection fund) in respect of appeals against non-domestic rate valuations. The provision represents management's best estimate of the expenditure 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.	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 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	The effects on the net pension liability of changes in individual assumptions can be

	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.	measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £2,124k. However, the assumptions interact in complex ways. During 2023/24, the authority's actuaries advised that the net pensions liability had decreased by £1.309m as a result of estimates being corrected as a result of experience and decreased by £4,536k attributable to updating of the assumptions.
Arrears	The NDR arrears balance of £663k (£1,516k full collection fund) at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of 68% (£410k or £1,025k full collection fund) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, for every 1% reduction in collection rates, an extra £50k would be required to be set aside as an allowance.

### 5 Events After the Balance Sheet Date

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

# Notes to the Accounts

## 6 Note to Expenditure and Funding Analysis

2023/24				Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25			
Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000
(1,341)	(16)	0	(1,357)	Community & Residents	27	(15)	4	16
629	(23)	0	606	Development & Economic Growth	0	(27)	6	(21)
136	(36)	0	100	Enabling Services	1,366	(43)	9	1,332
(236)	(24)	0	(260)	Finance	1	(23)	5	(17)
2,763	(52)	1	2,712	Neighbourhood Services	1,131	(53)	13	1,091
(68)	(12)	0	(80)	Policy, Climate & Sustainability	0	(9)	2	(7)
(3,037)	(11)	0	(3,048)	Regeneration & Property	29,862	(12)	1	29,851
<b>(1,154)</b>	<b>(174)</b>	<b>1</b>	<b>(1,327)</b>	<b>Net Cost of Services</b>	<b>32,387</b>	<b>(182)</b>	<b>40</b>	<b>32,245</b>
10,192	466	291	10,949	Other income and expenditure from the Expenditure and Funding Analysis	5,205	352	(551)	5,006
<b>9,038</b>	<b>292</b>	<b>292</b>	<b>9,622</b>	<b>Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services</b>	<b>37,592</b>	<b>170</b>	<b>(511)</b>	<b>37,251</b>

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.

# Notes to the Accounts

## Segmental Income

Income received on a segmental basis is analysed below:

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

## 7 Expenditure and Income Analysed by Nature

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

2023/24		2024/25
£000s		£000s
	<b>Expenditure:</b>	
14,826	Employee benefits expenses	15,401
6,170	Changes in the Fair Value of Investment Property	12,696
1,561	Depreciation, amortisation, impairment	31,981
18,127	Precepts and levies	24,494
6,900	Interest payments	7,010
43,491	Other services expenses	45,952
9,817	Loss /(gain) on disposal	(703)
467	Net interest on net defined benefit liability/asset	352
<b>101,359</b>	<b>Total expenditure</b>	<b>137,183</b>
	<b>Income:</b>	
(10,081)	Changes in the Fair Value of Investment Property	0
(15,608)	Fees, charges and other service income	(25,685)
(32,381)	Government grants and contributions	(39,076)
(29,963)	Income from council tax and non-domestic rates income	(32,690)
(4,665)	Interest and investment income	(4,207)
(620)	Other income	282
<b>(93,318)</b>	<b>Total income</b>	<b>(101,376)</b>
<b>8,041</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>35,807</b>

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

## 8 Adjustments between Accounting & Funding Basis under Regulations

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

### General Fund balance

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

### Capital receipts reserve

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

### Capital grants unapplied

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

2023/24 General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	2023/24	2024/25 General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				<b>Adjustments primarily involving the Capital Adjustment Account</b>				
(1,520)			1,520	Charges for depreciation and impairment of PPE	(1,150)			1,150
(1,676)			1,676	Revaluation Gain/Loss on PPE	(29,757)			29,757
(3,076)			3,076	Movements in Fair Value of Investment Properties	(12,696)			12,696
(40)			40	Amortisation of intangible assets	(16)			16
6,321		(1,506)	(4,815)	Capital grants & contributions received and applied	3,220		147	(3,367)
(1,383)			1,383	Revenue exp funded from capital under statue (REFCUS)	(1,043)			1,043
(9,817)			9,817	Disposals	(2,520)			2,520
				<b>Insertion of items not dr/cr to CIES</b>				
320			(320)	Capital expenditure charged against General Fund	317			(317)
1,572			(1,572)	Statutory Provision for the financing of capital investment (MRP)	1,746			(1,746)
				<b>Adjustments primarily involving the Capital Receipts Reserve</b>				
83	(83)		0	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	2,982	(2,982)		
				Use of the Capital Receipts Reserve to finance capital expenditure		2,507		(2,507)
				<b>Adjustment's primarily involving the Pooled Fin Investment Fund Adjustment Account</b>				
177			(177)	Unrealised Fair Value Gain/Loss on Financial Instruments	1,326			(1,326)
				<b>Adjustments primarily involving the Pensions Reserve</b>				
(2,414)			2,414	Pension remeasurements and cost	(2,278)			2,278
2,124			(2,124)	Employer's pension contributions and direct payments	2,107			(2,107)
				<b>Adjustments primarily involving the Accumulated Absences Account</b>				
(290)			290	Council tax and NNDR	551			(551)
				<b>Adjustment's primarily involving the Accumulated Absences Account</b>				
(1)			1	Holiday pay	(40)			40
(9,620)	(83)	(1,506)	11,209	<b>Total Adjustments</b>	(37,251)	(475)	147	37,579

## 9 Transfers to/from Earmarked Reserves

At 01 April 2023 £'000	Internal Transfers £'000	Transfers out £'000	Transfers in £'000	At 31 March 2024 £'000	Earmarked Reserves	Transfers out £'000	Transfers in £'000	At 31 March 2025 £'000
(5,642)	2	47	(341)	(5,934)	Commuted sums	85	(2,119)	(7,968)
(2,913)	(2,785)	(1)	(1)	(5,700)	Stability & Resilience Reserve	518	0	(5,182)
(2,000)	(1,892)	0	0	(3,892)	Business Rate equalisation reserve	0	0	(3,892)
(488)	0	0	(40)	(528)	Mercury abatement	0	(25)	(553)
0	0	0	0	0	Community Recovery Fund	0	(489)	(489)
(812)	0	0	0	(812)	Flexible Homelessness Support Grant	398	0	(414)
(165)	0	0	(155)	(320)	Homes for Ukraine support A	52	(94)	(362)
0	0	0	(144)	(144)	Asylum Dispersal	18	(172)	(298)
(257)	0	0	0	(257)	Regeneration Reserve	0	0	(257)
(253)	0	0	0	(253)	Insurance Reserve	0	0	(253)
(347)	163	79	(49)	(154)	Other grants (below £45k)	37	(108)	(225)
(206)	0	24	(24)	(206)	Civil parking enforcement surplus	4	0	(202)
0	0	0	0	0	Tennis Court Sink Fund	0	(168)	(168)
(107)	0	5	(32)	(134)	Pipeline environmental improvement	21	(25)	(138)
(130)	0	1	0	(129)	Farnborough's airport environment Fund	0	(5)	(134)
(93)	0	93	0	0	Budget carry forwards	0	(129)	(129)
(111)	0	5	0	(106)	Deprivation reserve	22	(2)	(86)
0	0	0	(42)	(42)	Local Authority Housing Fund (LAHF)	0	(38)	(80)
(75)	0	0	0	(75)	Custom Build Grant	0	0	(75)
(178)	0	54	0	(124)	Climate emergency reserve	57	0	(67)
(14)	0	0	(10)	(24)	Afghan relocation scheme	0	(9)	(33)
(31)	0	4	0	(27)	Cyber security	10	0	(17)
(30)	0	11	0	(19)	Homes for Ukraine support B	8	0	(11)
0	0	0	(7)	(7)	Supp & Temp Accommodation Work	0	0	(7)
(227)	0	14	0	(213)	A331 Air Quality Project	208	0	(5)
(23)	0	15	0	(8)	Control outbreak	5	0	(3)
(100)	0	0	(212)	(312)	Workforce Reserve	312	0	0
(43)	0	0	0	(43)	Covid Council tax hardship	43	0	0
(48)	0	41	0	(7)	UK shared prosperity fund	13	(6)	0
(1,892)	1,892	0	0	0	Covid Business Rates Reserve	0	0	0
(1,483)	1,483	0	0	0	Commercial Reserve	0	0	0
(297)	297	0	0	0	Business support Administration grant admin	0	0	0
(220)	220	0	0	0	Treasury Earmarked reserves	0	0	0
(195)	0	195	0	0	Affordable Housing Reserve	0	0	0
(130)	130	0	0	0	Local Authority Discretionary Grants Fund	0	0	0
(121)	0	121	0	0	Commercial Property Reserve	0	0	0
(93)	93	0	0	0	Localising Council Tax Support scheme administration	0	0	0
(85)	85	0	0	0	Feasibility Victoria Road	0	0	0
(71)	71	0	0	0	Dilapidation reserve	0	0	0
(64)	64	0	0	0	Cohesion/Migration/Gurkha Settlement	0	0	0
(59)	59	0	0	0	Prop Services Covenant release	0	0	0
(45)	45	0	0	0	Land Charges	0	0	0
(37)	37	0	0	0	Covid track & trace	0	0	0
(26)	26	0	0	0	Ward reserve	0	0	0
(14)	0	14	0	0	Election integrity	0	0	0
(10)	10	0	0	0	Administration support - benefits team	0	0	0
<b>(19,135)</b>	<b>0</b>	<b>722</b>	<b>(1,057)</b>	<b>(19,470)</b>	<b>Total</b>	<b>1,811</b>	<b>(3,389)</b>	<b>(21,048)</b>

## 10 Other Operating Expenditure

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

## 11 Financing and Investment Income and Expenditure

2023/24		2024/25
£'000		£'000
6,900	Interest payable and similar charges	7,010
467	Net interest on the net defined benefit liability (asset)	352
(4,665)	Interest receivable and similar income	(4,206)
(3,911)	Income and expenditure in relation to investment properties and changes in their fair value	4,986
(177)	Unrealised Fair Value gain/loss on financial investments	(428)
(227)	Changes in impairment loss allowance of financial instruments	471
<b>(1,613)</b>	<b>Total</b>	<b>8,185</b>

## 12 Taxation and Non-Specific Grant Income

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

# Notes to the Accounts

## 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
<b>Cost or Valuation</b>							
<b>at 1 April 2024</b>	58,870	8,307	0	7,817	723	48,369	124,086
Adjustment for right of use asset (IFRS 16)	(219)	(1,264)	1,483				0
Additions	172	344	46	888	0	11,804	13,254
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			(97)				(97)
Reclassifications						(27,400)	(27,400)
<b>at 31 March 2025</b>	<b>64,386</b>	<b>7,387</b>	<b>1,432</b>	<b>8,705</b>	<b>337</b>	<b>4,200</b>	<b>86,447</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>at 1 April 2024</b>	(47)	(4,285)		0	0	0	(4,332)
Adjustment for right of use asset (IFRS 16)	14	391	(405)				0
Depreciation charge	(730)	(438)					(1,168)
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
<b>at 31 March 2025</b>	<b>(10)</b>	<b>(4,332)</b>	<b>(405)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,747)</b>
<b>Net Book Value;</b>							
<b>at 31 March 2025</b>	<b>64,376</b>	<b>3,055</b>	<b>1,027</b>	<b>8,705</b>	<b>337</b>	<b>4,200</b>	<b>81,700</b>
at 31 March 2024	58,823	4,022	0	7,817	723	48,369	119,754

# Notes to the Accounts

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

## Depreciation

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

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

## Capital Commitments

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

## Effects of Changes in Estimates

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

## Revaluations

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

Notes to the Accounts

	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		3,055	1,027	8,705		4,200	16,987
Valued at Current value as at:							
31/03/2025	64,286	-	-	-	337		64,623
31/03/2024	0	-	-	-	0	-	0
31/03/2023	80	-	-	-	0	-	80
31/03/2022	0	-	-	-	0	-	0
31/03/2021	11	-	-	-	0	-	11
Total Cost or Valuation	64,376	3,055	1,027	8,705	337	4,200	81,700

14 Investment Properties

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

2023/24		2024/25
Non-Current		Non-Current
£'000	Investment Properties Movements in Year	£'000
128,112	Opening Balance	135,812
10,776	Additions	210
0	Disposals	(2,520)
(3,076)	Net gains/(losses) from fair value adjustment taken to CIES	(12,696)
0	Transfers to/from Property Plant and Equipment	27,400
0	Reclassified as Assets Held for Sale	(16,573)
135,812	Balance at the end of the year	131,633

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.

During the year the Council identified a number of investment properties for disposal. Properties with a carrying value of £16.573m that met the criteria for classification as assets held for sale at 31 March 2025 have been reclassified from Investment Property to Current Assets. These assets are expected to be disposed of during 2025/26

All Investment Properties were re-valued as at 31st March 2025.

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

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

Fair Value Hierarchy

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

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

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

Highest and best use of investment properties

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

Valuation techniques

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

Valuation process for investment properties

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

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 or revalued while classified in this category.

2023/24		2024/25
£'000	Assets Held for Sale	£'000
0	Investment properties reclassified as held for sale	16,573

# Notes to the Accounts

2023/24		2024/25
£'000	Assets Held for Sale	£'000
0	Net (gain)/loss	16,573

The assets held for sale comprise investment properties previously included within the Council's Investment Property portfolio. 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 2025/26 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 £40k charged to revenue in 2023/24 was charged directly to service revenue accounts and is therefore included in the cost of services. No items of capitalised software are individually material to the Financial Statements.

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

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

2023/24		2024/25
£'000		£'000
-	<u>Comprising:</u>	
202	Gross carrying amounts	247
(166)	Accumulated amortisation	(182)
<b>36</b>	<b>Total</b>	<b>65</b>

## 16 Interests in Jointly Controlled Operations

### Building Control Service

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

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

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

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

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

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

17 Long Term Debtors

2023/24		2024/25
£'000		£'000
6,482	Farnborough International Airport Loan	6,587
63	Rushmoor Development Partnerships	63
1,360	Loan to Subsidiary (RHL)	2,168
54	Service Provider Loan	47
4	Car Loans to staff	28
8	Rent Free Lease Periods	6
7,972	Total	8,899

## 18 Financial Instruments

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

Categories of financial instruments

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

Non-current Investment	Debtors	Current Investment & cash	Debtors	TOTAL	Financial Assets	Non-current Investment	Debtors	Current Investment & cash	Debtors	TOTAL
31-Mar-2024	31-Mar-2024	31-Mar-2024	31-Mar-2024	31-Mar-2024		31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025	31-Mar-2025
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
19,470	0	0	0	19,470	Fair value through Profit or loss	11,913	0	0	0	11,913
0	0	15,000	0	15,000	Amortised cost - Investments	0	0	5,000	0	5,000
0	0	6,227	0	6,227	Amortised cost - Cash & cash equivalents	0	0	20,928	0	20,928
0	7,972	0	4,659	12,631	Amortised cost - Debtors	0	8,899	0	10,121	19,020
19,470	7,972	21,227	4,659	53,328	Total financial assets	11,913	8,899	25,928	10,121	56,861
0	0	0	2,612	2,612	Assets not defined as Financial Instruments	0	0	0	3,431	3,431
19,470	7,972	21,227	7,271	55,940	Total	11,913	8,899	25,928	13,552	60,292

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

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

Material Soft Loans

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

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

**Income, expense, gains and losses**

## Notes to the Accounts

Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Total		Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Total
31-Mar-2024	31-Mar-2024	31-Mar-2024		31-Mar-2025	31-Mar-2025	31-Mar-2025
£'000	£'000	£'000		£'000	£'000	£'000
			<b>Net gains/losses on:</b>			
-	177	177	Financial assets measured at fair value through Profit or loss	0	(428)	(428)
-	-	0	Financial assets measured at amortised cost	0	0	0
<b>0</b>	<b>177</b>	<b>177</b>	<b>Total net gains/losses</b>	<b>0</b>	<b>(428)</b>	<b>(428)</b>
(4,665)	-	(4,665)	Interest revenue	(4,206)	0	(4,206)
6,900	-	6,900	Interest expense	7,010	0	7,010
<b>2,235</b>	<b>177</b>	<b>2,412</b>	<b>Total</b>	<b>2,804</b>	<b>(428)</b>	<b>2,376</b>

### Fair value

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025, using the following methods and assumptions:

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

Fair values are assessed against the following fair value hierarchy:

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

# Notes to the Accounts

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

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

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

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

Carrying amount	Fair Value		Carrying amount	Fair Value
31/03/2024	31/03/2024		31/03/2025	31/03/2025
£’000	£’000		£’000	£’000
		<i>Financial Liabilities;</i>		
(162,000)	(162,000)	Loans	(166,000)	(166,000)
(13,989)	(13,989)	Creditors	(14,483)	(14,483)
(999)	(999)	Finance Lease	(649)	(649)
(176,988)	(176,988)	Total	(181,132)	(181,132)
		<i>Financial assets;</i>		
15,000	15,000	Investments	5,000	5,000
6,227	6,227	Cash and cash equivalents	20,928	20,928
12,631	12,631	Debtors	19,020	19,020
33,858	33,858	Total	44,948	44,948

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

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

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

# Notes to the Accounts

## 19 Short Term Debtors

2023/24		2024/25
£'000		£'000
567	Trade Receivables	3,146
373	Payments in advance / Prepayments	492
6,331	Other Receivables	9,914
<b>7,271</b>	<b>Total</b>	<b>13,552</b>

Debtors for local taxation

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

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

## 20 Cash and Cash Equivalents

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

## 21 Short Term Borrowing

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

## 22 Short Term Creditors

2023/24		2024/25
£'000		£'000
(5,031)	Trade payables	(11,871)
(1,505)	Receipts in advance	(2,730)
(13,027)	Other payables	(8,013)
<b>(19,563)</b>	<b>Total</b>	<b>(22,614)</b>

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

## 23 Long Term Provisions

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

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

# Notes to the Accounts

## 24 Long Term Borrowing

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

## 25 Other Long Term Liabilities

2023/24		2024/25
£'000		£'000
(7,431)	Pensions Liability	(2,331)
(675)	Finance Lease Liability (Serco vehicles)	(348)
<b>(8,106)</b>	<b>Total</b>	<b>(2,679)</b>

## 26 Unusable Reserves

2023/24		2024/25
£'000		£'000
(33,936)	Revaluation Reserve	(40,955)
(62,415)	Capital Adjustment Account Reserve	(23,263)
2,428	Pooled Investment Funds Adjustment Account Reserve	1,103
7,431	Pension Reserve	2,331
113	Collection Fund Adjustment Account Reserve	(437)
125	Accumulated Absences Account Reserve	161
<b>(86,254)</b>	<b>Total</b>	<b>(61,060)</b>

### Revaluation Reserve

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

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

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2023/24		2024/25
£'000		£'000
<b>(44,303)</b>	<b>Balance 1 April</b>	<b>(33,936)</b>
(1,240)	Upward revaluation of assets	(9,700)
3,793	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,586
<b>2,553</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(7,114)</b>
0	Difference between fair value depreciation and historical cost depreciation	95
7,814	Accumulated gains on assets sold or scrapped	
0	Other amounts written off to the Capital Adjustment Account	
<b>7,814</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>95</b>
<b>(33,936)</b>	<b>Balance 31 March</b>	<b>(40,955)</b>

# Notes to the Accounts

## 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.

2023/24		2024/25
£'000		£'000
(65,406)	<b>Balance 1 April</b>	<b>(62,415)</b>
1,520	Charges for depreciation and impairment of non-current assets	1,055
1,676	Revaluation losses on non-current assets	29,757
40	Amortisation of intangible assets	16
1,383	Revenue expenditure funded from capital under statute	1,043
9,817	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,520
<b>14,436</b>	<b>Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	<b>34,391</b>
(7,814)	Adjusting Amounts written out of the Revaluation Reserve	0
<b>6,622</b>		<b>34,391</b>
0	Use of Capital Receipts Reserve to finance new capital expenditure	(2,506)
(3,559)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,247)
(1,256)	Application of grants to capital financing from the capital grants unapplied account	(2,120)
(320)	Capital expenditure charged against the General Fund balances	(317)
(1,572)	Statutory provision for the financing of capital investment charged against the General Fund balances (MRP)	(1,746)
<b>(6,707)</b>	<b>Capital financing applied in year:</b>	<b>(7,936)</b>
3,076	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	12,697
<b>(62,415)</b>	<b>Balance 31 March</b>	<b>(23,263)</b>

## Pooled Investment Funds Adjustment Account

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

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

# Notes to the Accounts

## Pensions Reserve

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

2023/24		2024/25
£'000		£'000
12,336	<b>Balance 1 April</b>	<b>7,431</b>
(5)	Opening balance adjustment per IAS19 actuary report	
(5,190)	Remeasurements of the net defined benefit (liability)/asset	(19,186)
2,414	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,278
(2,124)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,107)
0	Asset Ceiling Adjustment	13,915
<b>7,431</b>	<b>Balance 31 March</b>	<b>2,331</b>

## Collection Fund Adjustment Account

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

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

## Accumulated Absences Account

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

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

## Notes to the Accounts

### 27 Cash Flow- to net surplus/deficit

2023/24		2024/25
£'000		£'000
1,520	Depreciation of tangible	1,168
40	Amortisation of intangible	16
1,676	Impairment and downward valuations	42,265
(226)	increase/(decrease) in provision for doubtful debts	(684)
4,509	Increase/(decrease) in interest creditors	667
(2,210)	increase/(decrease) in creditors	776
(1,947)	(increase)/decrease in interest debtors	(794)
4,045	(increase)/decrease in debtors	(5,730)
36	(increase)/decrease in inventory	(9)
291	Movement in pension liability	171
9,817	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	10,362
(6,693)	Other non-cash items charged to the net surplus or deficit on the provision of services	(436)
<b>10,858</b>	<b>Total</b>	<b>47,772</b>

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

2023/24		2024/25
£'000		£'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(7,985)
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,982)
446	Any other items for which the cash effects are investing or financing cash flows	(2,552)
<b>446</b>	<b>Total</b>	<b>(13,519)</b>

### 29 Cash Flow- Operating Activities

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

### 30 Cash Flow- Investing Activities

2023/24		2024/25
£'000		£'000
(31,807)	Purchase of property, plant and equipment, investment property and intangible assets	(11,235)
(15,177)	Purchase of short-term and long-term investments	10,000
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,982
0	Proceeds from short-term and long-term investments	7,985
0	Other payments for investing activities	0
53	Other receipts from investing activities	0
<b>(46,930)</b>	<b>Net cash flows from investing activities</b>	<b>9,732</b>

### 31 Cash Flow- Financing Activities

2023/24		2024/25
£'000		£'000
0	Repayments of short- and long-term borrowing	(55,000)
42,000	Cash receipts of short and long term borrowing	59,000
(428)	Cash payments for the reduction of outstanding liabilities relating to finance leases	(350)
(324)	Other receipts for CGRIA	488
(2,315)	Other payments for financing activities	2,061
<b>38,933</b>	<b>Net cash flows from financing activities</b>	<b>6,199</b>

Notes to the Accounts

32 Recon of Liabilities Arising from Financing Activities

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

33 Officer Remuneration and Termination Benefits

Offices Remuneration

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

2023/24		2024/25
11	£50,000 to £54,999	11
21	£55,000 to £59,999	22
6	£60,000 to £64,999	14
7	£65,000 to £69,999	5
5	£70,000 to £74,999	6
1	£75,000 to £79,999	1
2	£80,000 to £84,999	0
2	£85,000 to £89,999	1
0	£90,000 to £94,999	2
0	£95,000 to £99,999 ...	0
1	£100,000 to £104,999 ...	0
0	£125,000 to £129,999 ...	0
0	£135,000 to £139,999	0
56	Total	62

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

# Notes to the Accounts

## Senior Officer Remuneration

2023/24						2024/25				
Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total		Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
142	-	-	25	167	Chief Executive	153	0	0	27	180
108	0	-	19	127	Executive Director	114	1	0	20	135
107	0	-	19	126	Executive Director	113	1	0	20	134
56	-	-	10	66	Head of Fin. Services (CFO)	101	0	0	18	119
96	0	0	0	96	Head of Fin. Services (CFO) Interim #	0	0	0	0	0
509	0	0	73	486	Totals	481	2	0	85	568

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

## Exit Packages

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

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

# Notes to the Accounts

## 34 External Audit Costs

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

## 35 Grant Income

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

2023/24		2024/25
£'000		£'000
(239)	Housing Benefit Admin Subsidy	(245)
(161)	Discretionary Housing Payment	(161)
0	Housing Benefit Welfare Reform	(31)
0	New Burdens	(29)
0	Housing Benefit Award Accuracy Initiative	(25)
(73)	Other	(20)
(50)	Home Office	(326)
(80)	Homes England	0
<b>(446)</b>	<b>Developers Contributions</b>	<b>(2,488)</b>
	<b>Hampshire County Council</b>	
(1,308)	Better Care Fund / Disabled Facilities Grant	(1,493)
0	One Public Estate	(300)
(221)	Homes For Ukraine	(153)
0	Consolidated Hot Spot Response	(79)
0	Half Housing Approach Grant	(29)
(63)	Other	(25)
(84)	Household Support	0
(27)	DEFRA Biodiversity	(27)
(5)	Other	0
(90)	Other Grants and Contributions	(182)
<b>(29,232)</b>	<b>Total</b>	<b>(31,710)</b>

### Revenue Grant Receipts in Advance- Current Liabilities

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

Notes to the Accounts

Capital Grant Receipts in Advance- Non-current Liabilities

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

Grant Receipts in Advance-

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

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

36 Members’ Allowances

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

2023/24		2024/25
£'000		£'000
364	Allowances	369
8	Expenses	9
372	Total Members Allowances	378

37 Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Council.

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

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

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

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

Central Government

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

Members

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

Financial assistance totalling £583,220 was awarded to voluntary organisations in which 15 members and 1 ex-members had an interest. These financial awards were made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to the grants.

Details of all these transactions are recorded in the Statement of Accounts working papers and the Register of Members interest, open to public inspection.

Officers

Financial assistance of £2,163,000 was award to organisations in which 2 senior officers of Rushmoor Borough Council had an interest.

Entities Controlled or Significantly Influenced by the Council

## Notes to the Accounts

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 31<sup>st</sup> March 2025 has a long-term loan of £1,360k and a short-term loan of £643k with RHL.

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

### 38 Capital Expenditure and Financing

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

2023/24		2024/25
£'000		£'000
<b>140,819</b>	<b>Opening Capital Financing Requirement</b>	<b>167,633</b>
(1,067)	Opening adjustment	(219)
<b>139,752</b>	<b>Revised Opening Capital Financing Requirement</b>	<b>167,414</b>
	Capital Investment:	
53	Loans to external bodies	0
22,377	Property Plant and Equipment	13,254
10,776	Investment Properties	210
0	Intangible Assets	45
1,383	Revenue Expenditure Funded from Capital Under Statute	1,043
<b>34,589</b>	<b>Total Capital Investment</b>	<b>14,552</b>
	Sources of Finance:	
0	Capital receipts	(2,603)
(4,815)	Government Grants and other contributions	(3,367)
	Sums set aside from revenue:	
(320)	Direct revenue contributions	(317)
(1,572)	Minimum revenue provision (MRP)	(1,746)
<b>(6,707)</b>	<b>Total Sources of Finance applied</b>	<b>(8,033)</b>
<b>167,633</b>	<b>Closing Capital Financing Requirement</b>	<b>173,933</b>
27,080	Increase in underlying need to borrow (unsupported by government financial assistance)	6,519
(266)	Assets acquired under finance leases	(230)
<b>26,814</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>6,289</b>

39 Leases

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

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

Leases determined to be of low value assets (value when new of less than £10,000), and short-terms leases of 12 months or less (including leases that expire within 12 months of 31 March 2025) have not been included as a Right-of-Use assets and continue to be expensed to the Comprehensive Income and Expenditure Statement.

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 2024	219	1,249	1,468
Remeasurement	0	15	15
Additions	0	46	46
Revaluations or impairment	0	0	0
Depreciation charge	(14)	(391)	(405)
Disposals and other movements	0	(97)	(97)
Balance at 31 March 2025	205	822	1,027

Transactions under leases

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

2023/24		2024/25
£'000	<b>Comprehensive income and expenditure statement</b>	£'000
17	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
	<b>Cash flow statement</b>	
(324)	Minimum lease payments	(332)

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)

2023/24		2024/25
£'000		£'000
(324)	Less than one year	(334)
(675)	One to five years	(344)
0	More than five years	0
(999)	Total undiscounted liabilities	(678)

Council as Lessor

Finance Leases

The Council has no currently determined finance leases as lessor.

Operating Leases

- The Council leases out property under operating leases for the following purposes:
- Returns from investment property and the provision of community services, such as sports facilities, tourism services and community centers
  - Economic development purposes to provide suitable affordable accommodation for local businesses

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

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

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

40 Defined Benefits Pension Scheme

Participation in Pension Schemes

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

The Council participates in two post-employment schemes:

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

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

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

Discretionary post-retirement benefits

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

Transactions relating to post-employment benefits.

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

## Notes to the Accounts

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
		Cost of services:		
		Service cost comprising:		
1,836	0	* current service costs	1,916	0
111	0	* past service costs	10	0
		Financing and Investment income and exp:		
467	0	* net interest expense	352	0
<b>2,414</b>	<b>0</b>	<b>Total post employment benefit charged to the surplus/deficit on Provision of Services</b>	<b>2,278</b>	<b>0</b>
		Other post emp benefits charge to the CIES		
		<b>Remeasurement of the net defined benefit liability comprising:</b>		
(4,754)	0	* Return on plan assets (excluding amount included as the net interest expenses)	764	0
40	1	* Actuarial gain/loss arising on changes in financial assumptions	(18,350)	1
(2,410)	(30)	Actuarial gain/loss arising on changes in demographic assumption	(218)	(30)
4,240	92	* Actuarial (gains) and losses arising from liability other experience	(1,382)	92
<b>(2,884)</b>	<b>63</b>	<b>Total post employment benefits charged to the CIES</b>	<b>(19,186)</b>	<b>63</b>
		<u>Movement in Reserves Statement</u>		
(2,414)	0	* Reversal of net charges made to surplus/deficit on Provision of Services for post employment benefit	(2,278)	0
		Actual amount charged to General Fund for pensions in year:		
1,881	243	* Employer's contributions payable to scheme	1,865	242
(5,108)	(243)	* Retirement benefits payable to pensioners	(5,026)	(242)

### Pensions Assets and liabilities recognised in the Balance Sheet

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

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
118,081	0	Fair value of plan assets	120,517	0
(122,847)	(2,665)	Present value of the defined benefit obligation	(106,602)	(2,331)
<b>(4,766)</b>	<b>(2,665)</b>	<b>Net liability arising from the defined benefit obligation</b>	<b>13,915</b>	<b>(2,331)</b>
<b>0</b>	<b>0</b>	Effect of Asset Ceiling	<b>(13,915)</b>	<b>0</b>
<b>(4,766)</b>	<b>(2,665)</b>	Net defined benefit asset recognised on the balance sheet	<b>0</b>	<b>(2,331)</b>

# Notes to the Accounts

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

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
110,700	0	<b>Opening fair value of scheme assets</b>	<b>118,081</b>	<b>0</b>
1	0	Opening balance adjustment per 'revised' IAS19 actuary report	0	0
5,144	0	Interest income	5,607	0
4,754	0	Remeasurement gain/(loss) on assets	(764)	0
1,881	243	Contribution from employer	1,865	242
709	0	Contribution from employee's into scheme	754	0
(5,108)	(243)	Net Benefits paid	(5,026)	(242)
<b>118,081</b>	<b>0</b>	<b>Closing fair value of scheme assets</b>	<b>120,517</b>	<b>0</b>

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

LGPS	Disc Benefits		LGPS	Disc Benefits
2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
<b>120,190</b>	<b>2,850</b>	<b>Opening balance at 1st April</b>	<b>122,847</b>	<b>2,665</b>
(3)	(5)	Opening balance adjustment per 'revised' IAS19 actuary report	0	(5)
1,836	0	Current service costs	1,916	0
5,611	0	Interest income	5,959	0
709	0	Contributions by scheme participants	754	0
		Remeasurement gain/(loss):		
40	1	* Actuarial gain/loss arising on changes in financial assumptions	(18,350)	1
(2,473)	(30)	* Actuarial gain/loss arising on changes in demographic assumption	(126)	(90)
1,934	92	* Actuarial (gains) and losses arising from liability experience	(1,382)	0
(5,108)	(243)	Net Benefits paid	(5,026)	(240)
111	0	Past service costs	10	0
<b>122,847</b>	<b>2,665</b>	<b>Closing balance at 31st March</b>	<b>106,602</b>	<b>2,331</b>

# Notes to the Accounts

## Local Government Pension Scheme assets comprised

2023/24	2023/24	2023/24	Fair value of scheme assets	2024/25	2024/25	2024/25
Quoted	Unquoted	Total		Quoted	Unquoted	Total
£'000	£'000	£'000		£'000	£'000	£'000
945	0	945	<b>Cash and Cash equivalents</b>	2337	0	2337
			Equity instruments: by industry type			
44,788	0	44,788	· Other	40,138	0	40,138
<b>45,733</b>	<b>0</b>	<b>45,733</b>	<b>Subtotal equity</b>	<b>42,475</b>	<b>0</b>	<b>42,475</b>
			Debt securities: by sector			
5,599	0	5,599	· Corp Bonds (non-investment grade)	5,465	0	5,465
17,127	6,048	23,175	· UK Govt	17,561	5,682	23,243
6,334	8,332	14,666	· Other	11,038	3,114	14,152
<b>29,060</b>	<b>14,380</b>	<b>43,440</b>	<b>Subtotal bonds</b>	<b>34,064</b>	<b>8,796</b>	<b>42,860</b>
			Property: by type			
0	8,801	8,801	· UK	0	10,753	10,753
<b>0</b>	<b>8,801</b>	<b>8,801</b>	<b>Subtotal property</b>	<b>0</b>	<b>10,753</b>	<b>10,753</b>
			Private equity:			
0	9,317	9,317	· All	0	11,003	11,003
<b>0</b>	<b>9,317</b>	<b>9,317</b>	<b>Subtotal private equity</b>	<b>0</b>	<b>11,003</b>	<b>11,003</b>
			Other investment funds:			
0	10,790	10,790	· Infrastructure	0	12,287	12,287
<b>0</b>	<b>10,790</b>	<b>10,790</b>	<b>Subtotal other investment funds</b>	<b>0</b>	<b>1,139</b>	<b>1,139</b>
			· Other	<b>0</b>	<b>13,426</b>	<b>13,426</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>Derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>Other</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>74,793</b>	<b>43,288</b>	<b>118,081</b>	<b>Total Assets</b>	<b>76,539</b>	<b>43,978</b>	<b>120,517</b>

All scheme assets have quoted prices in active markets.

Basis for Estimating Assets and Liabilities

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

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

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
2023/24		2024/25
%		%
	Longevity at 65 for current pensioners:	
22.1 yrs	Men	22.0 yrs
24.7 yrs	Women	24.7 yrs
	Longevity at 65 for future pensioners:	
22.6 yrs	Men	22.5 yrs
25.7 yrs	Women	25.6 yrs
2.8%	Rate of inflation (CPI)	2.8%
4.8%	Rate of increase to pensions in payment	4.8%
2.8%	Pension accounts revaluation rate	2.8%
3.8%	Salary increases	3.8%

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

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

Impact on the Council's cashflows.

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

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

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

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

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

## 41 Nature and Extent of Risk Arising from Financial Instruments

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

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

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

### Credit Risk

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

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

[ANNUAL TREASURY MANAGEMENT STRATEGY AND ANNUAL NONTREASURY INVESTMENT STRATEGY 2024/25](#)

### Credit risk management practices

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

The authority's financial assets are relatively simple;

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

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

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

Amounts arising from expected credit losses

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

# Notes to the Accounts

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

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

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

### Credit risk exposure

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

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

### Liquidity Risk

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

The maturity analysis of financial liabilities is as follows:

2023/24	Analysis of Financial Liabilities	2024/25
£'000		£'000
(171,198)	Less than one year	(116,784)
(5,673)	Between one and three years	(64,348)
0	More than three years	0
(176,873)	Total	(181,132)

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

### Market Risks

#### Interest rate risk

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

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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be

# Notes to the Accounts

posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other comprehensive income and expenditure.

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

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

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

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

## Price Risk

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

The Council's investment in various pooled funds are subject to price risk;

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

## Foreign exchange risk

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

42 Subsidiary

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

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

## Notes to the Accounts

2023/24	Profit/Loss from Rushmoor Homes Ltd (RHL)	2024/25
£'000		£'000
(1,345)	Turnover	(134)
206	Administration Expenses	86
(1,140)	Operating (Profit)/Loss	(48)
	Exceptional Items	154
0	Fair Value Movements on Investment Properties	(30)
	Interest paid	165
(1,140)	Profit before Tax	241
0	Tax on Profit	8
0	Dividends	0
(1,140)	<b>Total (Profit)/Loss for the Year</b>	<b>249</b>
1,396	<b>Shareholder funds</b>	<b>696</b>

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

### 43 Capitalisation of Borrowing Costs

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

### 44 Contingent Liabilities

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

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

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

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

# Collection Fund Statement

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

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

# Collection Fund Statement

## Notes to the Collection Fund

### 1. Council Tax Base

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

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

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

### 2. Income from Non-Domestic Rates

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

The rateable value of properties at 31st March 2025 is £142.431m and the national non-domestic multiplier was 54.6p (small businesses 49.9p).

#### Business Rates Revaluation 2023

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

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

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

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

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

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

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

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

## ANNUAL GOVERNANCE STATEMENT – 24/25

### 1. Introduction and scope of responsibility

- 1.1 Rushmoor Borough Council (RBC) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 The Council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.
- 1.3 The Annual Governance Statement (AGS) states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), and as amended by the Accounts and Audit (coronavirus) (Amendment) regulations 2020, which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to review and approval by the Corporate Governance, Audit and Standards Committee (CGAS Committee), and the Corporate Management Team (CMT).
- 1.4 In this document the Council:
- acknowledges its responsibility for ensuring that there is a sound system of governance;
  - summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
  - describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
  - provides details of how the Council has responded to any issue(s) identified in the previous year's governance statement; and
  - reports on any key governance matters identified from this review and provides a commitment to addressing them.

### 2. The Council's governance framework

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

Rushmoor Borough Council (RBC) has approved and adopted a local code of corporate governance, which is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering good governance in Local Government'. A copy of RBC's adopted Code is on the Council's website, ([Local Code of Corporate Governance](#)). This details the key policies, procedures and systems by which the Council is controlled and governed. RBC updates its code annually and evidence is collated and

assessment for compliance by the Corporate Governance Group (CCG) and the Executive Leadership Team (ELT).

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

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

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

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

Capital Programme Board	<ul style="list-style-type: none"> <li>Review of governance and risk management over major projects.</li> </ul>
Head of Paid Service	<ul style="list-style-type: none"> <li>The Interim Managing Director (MD) carries the responsibility for the proper management of RBC and for ensuring that the principle of good governance are reflected in sound management arrangements.</li> <li>Leads the Council's management team in driving forward the Council's strategic objectives.</li> </ul>
Monitoring Officer	<ul style="list-style-type: none"> <li>Ensures compliance with established policies, procedures, law and regulations.</li> <li>Monitors ethical standards.</li> <li>Reports actual or potential breaches of the law.</li> </ul>
Section 151 Officer	<ul style="list-style-type: none"> <li>Develops a medium-term financial strategy that is aligned with strategic priorities.</li> <li>Safeguards public money</li> <li>Promotes and deliver good financial management and governance.</li> </ul>
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> <li>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.</li> <li>Influences a corporate culture and fostering a culture of high ethical standards and integrity.</li> <li>Identifies and addresses cross cutting and strategic issues that may impact on the Council's control environment and risk.</li> </ul>
Corporate Management Team (CMT), incorporating ELT	<ul style="list-style-type: none"> <li>Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. Including maintaining service and corporate risk register.</li> <li>Contribute to the effective corporate management and governance of the Council.</li> <li>Provide assurance statements for the governance arrangements within their services which inform the Local Code of Corporate Governance and the AGS.</li> <li>Performance management.</li> </ul>
External Audit	<ul style="list-style-type: none"> <li>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)</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</li> <li>Delivers an annual programme on risk-based audit activity</li> </ul>

	<ul style="list-style-type: none"> <li>Makes recommendations for improvements in the management of the Council's risk, governance and control environment.</li> </ul>
Property Investment Advisory Group	<ul style="list-style-type: none"> <li>Oversees the Council's commercial property</li> </ul>

### 3. Principles

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

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

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

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

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

The Council has established a Corporate Governance Group, which includes the Monitoring Officer & deputy, S151 Officer & deputy, Corporate Manager – IT, Information Governance Officer, Service Manager – Risk, Performance and Procurement, Corporate Manager - People Team and Financial Governance Manager, to ensure that the Council works within its rules and that the necessary governance provisions are followed, and associated guidance, advice and training is provided.

The Council has adopted a Corporate Values and Behaviours framework which sets out the attitudes and behaviours expected from staff. The four values are Collaborate, Innovate, Brave and Integrity.

The Council's in-house legal service identifies and advises the Council on key elements of the law and their application. External legal advice is sought where necessary, for example, on specialist areas of law, higher risk and high value matters.

#### B – Ensuring openness and comprehensive stakeholder engagement

The Council has invested in a range of traditional, digital, and social media channels to enable regular contact, engagement, and consultation with its key stakeholder groups, including customer feedback surveys, workshops, consultation items on the Council's website and regular citizen consultation on both Borough-wide and place specific issues.

There has been extensive consultation for the regeneration function including direct mailshots, public exhibitions, group meetings and presentations.

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

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

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

Business engagement – the council seeks to engage directly with local businesses to ensure that there is an understanding of local business needs. Underpinned by the aims and objectives of the council's Strategic Economic Framework, this engagement includes bi-annual business surveys, quarterly business forums with businesses and membership of/ regular engagement with, business representative organisations such as the Federation of Small Businesses and Hampshire Chambers of Commerce. A monthly business newsletter has also been developed to engage with local businesses and to provide a consultation mechanism.

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

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

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

The above themes will be part of a new council delivery plan. In the meantime, the Council will still be working to the plans and performance monitoring of the Council plan 2023-26. Our Council plan outlines the Council's priorities over the next three years. It also describes the key strategic projects that will contribute to achieving our vision.

A template is in place for the Council's reports to Cabinet which require the consideration of business, Strategic, Economic, Legal, Financial and Equalities impact of the decisions being made and how decisions are to be made. All reports requiring executive decisions (except those exempt) are accessible via the Council's website.

The Council has adopted and implemented the Local Plan 2014-2032 (adopted 21 February 2019). Details are published on the Council's website. Consultation was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and

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

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

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

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

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

Arrangements are in place to monitor operational and financial plans, priorities, KPI's, quality and targets and to report on progress, e.g. quarterly monitoring, budget monitoring.

The Council has several key partnerships with other local authorities and stakeholders in order to optimise the achievement of the Council's corporate plan.

The Council has in place more significant arrangements for project development, both internally and through the Member decision making structure. This has been achieved through the revised Member structure to include the following:

- Corporate Governance, Audit and Standards (CGAS) Committee, with specific roles to ensure effective governance
- The Property Investment Advisory Group (PIAG) provides early consideration of projects prior to submission to the Cabinet. This group is supported by LSHIM who provide market-based assessments of acquisition, disposal, and asset performance.
- The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects. Examples of work undertaken by the Committee during 24/25 include:
  - Disposal of units at Union Yard development
- The Regeneration and Major Projects Programme Board provides the oversight and key input into the delivery of projects and meets 6-weekly. Each project within the defined programme has an established resource structure across a number of disciplines within the Council to ensure the right course of action is taken.

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

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

Arrangements are in place to ensure staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and are able to update their knowledge on a continuing basis e.g., CPD through attendance at seminars/conferences, mandatory training courses via the Council’s e-learning modules etc.

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

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

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

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

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

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

Work will continue to ensure the risk management process is further embedded within the Council. Cabinet receives quarterly reports covering both performance and risk. Heads of Service update their relevant service risk registers monthly and record these on a central database. Any service risks which are appropriate for the corporate risk register are escalated to the Corporate Management Team (CMT) for further review and consideration. Quarterly the corporate risk register is reviewed by CMT.

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

The Council’s Cyber Security position, plans and mitigations are reported and reviewed via Corporate Governance Group and Corporate Management Team. The Council continues to enhance its cyber aware training and simulation exercises for staff and members. Previous funding from MHCLG was used to set-up immutable backups, enhance the business continuity plan including business impact assessments supporting critical functions of the council and developing and testing a Cyber Incident Response Plan.

Comprehensive IT Change management is in place for changes to live systems and infrastructure. A mobile device management solution has been implemented to manage and protect the council’s data following NCSC guidelines. A 24\*7 managed Security Operations Centre has commenced which reports any unusual cyber activity and detains any security incidents. Audits and remediation continue annually for the Public Services Network to maintain compliance. Data security requirements are being put in place for compliance with the DWP’s Memorandum of Understanding for the use of DWP derived data, which is audited. The National Cyber Security Centre (NCSC), Microsoft, Local Government Association (LGA) and (Warning, Advice and Reporting Point) WARP alerting services are used to follow best practice. The MHCLG’s Cyber Assessment Framework (CAF) Ready programme has been completed, achieving additional funding to enhance the council’s cyber security posture. The Council is also reviewing guidance from the governments Cyber Code of Practice.

Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. Information governance and data security e-learning modules are mandatory for all staff and Members on how to manage Council data.

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

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

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

The Council’s constitution sets out how decisions are made and specific reference to decision making by Full Council, Cabinet, Committees and scrutinised by the Overview and Scrutiny Committee. The Constitution includes the officer Scheme of Delegation which sets out the powers and functions that are delegated to named Council Officers.

The Council seeks peer reviews and implements recommendations made to strengthen the governance, risk and control environment.

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

#### 4. Key governance changes in year

##### 4.1 LGA Corporate Peer Challenge

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

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

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

##### 4.2 Review of Senior Leadership Team

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

##### 4.3 Finances

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

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

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

The 2025-26 budget and MTFS has been projected in the context of the current Local Government Reorganisation on the basis that the council will continue in existence and is

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

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

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

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

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

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

##### 4.4 External Audit

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

The external auditors issued a disclaimer audit opinion for 2020/21, 2021/22 and 2022/23. Communication has improved with the external auditors, including regular meetings, to ensure that any issues or queries are dealt with promptly and sufficient resources are assigned to deal with requests.

#### 4.5 Resolution of governance issues identified in 23/24

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

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

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

### 5. **Effectiveness of the governance framework**

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

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

### 6. **Risk management**

- 6.1 Significant risks must be formally identified, assessed and appropriately managed in order to mitigate their likelihood and/or their adverse impacts, such as on the continued operation of the Council, compliance with legal obligations or achieving strategic objectives.

- 6.2 Ultimately the responsibility to ensure that the Council's risk management process is effective lies with the Executive Leadership Team (ELT), the Managing Director and elected members. The overall responsibility to manage this process is delegated to the Executive Director, with day-to-day management provided by the Service Manager for Risk, Performance and Procurement.

- 6.3 The risk management policy and arrangements have been reviewed in year with the following changes being agreed by Cabinet on 14<sup>th</sup> January 2025:
- The process for developing a strategic level risk appetite
  - Further development of the processes used to identify opportunities as well as threats when identifying risks
  - Amendments to give further clarity on what must be discussed, agreed and recorded when the risk register is reviewed
  - Alignment with the Council's agreed priorities
  - Further clarity on the arrangements for reporting when risks become issues.

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

### 7. **Managing the risk of fraud and corruption**

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

### 8. **Internal audit assurance**

**AUDIT OPINION ONCE FINALISED**

### 9. **External audit assurance**

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

- 9.2 The audit of the financial statements for the year ended 31 March 2021, 31 March 2022 and 31 March 2023 for Rushmoor Borough Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 26 November 2024, 13 December 2024 and 13 December 2024 respectively. The audit of the 2023-24 financial statements was signed off on 28<sup>th</sup> February 2025 in compliance with legislation.
- 9.3 External audit also provides assurance on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The audit opinion is that the Council did not have adequate arrangements to reduce its recurrent level of revenue spending so that it can be contained within available resources without the need to call on reserves or reduce the level of planned service provision. In particular, the Council did not have arrangements to reduce its very high level of short-term borrowing to mitigate the impact of this on its revenue budget over the medium term and reduce the level of interest rate risk it is currently exposed to.

## 10. Actions to implement in 25/26

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

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

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

11. Certification

11.1 To the best of our knowledge, the governance arrangements, as defined above and within the Council’s Code of Corporate Governance, have been effectively operating during the year with the exception of those areas highlighted on page 17 above. We propose over the coming year to take steps to address the above matters identified above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

\_\_\_\_\_  
**Gareth Williams**  
**Leader of the Council**

\_\_\_\_\_  
**Ian Harrison**  
**Interim Managing Director**

Date: 27 February 2026

27 February 2026

## Accounting Period

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

## Accounting Policies

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

## Accruals

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

## Accrued Interest

Interest accumulated but not yet received or paid.

## Actuarial

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

## Actuarial Gains and Losses

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

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

## Agency Services

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

## Amortisation

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

## Amortised Cost

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

## Asset

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

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

## Audit of Accounts

An independent examination of the Council's financial affairs.

## Authority/Local Authority

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

## Balance Sheet

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

## Billing Authority

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

## Borrowing

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

## Budget

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

## Capital Expenditure

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

## Capital Financing

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

## Capital Grants

Grants received towards capital expenditure.

## Capital Programme

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

## Capital Receipt

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

## Collection Fund

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

## Community Assets

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

## Componentisation

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

## Comprehensive Income and Expenditure Statement (CIES)

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

## Consistency

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

## Contingent Asset

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

## Contingent Liability

A contingent liability is either:

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

## Corporate and Democratic Core

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

## Council Tax

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

## Council Tax Base

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

## CIPFA

The Chartered Institute of Public Finance and Accountancy.

## Current Assets

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

## Current Service Cost (Pensions)

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

## Defined Benefit Pension Scheme

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

## Depreciated Replacement Cost (DRC)

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

## Depreciation

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

## Direct Revenue Contributions

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

## Discretionary Benefits (pensions)

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

## Doubtful Debt (also known as bad debt)

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

## Earmarked Reserves

Reserves which are held by a Council for specified purposes.

## Events after the Balance Sheet date

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

## Exceptional Items

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

## Existing use Value (EUV)

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

## Expected Return on Pension Assets

# Glossary

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

## **Fair Value**

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

## **Finance Lease**

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

## **Financial Asset**

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

## **Financial Instrument**

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

## **Financial Liability**

An obligation to deliver cash or another financial asset.

## **Funded Benefits**

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

## **General Fund**

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

## **Going Concern**

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

## **Government Grants**

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

## **Held for Sale**

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

## **Heritage Assets**

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

## **Highest & Best Use**

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

## **Historic Cost**

The amount originally paid for a fixed asset.

## **Housing Capital Receipts Pool**

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

## **IFRS**

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

## **Impairment**

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

## **Infrastructure Assets**

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

## **Intangible Assets**

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

## **Interest Cost (Pensions)**

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

## **Investment Property**

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

## **Investments (Pension Fund)**

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

## **Joint Ventures**

An entity established with contractual or binding arrangements whereby two or more parties are committed to undertake an activity that is subject to their joint control, with strategic,

financial and operating decisions relating to the activity requiring the unanimous consent of the parties sharing the control.

## **Lease**

# Glossary

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

## Liability

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

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

## Liquid Investment

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

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

## Market Participants

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

## Market Value

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

## Materiality

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

## MHCLG

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

## Minimum Revenue Provision (MRP)

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

## Net Book Value

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

## Non-Domestic Rates (NDR)

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

## Non-Operational Assets

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

## Observable Inputs

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

## Operating Lease

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

## Operational Assets

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

## Orderly Transaction

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

## Payables (also known as Creditors)

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

## Past Service Cost (Pensions)

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

## Pension Scheme Liabilities

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

## Precept

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

## Precepting Authority

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

## **Prepayment**

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

## **Prior Year Adjustment**

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

## **Property, Plant & Equipment (PPE)**

Tangible assets (i.e. assets with physical substance) that are held for use by the Council for the supply of services, for rental to others or for administrative purposes that are expected to

be used for at least part of the succeeding financial year. These may be operational or non-operational.

## **Provision**

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

## **Public Works Loan Board (PWLB)**

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

## **Rateable Value**

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

## **Receivables (also known as Debtors)**

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

## **Related Parties**

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

## **Related Party Transactions**

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

## **Remuneration**

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

## **Reserves**

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

## **Retirement Benefits**

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

## **Revenue Expenditure**

The day-to-day expenses of providing services.

## **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

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

## **Support Services Costs/Charges**

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

## **Tangible Fixed Asset**

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

## **Useful Economic Life (UEL)**

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

## **Unobservable Inputs**

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

## **Unusable Reserve**

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

## **Usable Reserve**

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



Simon Mathers

**Contact:** Peter Vickers

Ernst & Young LLP  
Grosvenor House  
Grosvenor Square  
Southampton  
SO15 2BE

**E-mail:** [Peter.vickers@rushmoor.gov.uk](mailto:Peter.vickers@rushmoor.gov.uk)

**Date:** TBC 2026

This letter of representations is provided in connection with your audit of the consolidated and parent Authority financial statements of Rushmoor Borough Council ("the Group and Authority") for the year ended 31 March 2025. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the Group and Authority financial position of Rushmoor Borough Council as of 31 March 2025 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and the Authority, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We understand that the purpose of your audit of our consolidated and parent Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the parent Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
2. We acknowledge, as members of management of the Group and Authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the consolidated and parent Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and parent Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The material accounting policy information adopted in the preparation of the Group and Authority financial statements are appropriately described in the Group and Authority financial statements.

Ian Harrison - **Managing Director**

Karen Edwards – **Executive Director**

4. As members of management of the Group and Authority, we believe that the Group and Authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for the Group and for the Authority that are free from material misstatement, whether due to fraud or error.
  5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because they are below materiality levels.
- B. We confirm the Group and Authority does not have securities (debt or equity) listed on a recognized exchange. **Non-compliance with laws and regulations, including fraud****

- 1. We acknowledge that we are responsible to determine that the Group and Authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.**
- 2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.**
- 3. We have disclosed to you the results of our assessment of the risk that the consolidated and parent Authority financial statements may be materially misstated as a result of fraud.**

We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Group or Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- Involving financial improprieties
- Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated and parent Authority financial statements
- Related to laws or regulations that have an indirect effect on amounts and disclosures in the consolidated and parent Authority financial statements, but compliance with which may be fundamental to the operations of the Group and Authority's business, its ability to continue in business, or to avoid material penalties
- Involving management, or employees who have significant roles in internal control, or others
- In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

**C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and parent Authority financial statements
  3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 26 November 2025.
  4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the consolidated and parent Authority financial statements.
  5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
  6. We have disclosed to you, and the Group and Authority has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and parent Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
  7. From 21 February 2025 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the consolidated and parent Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

#### **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and parent Authority financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and

claims, both actual and contingent, and have disclosed in Note 44 to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

#### **E. Going Concern**

1. Note 1 to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

#### **F. Subsequent Events**

1. There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

#### **G. Group audits**

1. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

#### **H. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

#### **I. Climate-related matters**

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the consolidated and parent financial statements.
2. The key assumptions used in preparing the consolidated and parent financial statements are, to the extent allowable under the requirements of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, aligned with the statements we have made in the other information or other public communications made by us.

#### **J. Ownership of Assets**

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.

#### **K. Reserves**

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

#### **L. Use of the Work of a Specialist**

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment, investment properties, and pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

## **M. Estimates**

Valuations of property, plant and equipment, investment properties and net pension liability

1. We confirm that the significant judgments made in making the valuation of property, plant and equipment, investment properties, and pension liabilities have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of property, plant and equipment, investment properties, and pension liabilities.
3. We confirm that the significant assumptions used in making the valuation of property, plant and equipment, investment properties, and pension liabilities appropriately reflect our intent and ability to carry out valuations on behalf of the Council.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of property, plant and equipment, investment properties, and pension liabilities.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

## **N. Retirement benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

***Yours faithfully,***

---

**Peter Vickers - Section 151 Officer (Chief Finance Officer)**

---

**Councillor Bill O'Donovan– Chairperson of the Audit & Governance Committee**



## Communication schedule for corrected misstatements

Entity:

Rushmoor Borough Council

Period ended:

31-Mar-2025

Currency:

GBP

Corrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
	25 RBC PG1.01.02 IAS	Pension liability did not include IFRIC 14 asset ceiling								
		Pension reserve (Asset ceiling)						13,915,000		
		Pension liability			-12,542,000					
		Pension reserve (ROA Adjustment)						-1,373,000		
1	25 RBC K PPE SWP	Asset Existence								
		Asset		(857,100)						
		Impairment							857,100	
	MIRS	MIRS						(857,100)		
		Capital Adjustment account					857,100			
	25 RBC - Long Term Debtors	Farnborough interest on Loan not accrued for								
		LT Debtors		105,000						
		Interest							(105,000)	
	25 RBC - Long Term Debtors	Reclassification of Loan between RHL and RBC from ST to LT								
		Short - term Debtors	(165,215)							
		Long- term Debtors		165,215						
	25 RBC K PPE SWP	Assets Held for sale (Frimley Business Park and Union Yard) not disclosed								
		Investment Property		-16,572,900						
		Assets Held for Sale		16,572,900						
Total of corrected misstatements before income tax			(165,215)	(586,885)	(12,542,000)	0	857,100	11,684,900	752,100	

Ian Harrison - Managing Director

Karen Edwards – Executive Director

## Cash flow misstatements schedule

Entity: Rushmoor Borough Council

Period ended: 31-Mar-2025

PM: 2,025,420

Currency: GBP

TE: 1,012,710

Nominal amount: 101,271

No.	W/P ref.	Statement of cash flows line	Analysis of misstatements Increase/(Decrease)			
		(Misstatements in the statement of cash flows are recorded as journal entries with a description)	Operating cash flows	Investing cash flows	Financing cash flows	

Corrected cash flow misstatements:

		Capital accruals not adjusted as a non-cash flow adjustment				
		Purchase of property, plant and equipment, investment property and intangible assets		-2,272		
		Increase/decrease in creditors	2,272			

Total of uncorrected cash flow misstatements

0 0 0

Statement of cash flows subtotals

Effect of uncorrected cash flow misstatements on subtotals:

0.0% 0.0% 0.0%

Corrected misstatements in disclosures:				
1	25 RBC PG1.01.02 IAS 19	Differences between what is on the IAS 19 report and what was disclosed in the accounts	CIPFA Code	
2	25 RBC 280-E(R) Estimation SCOT form-PPE Valuation and 25 RBC B05.280-E(R) Estimation SCOT form-IP and Surplus Assets Valuation	Sensitivity disclosure in Note 4 does not clearly state what the assumptions are that causes the sensitivity and the impact of a change in the assumption	CIPFA Code	
3	25 RBC financial statements overall review	Disclosure differences identified upon review. See referenced document for detail	See referenced document for detail	
4		<p>Right-of-use asset balances are presented in Note 39 Leases instead of either:</p> <ul style="list-style-type: none"> <li>• as a separate category in the Balance Sheet, or</li> <li>• in the line appropriate to the underlying asset (eg property, plant and equipment)</li> </ul> <p>Meanwhile, we noted that in Note 13 PPE there is no separate column for ROU just because client mentioned that it is already included in YPE and OLB.</p>	Required by paragraphs 4.2.2.65 to 4.2.2.68 of the Code. With summary of interpretation in CIPFA Code of Practice on Local authority accounting guidance notes - MODULE 4 \ NON-CURRENT ASSETS section F123.	
5		In Note 39 Leases, there should be no disclosure anymore about finance or operating leases under Council as lessee to avoid confusion with the implementation of the IFRS 16.	As set out in paragraphs 4.2.1.4 and 4.2.1.5 of the Code. With the interpretation: "IFRS 16 Leases' main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognizing the rights acquired to use an asset" presented in <a href="https://www.cipfa.org/-/media/files/publications/newpublications/pub-">https://www.cipfa.org/-/media/files/publications/newpublications/pub-</a>	
6		In Note 39 Leases (under Council as lessee), there is no narrative par. Outlining the nature, commencement date, term years, with renewal option/none, with rental increase clause or none, and value of the asset at YE related to material lease contracts.	Required by paragraph 4.2.4.10 of the Code. With sample tabular presentation in CIPFA Code of Practice on Local authority accounting guidance notes - MODULE 3 \ THE FINANCIAL STATEMENTS section 45 Leases.	
7		In Note 39 Leases (under Council as lessee), there is no tabular presentation that shows the change in the value of right-of-use assets held under leases by the authority. This includes the reconciliation from Beg bal + additions +/- revaluations - dep and amort - disposal = End bal. As per client's IFRS 16 working paper, these information are captured in there.	Required by paragraphs 4.2.4.4 a), h) and j) of the Code. With sample tabular presentation in CIPFA Code of Practice on Local authority accounting guidance notes - MODULE 3 \ THE FINANCIAL STATEMENTS section 45 Leases.	
8		In Note 39 Leases (under Council as lessee), there is no tabular presentation that shows the Council's incurred costs that has been included in the carrying amount of ROU asset during the reporting period.	Required by paragraph 4.2.4.4 b), c), d), e), f), g), and i) of the Code. With sample tabular presentation in CIPFA Code of Practice on Local authority accounting guidance notes - MODULE 3 \ THE FINANCIAL STATEMENTS section 45 Leases.	



Rushmoor Borough Council

Currency: GBP

[illegible]

Communication schedule for uncorrected misstatements

Entity: Rushmoor Borough Council

Period Ended: 31-Mar-2025

Currency: GBP

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect of the period	
No.	V/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Non taxable	Prior period Debit/(Credit)	t.
		(misstatements are recorded as journal entries with a description )	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
<b>Judgmental misstatements:</b>												
		Expenditure-Limitation of scope							280,648		280,648	
		Other services expense										
		Payables			(280,648)							
		Accrual 2022/23-No evidence provided for this journal										
		Short term creditors			145,968							
		Revenue							(145,968)		(145,968)	
		REFCUS - No system to record time charged to REFCUS										
		Additions		(96,662)								
		Expenditure							96,662		96,662	
		Prior year clearing journal - no supporting evidence provided										
		Expenses							(152,795)		(152,795)	
		Creditors			152,795							
<b>Total of uncorrected misstatements before income tax</b>			0	(96,662)	18,115	0	0	0	78,547		(323,404)	
<b>Total of uncorrected misstatements</b>			0	(96,662)	18,115	0	0	0	78,547		(323,404)	
<b>Financial statement amounts</b>												
<b>Effect of uncorrected misstatements on F/S amounts</b>			0.0%	0.0%	0.0%	0.0%	0.0%		0.0%		0.0%	
<b>Memo: Total of non-taxable items (marked 'X' above)</b>									0		0	
<b>Uncorrected misstatements before income tax</b>								0.0%	78,547		(323,404)	
<b>Less: Tax effect of misstatements at current year marginal rate</b>									0		0	
<b>Uncorrected misstatements in income tax</b>									0		0	
<b>Cumulative effect of uncorrected misstatements after tax but before turnaround</b>								0.0%	78,547		(323,404)	
<b>Turnaround effect of prior period uncorrected misstatements</b>												
<b>All factual and projected misstatements:</b>									401,951		401,951	
<b>Judgmental misstatements (Note 3):</b>									(78,547)		78,547	
<b>Cumulative effect of uncorrected misstatements, after turnaround effect</b>								0.0%	401,951			