

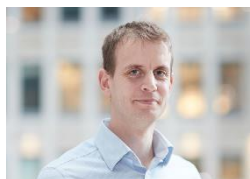


Basingstoke  
and Deane

# Statement of Accounts for the year ended 31 March 2024



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## Foreword from Adam Swain FCPFA Chief Finance Officer (Section 151 Officer)

My role as the Chief Finance Officer of the council (S151 Officer) is to ensure that Basingstoke and Deane Borough Council's finances are managed

appropriately and that the financial position remains strong and sustainable. This narrative statement provides an overview of the council including its performance, both financial and non-financial. It also provides an easily understandable guide to the most significant matters reported in the accounts and assists in their interpretation.

The Statement of Accounts has been produced by Financial Services who work across the council to ensure robust processes for budget setting and financial management. Their aim is to achieve savings targets and ensure that the council is able to maintain a strong and sustainable financial position both now and into the future.

The council's financial arrangements are overseen by the Audit and Accounts Committee and are subject to regular review by Internal Audit, who reported a high level of assurance with all the core financial systems during 2023/24. The council's Statement of Accounts and its value for money and financial arrangements are subject to independent review by the council's External Auditors, Ernst & Young LLP (EY). Furthermore, regular budget monitoring is carried out throughout the year with monthly reporting to the Senior Leadership Team (SLT) and quarterly reporting to both Cabinet, Council and, as appropriate, Scrutiny Committee, with a final revenue outturn surplus of £1.7M being reported for the year.

During 2023/24, not only did the council have to respond to the ongoing financial impact of the cost of living crisis and the continued effects of increased inflation, but it also continued to deal with the funding pressures of reduced government grants. Core grant income from the government was £1.5M lower in real terms in 2023/24 compared to 2017/18, with further reductions of £1.0M anticipated over the future years to 2027/28.


There are continued increases in pressures on the council's expenditure from external influences. In addition to the impact of inflationary cost increases, the council faces increased demand for services. This demand is further amplified by the impact of partner organisations' responses to their own financial pressures. Such pressures have been partially offset by increased interest income on the council's treasury management investments, as a result of the continued increase in the Bank of England base rate from 4% to 5.25% over the financial year.

Despite this, the council has managed its finances, has maintained service levels and has not had to rely on reserves to fund ongoing expenditure. Through good financial management the council has achieved savings since 2009 amounting to £17.5M (28%) of the gross underlying expenditure budget, within an extended period of national public expenditure reduction and historically low interest rates. These have been delivered with minimal impact on delivery of services during a prolonged period of austerity and the council has maintained its overall reserves.

During 2023/24, the borough element of council tax was frozen at £136.42 for an average Band D property. Despite the challenges the council continues to face, including rising costs and demand for services and lowering government, Basingstoke and Deane's element of the council tax remains one of the lowest of all districts in Hampshire and is among the lowest across the country.

Alongside the income the council receives from council tax and fees and charges, it has been proactive in seeking new sources of income and its property portfolio continued to generate rental income of around £19M during 2023/24. This is almost double the income the council receives from council tax and is fundamental to its ability to continue to deliver front line services that its residents value.


## Basingstoke and Deane Borough Council achievements 2023/24

 Improved over **200 acres** for biodiversity

 Planted **217 new trees** and inspected **6,771 trees** in public open spaces.

 **13,692 hours** of conservation volunteering time which included time from **483 young people** and corporate volunteers

**13,005 charges** delivered from council-owned EV charging points

 **6 new** charging points installed

 Trialled **11 vehicles** using alternative fuel, including hydrogenated vegetable oil, saving **189 tonnes** of carbon

**Our Green Team** attended **60** events and spoke with **1,474** people

 **240** residential home energy surveys

**£197,000** in grant funding awarded to support the Green Team's work



Helped **5** households buy their first home with support totalling **£150,000** from our Own Home Loan scheme



Supported **975** households with **£119,000** from the housing element of our Household Support Fund



 **1,200** planning applications including **30** major applications.

 **1** new Neighbourhood Plan made, **1** updated plan made, **14** plans total.

**Antisocial behaviour** levels decreased by **19%**, with **79%** of people surveyed by our community safety team saying they felt safer





Our **community safety patrol officers** dealt with **1,039** incidents during patrols



 Our community safety patrol officers issued **43** formal warnings, **2** Fixed Penalty Notices

 **2,815** bookings for council-owned sports pitches from **105** people and clubs

 **Over 700,000** visits to council-owned leisure facilities during the year including **427,343** visits to The Aquadrome, **240,398** visits to Tadley Health and Fitness Centre and **56,617** visits to Basingstoke Golf Centre

**8** small and medium sized businesses supported through trial business support programme



**£184,280** of fraud and error identified




 **3,237** applications to the Cost of Living Assistance Fund resulted in **1,717** awards

 **8,367** supermarket vouchers issued to those in receipt of council tax support and/or housing benefit

 **£578,000** of grant funding awarded to 119 organisations to support initiatives to bring communities together


**261 tonnes** of fly-tipped waste collected, **723 tonnes** of litter collected, **181,000** sacks used and **1,668 tonnes** of waste cleared by road sweepers.



 **4.2m** black bin collections,

 **2.1m** recycling bin collections and **6,991 tonnes** recycled,

 **4,137** tonnes glass collected,

 **5,372** tonnes garden waste collected;

## Response to the climate emergency

The Borough Council formally agreed to declare a Climate Emergency in September 2019, with ambitious targets for the council to become carbon neutral in its operations by 2025 and to work towards a net zero carbon borough by 2030. This recognises the significant impact that climate change will have, particularly on future generations.

In response to the declaration, the Borough Council prepared a new Climate Change and Air Quality Strategy, to outline the measures and actions required to meet the targets. This established an approach such that the council, leads, enables and inspires action, with the strategy having been adopted in March 2021. Additional staff resource has been recruited to support its implementation, alongside the establishment of a climate change fund to deliver associated actions. This has helped to deliver projects such as:

- Establishing a Green Team to help residents, community groups and businesses to reduce carbon emissions, support activities around recycling and transport, as well as helping them to save money. In 2023/24 they have undertaken 240 home energy surveys, and attended over 60 events in the borough including an “eco home” event in Festival Place;
- Decarbonisation of the council’s fleet of vehicles has continued, with 11 vehicles trialled on alternative fuel (hydrogenated vegetable oil, HVO), which, along with existing mower vehicles using the fuel, has saved 189t of carbon compared to conventional diesel. In addition, more electric vehicles were added to the council’s fleet;

- The on-going roll-out of Electric Vehicle (EV) charging hubs in the council owned car parks, including Hampshire’s first EV Charging Hub;
- Awareness raising campaigns to support residents in effecting change, including the provision of toolkits for residents and local groups and the roll out of a dedicated ‘Sustainable Basingstoke’ brand to highlight ways of changing behaviour;
- Detailed studies to consider how the council’s operational buildings can be improved and our natural environment managed more effectively to support carbon reductions as well as wider objectives around supporting the natural environment; and
- Supporting residents and businesses in accessing grant funding from external sources.

Work is currently underway to deliver on-street EV chargers with Hampshire County Council (HCC) as the highway authority to support residents without access to a private driveway.

To ensure that climate change is embedded into all council decisions on a day-to-day basis, issues associated with carbon reduction and biodiversity must now be referred to in all reports.

This ensures that decision-makers are aware of the carbon and biodiversity implications of their proposals, alongside other matters. Climate change has also been incorporated into all council strategies, such that it forms a golden thread and recognises the importance associated with the issue in the Council Plan.

## Other Issues

Basingstoke and Deane Borough Council (BDBC) reviews annually any interest in companies. The council currently has one joint venture with Hampshire County Council (HCC), named the Manydown Garden Communities (MGC) LLP, which was established in 2018/19 to deliver the Manydown development scheme. The joint venture is a 50% share each between Basingstoke and Deane Borough Council and Hampshire County Council. As part of this development, MGC LLP became a partner in the Manydown Development Vehicle LLP (MDV LLP), a partnership with Urban&Civic Manydown Limited. The council has had no other related party transactions during the year 2023/24.

Local authorities are facing increasing financial pressures due to a growing demand for their services, the associated rising costs of those services and cuts in funding from central government. In response to these issues, the Chartered Institute of Public Finance and Accountancy (CIPFA) introduced an authoritative measure of local authority financial resilience, through the creation of an index to aid a clearer understanding of areas of financial risk. The latest index was published in December 2023, using the revenue outturn data for 2022/23.

In January 2024 CIPFA confirmed that International Financial Reporting Standard (IFRS) 16 for Lease Accounting will apply from 1 April 2024 (the 2024/25 financial year). This standard replaces International Accounting Statement (IAS) 17 and removes the operating classification for leases, eliminating the ability for organisations to keep operating leases off balance sheet, by reporting them as a note to the accounts. With the new standard all leases will be considered finance leases unless they meet the specific exception criteria. Officers have progressed work to prepare for the implementation of the new standard.

## The narrative statement

The following narrative statement is structured to help enable readers to understand the council, its operating environment, and to assist in understanding the Statement of Accounts. The sections contained within the Narrative Statement are:

1. Key facts about the Borough of Basingstoke and Deane
2. Council objectives and performance
3. Summary of risks and uncertainty
4. Financial strategy and performance
5. An explanation of the financial statements
6. A review of the financial statements
7. Significant movements and events
8. Horizon scanning

It should be noted that all local authorities are also required to publish an Annual Governance Statement (AGS) including the highlighting of any significant changes in governance arrangements. This is included on page 86.

## 1. KEY FACTS ABOUT THE BOROUGH OF BASINGSTOKE AND DEANE

Further information about the Borough of Basingstoke and Deane are available on our website in the key facts section, available on this link: <https://www.basingstoke.gov.uk/Basingstoke-and-Deane-key-facts>

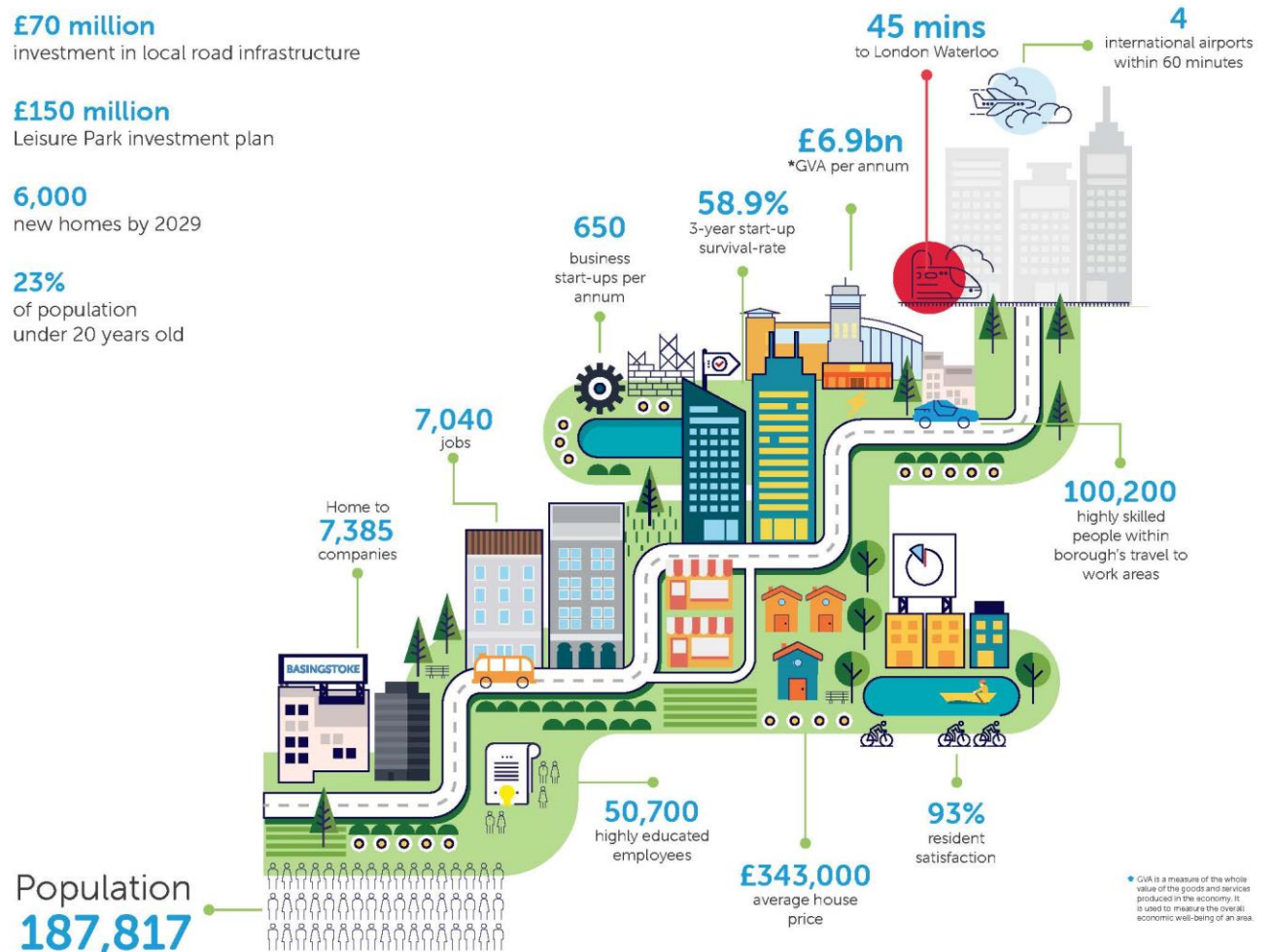
Basingstoke and Deane Borough Council is responsible for most of the day-to-day services and activities that residents come into contact with. This includes household waste and recycling, street cleaning, local planning and development control, administering council tax and housing benefits, enabling social housing and generally promoting good quality housing provision, environmental health and safety, licensing, car parking and enforcement, promoting economic development and tourism in the area and providing parks and leisure facilities.

**£70 million**  
investment in local road infrastructure

**£150 million**  
Leisure Park investment plan

**6,000**  
new homes by 2029

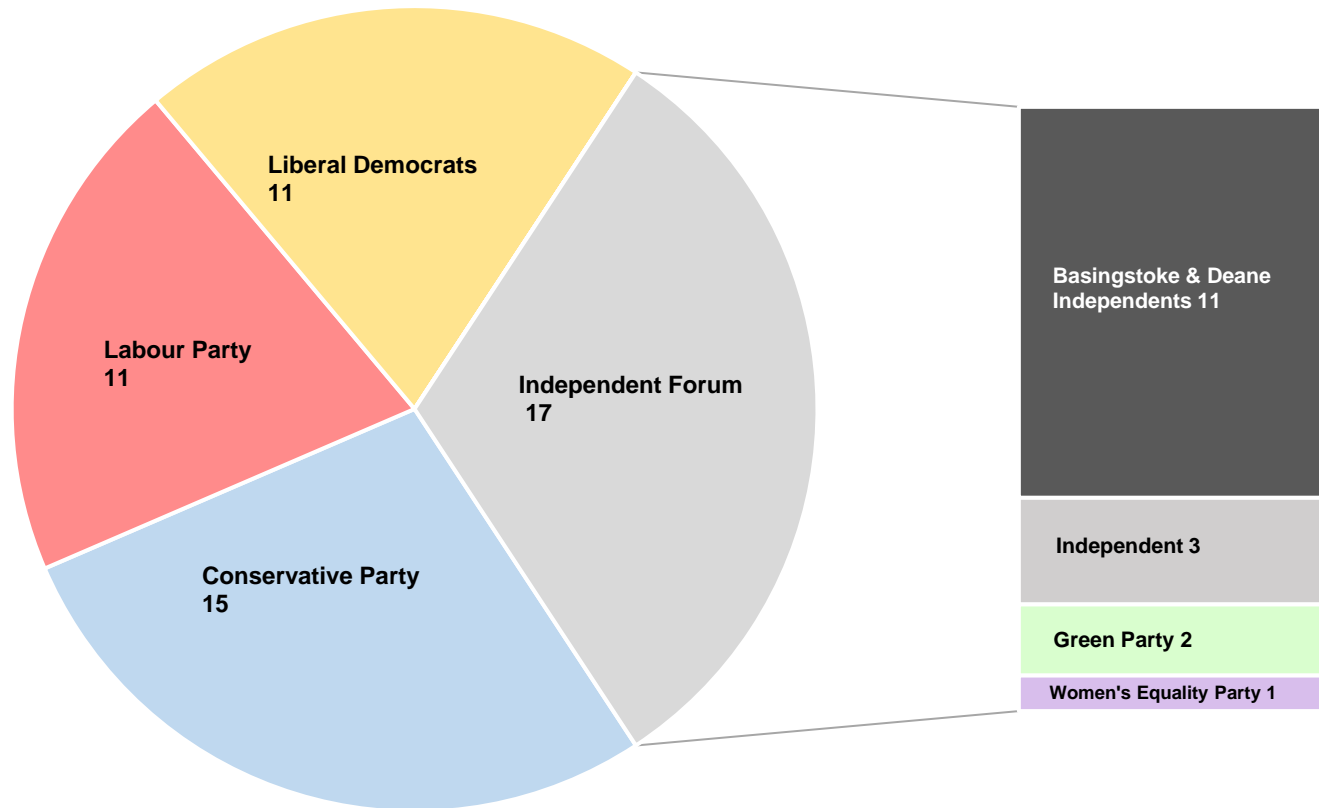
**23%**  
of population  
under 20 years old



**Political structure**

During 2023/24, there were 42 town and parish councils, and there were 54 elected members of the Council, representing 18 wards. Following the elections on 2 May 2024, the political structure is set out in the chart on this page.

The elected Leader of the Council at the start of the 2023/24 financial year was Cllr Simon Minas-Bound. On 18 May 2023 Council approved a motion, to appoint Cllr Paul Harvey (Basingstoke and Deane Independents) as Leader of the Council effective from that date. Cllr Gavin James (Liberal Democrats) was appointed Co-leader on 18 May 2023.



The roles of key committees and officers are set out below:

<b>Council and Cabinet</b>	Council is made up of all councillors from across the borough who meet to decide the council's overall policies and set the budget. Cabinet (also known as the Executive) is the council's main day-to-day decision-making body. Each Cabinet member is responsible for an area of council services - known as their portfolio.
<b>Scrutiny, Overview and Policy Committees</b>	<p>The Scrutiny Committee is responsible for reviewing and scrutinising decisions made, or actions taken, in connection with any of the council's functions.</p> <p>The Manydown Overview Committee is responsible for examining all strategic landowner matters related to the Manydown development and holding relevant decision makers to account.</p> <p>The Community, Environment and Partnerships Committee is responsible for holding decision makers to account for improving outcomes and services relating to the environment, the community and the council's partners. This committee is also the council's Crime and Disorder Committee, in accordance with the Police and Justice Act 2006, with responsibility for scrutinising crime and disorder and community safety matters.</p> <p>The Economic, Planning and Housing Committee is responsible for holding decision makers to account for improving outcomes and services relating to the local economy, planning and housing in the borough.</p> <p>In March 2024 Council approved a change to the scrutiny committee structure, which will apply from the 2024/25 financial year.</p>
<b>Audit and Accounts Committee</b>	<p>This committee is responsible for providing independent assurance to the council regarding the adequacy of the risk management framework and the internal control environment. It independently reviews governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. More generally, it oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place. The Annual Governance Statement can be found on page 86 of the document.</p> <p>The council also has a Human Resources Committee and there are three regulatory committees – Development Control, Licensing, and Standards.</p>
<b>Management Team and Officer Support</b>	<p>The Chief Executive, Russell O'Keefe, leads the Senior Leadership Team (SLT) which in 2023/24 included the Deputy Chief Executive, the Executive Director of Corporate Services and Assets (Section 151 Officer), the Director of Regeneration, the Director of Residents Services, the Head of Law and Governance, the Head of Human Resources and Organisational Development and the Head of Customer Services, Improvement and Performance. The Senior Leadership Team, along with the Heads of Service, carry out the council's day-to-day management and oversee the delivery of council services. Following a senior level restructure, the Executive Director of Corporate Services and Assets (Section 151 Officer) post was deleted at the end of March 2024, replaced by a Chief Finance Officer (Section 151 Officer) post from 1 April 2024.</p> <p>As at 31 March 2024 the council employed 618 staff (full time equivalent) to give advice, implement its decisions, and to deliver services to the local community. The staff are mostly based at the council's main Civic Offices and at Wade Road Depot, although the majority of staff work on hybrid basis spending an average of 3 days per week in the office, working at home the remainder of the time.</p>

## 2. COUNCIL OBJECTIVES AND PERFORMANCE

The council is committed to reviewing its performance and strives to achieve high standards to make sure the needs of the local community are being met in the most effective way.

To achieve quality services whilst offering value for money, the council closely monitors progress throughout the year to ensure the organisation delivers what it has said it will and to identify where further improvements may still be required. Senior Officers and Cabinet members regularly monitor key performance indicators (KPIs) and progress on major projects. During 2023/24 Scrutiny Committee reviewed performance and financial monitoring information that supported the delivery of the Council Plan and budget strategy.

The Council Plan is a high level document which outlines the council's ambition for the borough, identifying key themes and priorities. The projects to achieve these are set out in detailed Service Plans. Both the Council Plan and the Service Plans are reviewed annually, and Council adopted the Council Plan 2023 to 2027 in February 2023. This new plan replaced the previous plan with effect from 1 April 2023 and sets out three new priorities which were the focus of reporting in the 2023/24 financial year. The plan was updated following the change of administration, and the updated plan was approved by Council in October 2023.

The Council Plan is available at [www.basingstoke.gov.uk](http://www.basingstoke.gov.uk) and sits alongside the Medium Term Financial Strategy (MTFS). These documents set out the council's vision for future years, including how it will establish the basis for successful future growth and deliver the key priorities which are intended to maintain Basingstoke and Deane as an exceptional borough, providing opportunities for all that live and work here.

The council's focus over the period of the plan is to lay strong foundations that will shape the way the borough grows over the next 25-30 years and deliver opportunities for all communities. The council aims to ensure residents and future generations continue to enjoy an excellent quality of life and environment, which well planned growth can secure.

The table that follows identifies the more-notable key priorities of the 2023 to 2027 Council Plan, summarising performance in these areas for 2023/24. Comparisons are made with the previous year's results, 2022/23, where similar measures were in place. A dashboard of performance information is published on a quarterly basis on our website at [www.basingstoke.gov.uk/performance](http://www.basingstoke.gov.uk/performance). This provides detailed performance information against current key performance indicators.

Indicator	2022/23	2023/24 Target	2023/24
<b>A place where people can have pride in their communities and the borough</b>			
Number of homeless households with dependant children placed into B&B	30	<=20	31
Households with children in B&B (including pregnant family member) for longer than 6 weeks	0	0	0
Use of B&B for all vulnerable homeless 16/17 year olds	0	0	0
New placements into private rented sector (using rent bonds and/or other assistance) per annum	89	>80	89

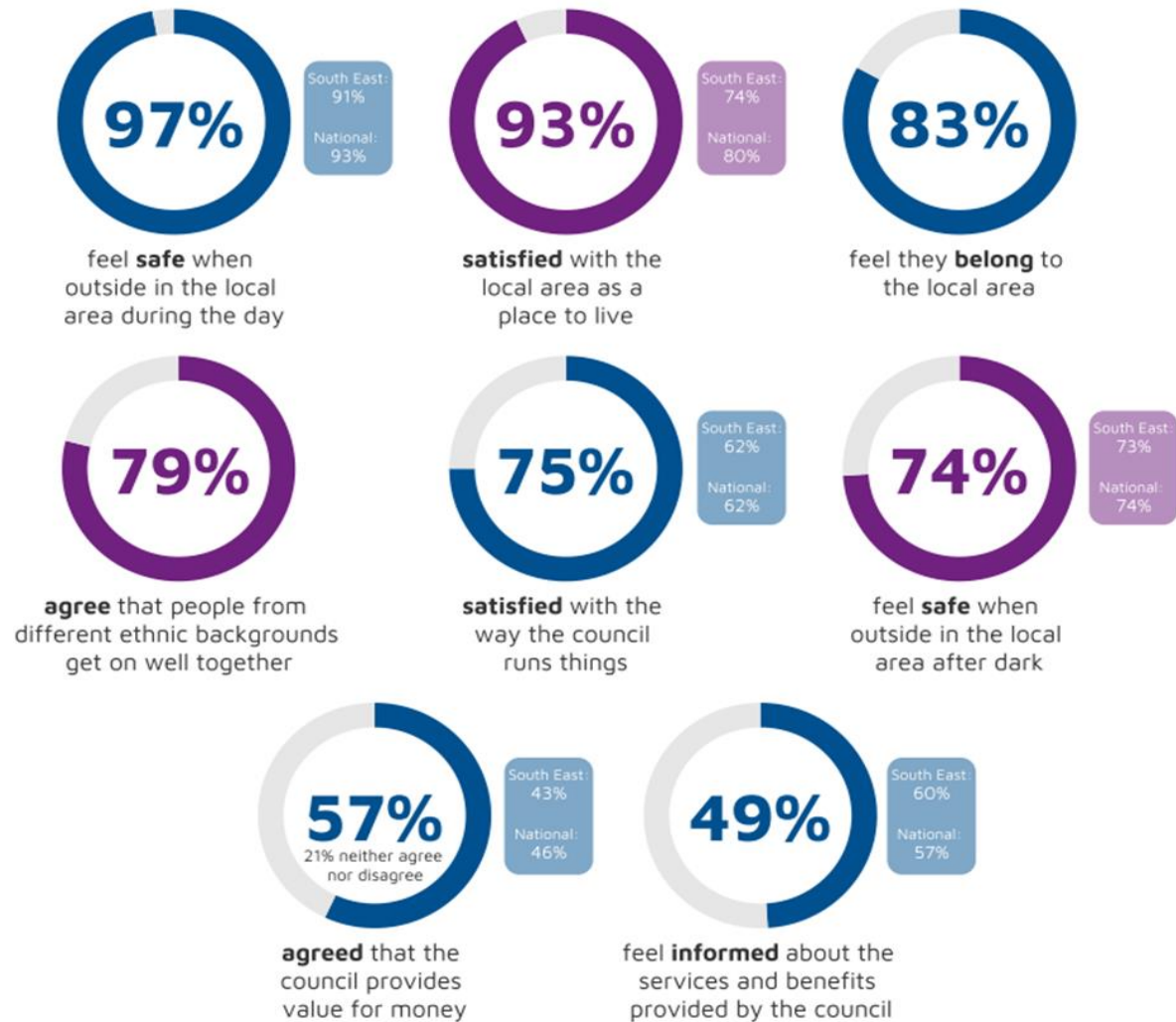
Indicator	2022/23	2023/24 Target	2023/24
<b>A borough where we protect, restore, reconnect and enhance our natural environment</b>			
Increase (%) in household waste recycled	15.85%	>=32%	31%
Increase (%) in household waste recycled (dry)	27.72%	>=16%	17%
Increase (%) in household waste recycled (glass)	7.74%	>=8%	6.72%
Increase (%) in household waste recycled (garden waste)	4.13%	>=5%	8.55%
<b>A council that delivers high-quality services for our residents</b>			
Planning performance - Major planning applications determined (%) within the statutory timelines	71%	>=70%	96.77%
Planning performance - Non-Major planning applications determined (%) within the statutory timelines	86.6%	>=85%	86.69%
% of Major planning appeals allowed in the quarter	32%	<10%	50%
Percentage of customer complaints responded to within 10 working days	97%	>95%	100%
Debt collection rates (%) by end of next quarter Sundry	99%	>=90%	99%
Debt collection rates (%) by end of next quarter -Property	99%	>=95%	99%
Collection rates (% of annual amount due) Council Tax	98%	>=99%	98%
Collection rates (% of annual amount due) Business Tax (NDR)	100%	>=99%	99%
Percentage of savings forecast to be achieved	84%	>=80%	82%
Staff turnover - voluntary resignation (%)	9%	<=9%	9%
Total average workdays lost due to sickness absence (quarter by quarter)	n/a	<1.63 days	1.77 days
% of council workforce currently undertaking an apprenticeship	2%	>=2.5%	2.4%

**Residents Survey 2022**

As part of the council’s engagement with the community, specialist independent researchers are regularly commissioned to carry out a residents’ survey to understand views on quality of life factors and service satisfaction.

Between June and August 2022, the council carried out 15-minute, face-to-face doorstep surveys of a sample of 1,103 residents. The sample of residents were representative to the borough by age group, gender, disability, ethnicity and Rural Urban Classification and ward.

The results show that residents are positive about living in Basingstoke and Deane.

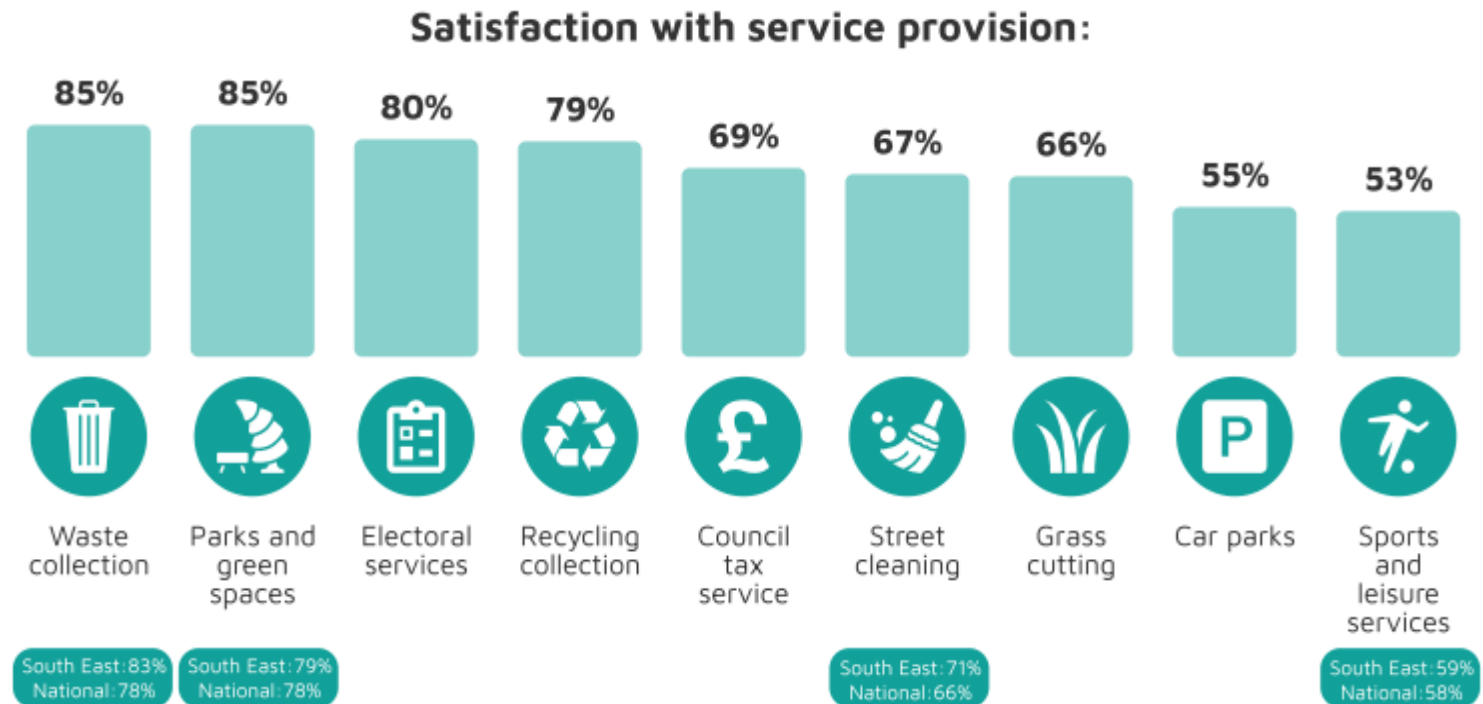


The South East and average national scores for the financial year 2021/22 LGA 'Are you being served' data have been used.

The five factors that make somewhere a good place to live, according to residents, are health services, the level of crime and antisocial behaviour, clean and litter free streets, access to the countryside and affordable housing. The factors that most need improving are, road and pavement repairs, parking in my street, health services, affordable housing health services and facilities and activities for young children and teenagers.

Residents were then asked how satisfied or dissatisfied they were with a number of services provided by the council. Over 80% of residents were satisfied with the council’s waste collection, parks and green spaces, and its electoral services. Around 60-79% of residents were satisfied with the council’s recycling collection, council tax services, street cleaning, and grass cutting services. Around 50-60% of residents were satisfied with the council’s car parks, and sports and leisure services.

This information was considered as part of updating the Council Plan for 2023 to 2027, and in budget setting for 2023/24 and future years.



### 3. SUMMARY OF RISKS AND UNCERTAINTY

Risk management is an essential part of the council's overall governance arrangements in that it provides the framework and process to enable the organisation to manage risk in a systematic, consistent and efficient way. The council has in place a corporate risk register which captures those significant risks that need to be managed in order to enable and support delivery of the council plan priorities. The corporate risk register is subject to regular review by the Senior Leadership Team and is intended to ensure that key risks are not only identified and understood, but that appropriate actions and controls are in place in order that risks are managed to an acceptable level. Each risk is assessed in terms of likelihood of occurrence and potential impact.

The identified strategic risks are subject to change for any new risks that may emerge, whilst other risks may become less significant as mitigating actions are implemented or as external factors change the nature of the risk.

There are several key strategic risks that the council faces; the impact of the current economic and legislative environment and continued funding reductions to local government, continue to make budget setting and forecasting challenging. There is also increased uncertainty around partner funding as those partner organisations also respond to the need to make savings.

The table on the next pages shows the corporate risks, likelihood and impact.

Risk Ref	Risk Description	Current Risk Score	Controls
RR1	<p><b>Staffing, Skills and Capacity</b>                      The challenging jobs market, both locally and nationally, means that the council is facing far greater competition for the best talent, along with difficulties recruiting to posts in some areas, in common with many other employers across all sectors. Nationally between September and November 2023 vacancies fell for the 17th consecutive period- the longest consecutive run of quarterly falls ever recorded. Locally the location of the council within a borough in the South-East of England and with close proximity to London creates an additional challenge due to operating within a tight labour market. In addition, there is a national challenge in the visibility and attractiveness of local government as a potential career option, especially for the younger workforce. As a result, as an organisation we have continued to experience some recruitment challenges especially in specialist roles in areas such as</p>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Marginal (2)</p>	<p>The following is in place to ensure that the council is able to recruit and retain the right people, in the right jobs, with the right skills:</p> <ol style="list-style-type: none"> <li>1. An updated salary and benefits offer is available to all staff following the successful completion and implementation of the first phase of the pay and benefits review. This has resulted in regionally benchmarked salary scales which position the council in the upper quartile for the public and not-for-profit sectors within the South-East (excluding London)</li> <li>2. The People Strategy setting out our key priorities for people management is being refreshed with a focus on recruitment and people development</li> <li>3. Organisational development programme - three year culture change programme which will include the introduction of a new set of organisational values and review of the key stages of the employee cycle in line with these</li> <li>4. Framework for internal communications and staff engagement to ensure that staff feel informed, involved, valued and recognised</li> <li>5. Learning and development opportunities for all levels of staff in a wide range of areas</li> <li>6. Increased focus on apprenticeships and graduate trainee positions as a route into employment within the organization and as part of an overall focus on “growing our own” to address key skills gaps in shortage areas</li> <li>7. Commitment to supporting the health and wellbeing of our staff through a range of initiatives including in-house virtual training, focused events and provision of wellbeing support such as EAP and counselling provisions.</li> <li>8. Focused EDI action plans</li> <li>9. A wide range of flexible working opportunities which help staff achieve a better work-life balance whilst still delivering excellent services to residents</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
	<p>property, legal, finance and planning policy which poses a risk to the council's future ambitions supported by these areas. The challenges within the labour market has, and may also continue to impact, the ability of external providers to fulfil contracts for the council</p>		
RR2	<p><b>Major Strategic Partnerships / Projects</b> By its nature the council works with many external stakeholders who are vital to the success of its service delivery and whom the council is accountable to for performance. Failure of these relationships can be extremely detrimental to the council's ability to engage with key audiences, understand local priorities and deliver our major strategic projects.</p>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Critical (3)</p>	<p>The following Controls are in place:</p> <ol style="list-style-type: none"> <li>1. Highly skilled and experienced staff in place who are supported by appropriate external advisors</li> <li>2. Key projects have the appropriate buy-in across the organisation to maximise collective corporate input</li> <li>3. Identified Portfolio Holder and senior officer leads</li> <li>4. Procurement processes and contracts in place where relevant</li> <li>5. Corporate Programme Board</li> <li>6. Performance and budget monitoring</li> <li>7. Programme and project management governance is appropriate and resourced correctly supported by a Programme Management Office (PMO)</li> <li>8. Regular engagement with partners and communities</li> <li>9. Regular review and lessons learnt exercises</li> <li>10. Grant agreements with funded organisations</li> <li>11. Delivering commitments set out in corporate strategies and plans</li> <li>12. Adhering to legislation, best practice and corporate guidance on consultation, engagement and partnerships</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
RR3	<p><b>Information Management</b></p> <p>A great deal of personal data and other information including commercially sensitive information is required to be held and processed by the Council. Some of this data will be special category data with additional requirements for processing. This information may be subject to requests under the Freedom of Information Act or Environmental Information Regulations. Additionally, data subjects can request access to their personal data under article 15 UK GDPR. Personal data needs to be processed in accordance with the UK General Data Protection Regulations (UK GDPR) and Data Protection Act 2018.</p> <p>Information may not be appropriately processed due to:</p> <ul style="list-style-type: none"> <li>• Failure to adhere to policies and procedures</li> <li>• Failure to properly identify and appropriately manage data processing risk</li> <li>• Lack of clarity on the use of data</li> </ul>	<p><b>HIGH RISK</b></p> <p>Likelihood – Significant (4)</p> <p>Impact – Critical (3)</p>	<p>The following policies apply:</p> <ul style="list-style-type: none"> <li>• Data Protection</li> <li>• Home and Remote Working</li> <li>• Information Management</li> <li>• Information Security</li> <li>• Security Incident and Personal Data Breach</li> <li>• Code of Conduct</li> <li>• CCTV</li> <li>• ICT</li> </ul> <p>All relevant policies have been or are in the process of being reviewed and updated to ensure compliance with the UK GDPR</p> <p>In addition to the strict policy position the following measures are in place;</p> <ol style="list-style-type: none"> <li>1. Named Data Protection Officer and Senior Information Risk Owner (SIRO)</li> <li>2. Mandatory, annual e-learning training for all staff, including temporary staff and contractors</li> <li>3. Annual training for staff without access to the e-learning platform (for example the Operations Team)</li> <li>4. A training session by the DPO and a data protection e-learning module for Members</li> <li>5. Guidance for all staff on Sinbad</li> <li>6. Guidance for residents on the council’s website</li> <li>7. Freedom of Information Co-ordinators in each team and manager signoff on information provided</li> <li>8. Information Governance Team that reports to the Legal Services Manager and Data Protection Officer</li> <li>9. Guidance on when to undertake a Data Protection Impact Assessment to identify and manage data protection risks which is actively managed and monitored</li> <li>10. Data processing clauses in contracts that are reviewed by Legal Services</li> <li>11. Data sharing agreements</li> <li>12. Service Privacy statements complying with article13 UK GDPR providing required information where personal data is collected from a data subject</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
	<ul style="list-style-type: none"> <li>• Human error</li> <li>• Failure in systems security or system security found wanting</li> <li>• Information retained for too long, not in accordance with retention requirements</li> <li>• Lack of staff training and awareness</li> <li>• Theft or loss of data, including through cyber attacks</li> </ul>		<ul style="list-style-type: none"> <li>13. A documented retention and disposal policy which is actively managed and monitored to ensure compliance across the Council</li> <li>14. Information Asset Owners identified</li> <li>15. Information Governance Steering Group to ensure ongoing compliance with the GDPR This group meets six monthly and will report to SLT twice yearly</li> <li>16. Reports to Audit and Accounts Committee on breaches which have been reported to the ICO</li> <li>17. Quarterly reports to SLT on FOIs and data breaches</li> <li>18. DPO action plan</li> <li>19. Specific controls around cyber security as in RR6</li> </ul>

Risk Ref	Risk Description	Current Risk Score	Controls
RR4	<p><b>Finance and Budgets</b></p> <p>There is a need to ensure that budgets are balanced and that the Council does not overspend/underspend. Ongoing savings and additional income need to be delivered over the MTFS period. Budgets are not balanced/savings are not delivered due to:</p> <ul style="list-style-type: none"> <li>• Budgets not accurate</li> <li>• Poor financial management of budgets</li> <li>• Inaccurate financial monitoring</li> <li>• Human error</li> <li>• Unexpected external economic impacts</li> <li>• Lack of detailed and achievable plans to deliver savings</li> <li>• Unexpected reduction in government grant schemes</li> </ul>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Critical (3)</p>	<p>The following controls and mitigations are in place:</p> <ol style="list-style-type: none"> <li>1. Annually updated Medium Term Financial Strategy budget forecast which is linked to council service planning and priorities</li> <li>2. Clear budget/savings strategy and targets incorporated into Medium Term Financial Strategy</li> <li>3. Corporate ownership and participation in developing and delivering the required savings strategy</li> <li>4. Clear Member and officer understanding of the council’s financial environment</li> <li>5. Robust budget setting process linked to Priority Based Planning &amp; Budgeting</li> <li>6. Effective and timely in year budget monitoring and forecasting with regular reporting</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
RR5	<p><b>Treasury Management</b> To support the on-going financial position of the Council significant funds are invested to provide returns for the Council. A funding gap could materialise due to:</p> <ul style="list-style-type: none"> <li>• A financial market crisis</li> <li>• Policies are not adhered to</li> <li>• Organisation becomes too risk adverse</li> <li>• Counter party default / significant decline in value of collective funds</li> <li>• Lower interest rate environment</li> <li>• Changes in accounting treatment of investment assets</li> <li>• Markets in Financial Instruments Directive (MiFID) II categorisation resulting in inability to utilise certain investment instruments</li> <li>• IFRS9 changes potentially requiring valuation changes in fund values to impact on revenue account.</li> </ul>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Marginal (2)</p>	<p>The following controls are in place:</p> <ol style="list-style-type: none"> <li>1. Regularly updated Treasury Management Strategy</li> <li>2. Regularly reviewed and updated Treasury Management Practice statements/processes</li> <li>3. Counter party limits and diversification</li> <li>4. Use of money market and external funds to further diversify investment</li> <li>5. Treasury Management processes including monthly officer meetings with Section 151 Officer</li> <li>6. External advice and information services utilised</li> <li>7. Regular monitoring reports produced</li> <li>8. Regular scrutiny of activity via Audit and Accounts Committee</li> <li>9. Specific interest risk reserve</li> <li>10. Credit risk is externalised to experts via use of external funds</li> <li>11. Opting-up to professional status within MiFid</li> <li>12. An agreed government issued 5 year statutory over-ride to IFRS9</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
RR6	<p><b>Cyber</b></p> <p>A variety of computer systems are used to process data at the council. The public has access to the website and payment systems. The computer systems are subject to daily cyber-attacks, these can be in the form of direct attacks (denial of service), or indirect attacks (phishing emails). Human error is also a major issue with the potential to cause data breaches.</p>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Significant (3)</p> <p>Impact – Catastrophic (3)</p>	<p>The council continually monitors threats to its systems externally by way of an Intrusion Protection system (IPS). Internally the council uses Intrusion Detection Systems to monitor threats. The council also uses Advanced threat analysis to monitor behavioural activity on its network. These systems are updated by the provider regularly with the latest threat signatures. All PC’s, Laptops and servers owned by the council are protected with antivirus software, with signatures updated regularly.</p> <p>Email is scanned by two solutions. Firewalls are used to prevent unauthorised access to services and protect data. Extensive internal and external penetration tests are performed by a third-party security consultancy provider as part of councils PSN and PCI DSS compliance. Internal Audit also contract a security specialist to test security. Servers and desktop equipment are regularly patched with security updates. New systems are tested for security vulnerabilities prior to being put live. Firewalls in place to protect against access to malicious websites.</p> <p>Mobile Device Management software is deployed to protect council information on mobile devices (corporate and personal).</p> <p>Malware protection is in place which provides endpoint protection to Malware infection via email and website.</p> <p>Council data is replicated and backed up to a secondary site daily. Email is hosted on cloud provider and replicated to third party security company to provide ‘offline access.’ Phishing exercises are performed to increase learning and risk knowledge. The Council is a member of the SEGWARP, and participate where appropriate and relevant (<a href="https://www.seemp.co.uk/segwarp">https://www.seemp.co.uk/segwarp</a>)</p> <p>The council participates in the NCSC Mail check, protected DNS, Webcheck, CiSP, and Early Warning programmes.</p>

Risk Ref	Risk Description	Current Risk Score	Controls
RR7	<p><b>Business Continuity</b></p> <p>Whilst business continuity arrangements have been developed to support the Council respond to an incident, a major incident may directly or indirectly affect the Council’s ability to deliver services.</p> <p>There are a range of potential incidents which could occur which would necessitate the enacting of Business Continuity Plans either within individual services or across the organisation.</p>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Critical (3)</p>	<p>The following controls are in place:</p> <ol style="list-style-type: none"> <li>1. Annually reviewed Business Continuity Policy, Crisis Management Plan and Critical Service Delivery Plans (CSDPs)</li> <li>2. Business continuity considered as part of council procurement procedure</li> <li>3. Business Units required to review services annually to identify any change and update CSDPs using Business Impact Assessment. The policy requires that Units test their arrangements, to assess effectiveness of delivery plans and identify improvement.</li> </ol>
RR8	<p><b>Fraud</b></p> <p>Failure to deter, address or identify fraud and other related activities.</p> <p>Fraudulent activity is not identified due to:</p> <ul style="list-style-type: none"> <li>• Changing structures/resources</li> <li>• Opportunity created due to financial pressures</li> </ul> <p>Council is reactive to fraud</p>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Marginal (2)</p>	<p>The following is in place that aids the effectiveness of the fraud service:</p> <ol style="list-style-type: none"> <li>1. Anti-Fraud and Corruption Strategy</li> <li>2. Anti-Fraud and Corruption Policy</li> <li>3. Whistleblowing Policy</li> <li>4. Anti-Money Laundering Policy</li> <li>5. Anti-Bribery Policy</li> <li>6. Sanction Policy</li> <li>7. Fraud publicity on the council website and social media</li> <li>8. Dedicated Anti-fraud page on SharePoint</li> <li>9. Fraud investigators dedicated email address and hotline</li> <li>10. Relationships with external bodies</li> <li>11. Dedicated highly skilled fraud staff</li> <li>12. Highly skilled internal audit team in place who test the council’s control environment and recommend improvements to deter fraud</li> <li>13. Adoption of the Fighting Fraud and Corruption Locally initiative</li> <li>14. Participate in the National Fraud Initiative and other data matching exercises</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
RR9	<p><b>Climate Emergency</b> Our changing climate is a significant threat to us all and we need to take urgent action to respond, in order to stop harming the planet. This is an international emergency that also has direct and local impacts.</p> <p>Whilst the borough has significant green and open space, a high quality built environment and has taken a number of positive steps to date, there is no room for complacency and emissions from borough council activities and more widely in the borough are high.</p> <p>The council has therefore declared a Climate Emergency and made a number of commitments as a result, including:</p> <ul style="list-style-type: none"> <li>To make council operations carbon neutral by December 2025 (including ensuring 100% of heating and electrical needs are met from renewable sources and cease the purchase/lease of</li> </ul>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Critical (3)</p>	<p>The following controls are in place to mitigate this risk:</p> <ul style="list-style-type: none"> <li>- Councillors have agreed a motion to declare a climate emergency</li> <li>- Climate Change and Air Quality Strategy and Action Plan adopted by Cabinet in February and Council in March 2021 which sets out a series of actions to assist in meeting our emergency declaration targets. This includes actions around leading, enabling and inspiring. Progress against the action is reported to Communities, Environment and Partnerships committee twice per year to enable scrutiny of plans and progress. One of these will be a full annual review of the action plan and update on numerical progress, with an additional update at a six month interval.</li> </ul> <ol style="list-style-type: none"> <li>1. Embedding effective project management into the delivery of the Climate Emergency action plan</li> <li>2. New Climate Change and Sustainability team was established in 2022 and additional resource in the form of the Green Team was established in the 2023/24 budget, with new recruits joining the council in Summer 2023 to engage with residents, businesses and communities</li> <li>3. A cross department Officer Delivery Group is in place and meeting regularly (around every six weeks)</li> <li>4. An ‘action tracker’ to monitor work of the Officer Delivery Group to ensure that progress is made, and for this to be made available to Cabinet Members and Heads of Service</li> <li>5. A briefing of the Cabinet member takes place every two weeks and includes officers from the comms team, as well as the natural environment team, giving cross-over with the ecological emergency</li> <li>6. Updates are provided to Cabinet as required, particularly focussed on the ‘roadmap’ to net zero by December 2025 and early work underway in respect of the 2030 target</li> <li>7. A summit of key local organisations through the Basingstoke Area Strategic Partnership (BASP) was held December 2019 and whilst BASP was disbanded in December 2022, work is underway to enhance partnership working with key bodies, such as HCC and the Housing Associations</li> <li>8. Liaison with and assistance to local groups and Parish Councils to develop their own actions to tackle climate change at grass roots level which includes a toolkit for residents and groups</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
	<p>any vehicle that is not low carbon)</p> <ul style="list-style-type: none"> <li>To work towards making Basingstoke and Deane net zero carbon by 2030.</li> </ul> <p>Effective action to tackle climate change by reducing carbon emissions, both as a council and more widely in the borough, will require radical change. It will require political agreement, to allow and support action; it will require financial and time resource; it will require effective co-ordination between council areas and more widely, across the borough and with other decision-makers (such as county council and national government); it will require technological innovation, such as low carbon vehicle alternatives; and it will require action to be taken by local businesses and residents.</p>		<ol style="list-style-type: none"> <li>Climate change section added to the council’s decision making report template and being embedded in other internal board reports</li> <li>A group of enthusiastic Environment Champions who represent most teams on a voluntary basis is in place and provides a helpful way of exploring new ideas, embedding messages and sharing best practice</li> <li>Climate Change E-Learning module launched on a mandatory basis for all staff and available to all Councillors, as well as additional training provided to Councillors (November 2023) with an updated E-Learning module to be re-launched in early 2024 and all staff briefings in November 2023.</li> <li>Engagement with key partners such as Greener Basingstoke to both scrutinise and support development of council policy in tackling the Climate Emergency</li> <li>Climate Change is now embedded as an issue to consider in all service plan and regular liaison takes place with heads of service where there is the greatest level of cross-over.</li> <li>Dedicated resource in the Communications Team to support the work area and effect behaviour change</li> <li>Emergency / contingency plans are in place in respect of climate change to consider and set out actions to be taken in the event of incidents such as flooding or fires</li> <li>The Borough Council proactively lobbies for change at a national level to support activities to reduce carbon emissions and mitigate against climate change, albeit the influence of the Council is relatively limited</li> </ol>

Risk Ref	Risk Description	Current Risk Score	Controls
RR10	<p><b>Emergency Planning</b>                      The council has specific duties under the Civil Contingencies Act 2004 which includes the need to assess the risk of, plan for, respond to and recover from emergencies as well as undertaking business continuity management.</p>	<p><b>MEDIUM RISK</b></p> <p>Likelihood – Possible (3)</p> <p>Impact – Critical (3)</p>	<p>The following controls and mitigations are in place:</p> <ol style="list-style-type: none"> <li>1. BDBC Emergency Response Plan updated annually</li> <li>2. An ongoing collaborative agreement with Hampshire County Council’s for the provision of Civil Protection Arrangements Across Hampshire, to ensure appropriate arrangements are in place to meet the requirements under the Civil Contingencies Act 2004 (as amended)</li> <li>3. Membership of the Hampshire and Isle of Wight Local Resilience Forum, which ensures appropriate risk assessment and plans and frameworks are in place to respond to emergencies and provide coordination in multi-agency response and recovery.</li> <li>4. Business continuity arrangements in place.</li> <li>5. Strategic lead at SLT level</li> <li>6. Strategic Emergency Management Team arrangements.</li> <li>7. Appropriate training provided to staff in emergency planning and management.</li> <li>8. Mutual aid arrangements Memorandum of Understanding signed by all Hampshire and Isle of Wight Local Authorities</li> <li>9. Annual exercise carried out and post-incident/exercise debrief conducted to identify lessons learnt and make improvements to our response.</li> <li>10. Training for elected members</li> </ol>

#### 4. FINANCIAL STRATEGY AND PERFORMANCE

The council has a Medium Term Financial Strategy (MTFS) which sets out the broad issues and risks that will impact on the council's financial position for 2024/25 and for the next four years. The latest strategy was approved in February 2024 and is published on the council's website.

The MTFS sets out a multi-strand approach to address the financial challenges to balance the revenue budget. This includes growth and development opportunities; commercialisation; service review efficiency and transformation savings; improved asset management; review of central activities such as Treasury Management and policies on Council Tax and use of reserves; and understanding the council's capital spending needs.

A significant amount of work has already been undertaken to assess the financial impact in 2024/25 and for the four-year MTFS which includes a review of the adequacy of reserves. The council has usable reserves of £85.7M as at 31 March 2024. The financial position for the council for 2024/25 and future years will be informed by any further funding announcements by government, both in response to the financial impact of the current cost of living pressures, and future funding of local government also over the medium term.

Looking beyond will require longer term financial planning and the council will need to seek new ways of generating new revenue income streams through investment and original approaches, and innovative ways to deliver services.

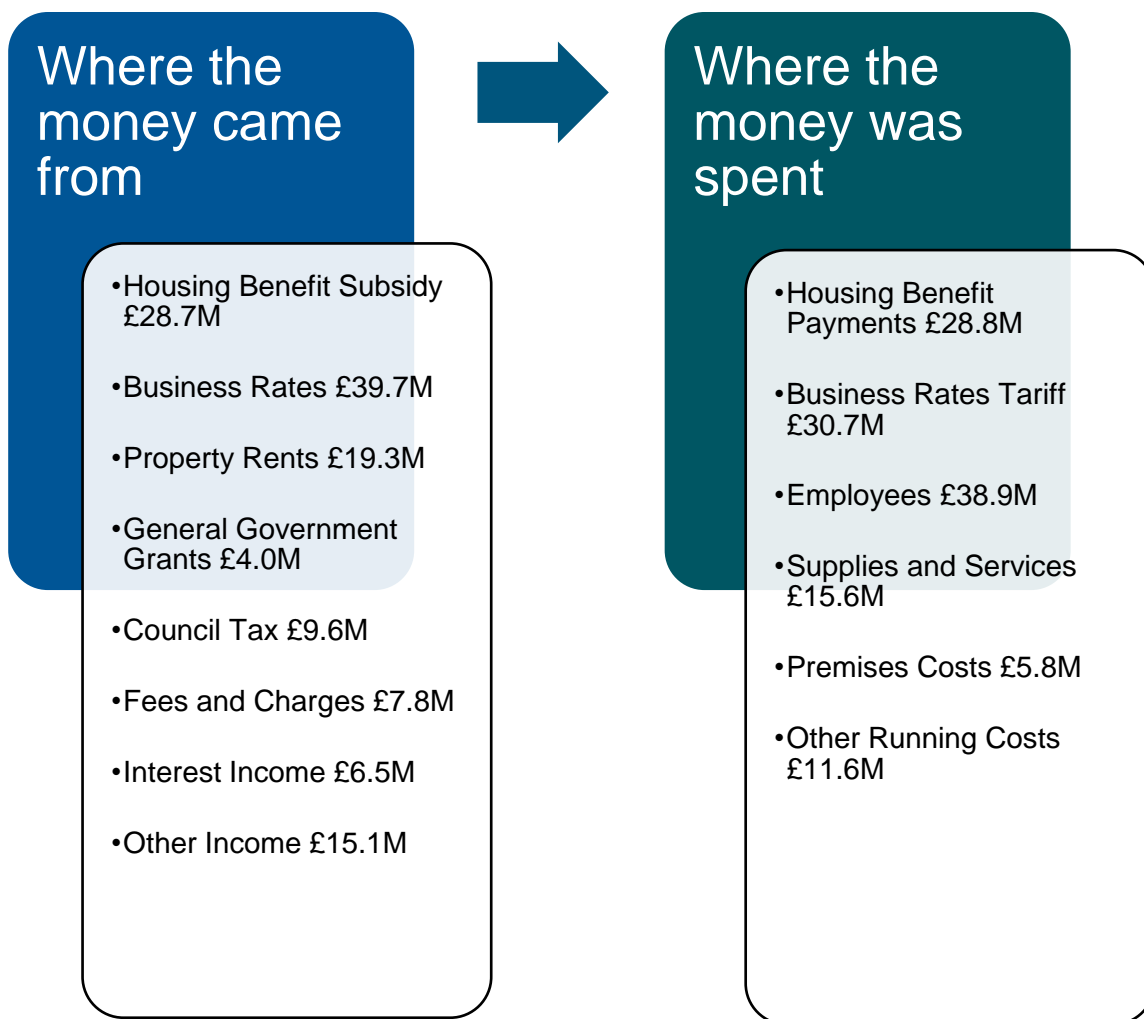
The budget for 2024/25 was set by Council on 23 February 2024. The council incurs both revenue and capital expenditure. The revenue account (known as the General Fund) bears the net cost of providing day-to-day services. The capital account shows the net cost of transactions made to buy or sell land, property or other assets, build new property, make improvements and provide grants or loans to other bodies to undertake this type of activity.

### Revenue Budget Outturn 2023/24

The table shows the council's revenue outturn position and variances from the latest approved budget.

The net revenue expenditure outturn variance, after carry-forwards of grants to reserves, was a surplus of £1.7M. This surplus has been transferred to reserves to for future use, £0.6M to the Budget Carry Forward Reserve, £0.3M to the Property Sinking Fund Reserve and £0.8M to the MTFs Risk Reserve.

	Original Budget 2023/24 £M	Budget Movements 2023/24 £M	Latest Approved Budget 2023/24 £M	Total Actual Outturn 2023/24 £M	Outturn Variation 2023/24 £M
<b>Council Plan Priorities:</b>					
A place where people can have pride in their communities and the borough	3.3	(0.4)	2.9	2.6	(0.3)
A borough where we protect, restore, reconnect and enhance our natural environment	5.3	0.1	5.4	5.1	(0.3)
A council that delivers high-quality services for our residents	(1.0)	0.2	(0.8)	(0.3)	0.5
Holding and Agency Accounts	(0.5)	0.4	(0.1)	(0.9)	(0.8)
Business Units	32.2	1.3	33.5	33.0	0.5
Pay Provisions	1.1	(1.1)	0.0	0.0	0.0
<b>Net Cost of Council Plan Services</b>	<b>40.4</b>	<b>0.5</b>	<b>40.9</b>	<b>39.5</b>	<b>(1.4)</b>
<b>Corporate Income:</b>					
Investment Property Accounts	(17.6)	(0.3)	(17.8)	(17.0)	0.8
Interest and Investment Income	(5.8)	0.0	(5.8)	(6.5)	(0.7)
Council Tax Income	(9.5)	0.0	(9.5)	(9.7)	(0.2)
Retained Business Rates	(4.9)	0.0	(4.9)	(4.9)	0.0
Government Grants	(3.6)	(0.2)	(3.8)	(4.1)	(0.2)
<b>Corporate Income</b>	<b>(41.4)</b>	<b>(0.5)</b>	<b>(41.9)</b>	<b>(42.2)</b>	<b>(0.3)</b>
Approved Movement in Reserves	1.0	0.0	1.0	1.0	0.0
<b>Net Expenditure (Surplus)/Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(1.7)</b>	<b>(1.7)</b>
<b>Reserve Movements:</b>					
To Budget Carry Forward Reserve				0.6	0.6
To MTFs Risk Reserve				0.8	0.8
To Sinking Fund Reserve				0.3	0.3
<b>Overall (Surplus)/Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>



The graphic shows an analysis of the several types of expenditure and income and the proportions that these represent of the total.

Housing benefits and business rates are significant sums. However, they are matched by payments to or from the government, with a largely neutral impact for housing benefits and a £4.9M net income for retained business rates (this is after the statutory accounting adjustments required to account for surplus/deficits in the collection fund between years have been made).

**Capital Programme Outturn 2023/24**

The capital outturn position, as at 31st March 2024, was £12.8M which was £7.7M lower than the latest budget of £20.5M.

The capital outturn for 2023/24 reported £7.8M rephased spend relating to the Manydown project to be incurred in 2024/25. It also reported £0.9M of delayed spend for future years, offset by advanced spend of the capital programme of £1.0M in 2023/24.

Capital expenditure during the year was financed from capital receipts (£5.0M), capital grants and contributions (£2.3M) and direct revenue financing from the general fund (£5.5M).

The council has a substantial capital programme of £147.5M for the next four years from 2024/25 to 2027/28 to support the Council Plan. This includes the delivery of a wide range of improvement works to community and sports facilities; providing grants to enable people with disabilities to live independently in their own homes. Asset management works to council owned property and investment in major projects such as Manydown will also take place.

The council has started to profile the capital scheme budget to improve the financial management of capital expenditure and ensure that delays are highlighted early so that remedial actions can be taken to get schemes back on track. The council is committed to managing its revised capital programme closely through its Capital Programme Board, which meets monthly to mitigate any in-year pressures and to report quarterly to Cabinet and, where appropriate, to Council.

<b>Council Plan Priority</b>	<b>Latest Budget 2023/24 £M</b>	<b>Outturn 2023/24 £M</b>	<b>Outturn Variance 2023/24 £M</b>
A place where people can have pride in their communities and the borough	17.1	8.6	(8.5)
A borough where we protect, restore, reconnect and enhance our natural environment	1.3	1.5	0.2
A council that delivers high-quality services for our residents	2.1	2.7	0.6
<b>Total Capital Programme</b>	<b>20.5</b>	<b>12.8</b>	<b>(7.7)</b>

## 5. THE STATEMENT OF ACCOUNTS

### Purpose and Format

The purpose of the published Statement of Accounts is to give local taxpayers, councillors and other interested parties clear information about the council's finances. The statements inform readers about the cost of services provided by the council, how these services were paid for, significant changes during the year and the financial position at the year end.

The format of the presentation of the statement is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code) which the council is legally required to follow.

The council's financial statements consist of:

#### Comprehensive Income and Expenditure Statement (CIES)

This includes all the council's income and expenditure and gains and losses on assets (including revaluations) and movements in liabilities during the year. It also shows the total movement in the net assets of the council during the year.

#### Balance Sheet

This incorporates all the council's assets, liabilities and reserves at the end of the financial year.

#### Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the council, analysed by usable and unusable. It also reconciles the surplus or deficit on the Comprehensive Income and Expenditure Statement to the movement on the General Fund (the statutory account used to set the council tax).

#### Cash Flow Statement

This incorporates all the council's activities during the year and shows all cash movements between the council and other parties.

#### Expenditure and Funding Analysis (EFA)

The analysis reconciles the amounts reported internally in line with the council's General Fund and the amounts reported in the Comprehensive Income and Expenditure Statement.

#### Notes to the Financial Statements

The analysis reconciles the amounts reported internally in line with the council's General Fund and the amounts reported in the Comprehensive Income and Expenditure Statement.

In addition, the council is required to publish other statements, along with the financial statements, which include:

<b>Collection Fund</b>	A separate account used for the collection and distribution of council tax and business rate income collected on behalf of the Borough, County, Police and Fire Authorities, Parishes and Central Government.
<b>Statement of Responsibilities</b>	This sets out the council's and the Chief Finance Officer's (Section 151 Officer)) responsibilities for the Statement of Accounts.
<b>Independent Auditors' Report</b>	The external auditors' report on the financial statements.
<b>Annual Governance Statement</b>	This statement summarises the systems and processes by which the council is directed and controlled and through which it accounts to, engages with, and leads the community. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. The statement details material weaknesses identified in the system of internal control and any corrective action being taken.

A glossary of key terms is provided at the end of the Statement of Accounts to assist the reader.

## Accounting Code Changes

There were no new accounting standards adopted in the revised accounting code for 2023/24 that are relevant or have a significant impact on the council's accounts.

**6. REVIEW OF FINANCIAL STATEMENTS**

**Overall Financial Position of the Council**

The council’s balance sheet shows that the council has a net worth (net assets) of £504.6M consisting of:

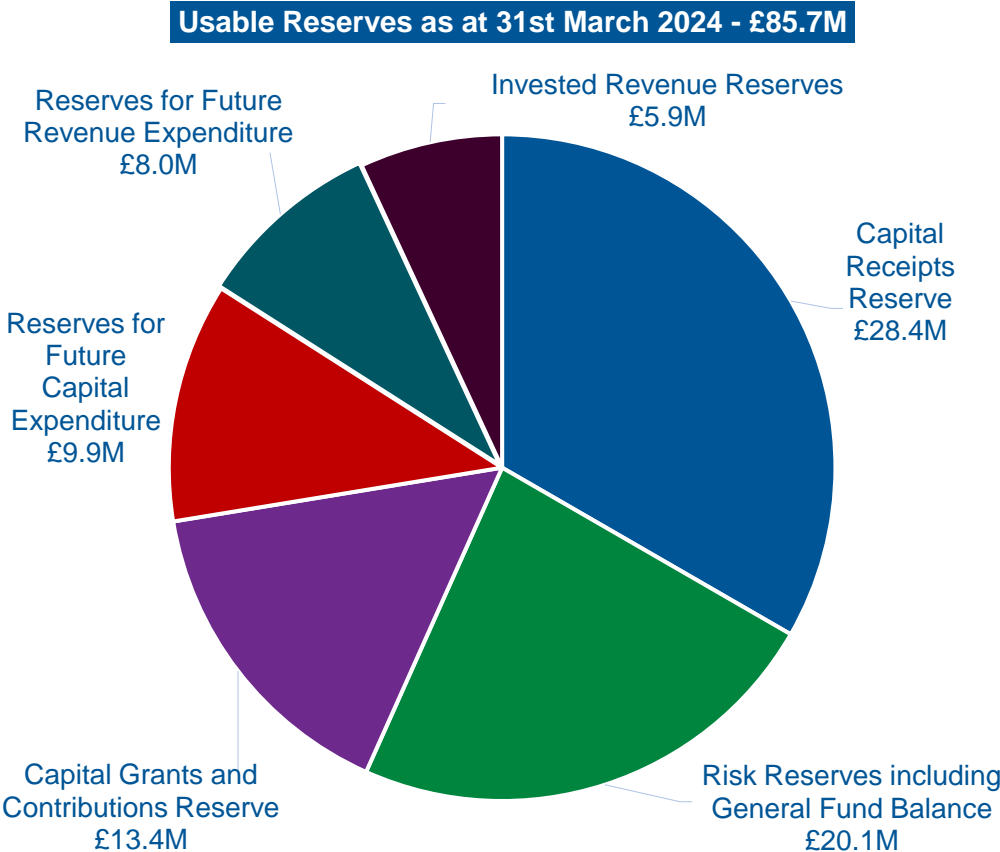
- an investment property asset portfolio of £320.1M;
- cash and investment assets of £112.0M;
- other assets (mainly operational land and buildings) of £116.0M;
- a potential future liability of £5.8M in its employees’ pension fund;
- developers’ contributions and other capital grants and contributions of £10.4M that could potentially require repayment (if the terms of the contributions are not met) and
- other net liabilities of £27.3M.

**Reserves and Available Resources**

The council’s Balance Sheet also shows usable reserves of £85.7M and usable developers’ contributions of £10.4M (shown as a long term liability). However, of this £85.7M of usable resource, £65.8M is available (based on current policies) to fund current and future spending plans and programmes.

The remaining £19.9M is invested in order to earn income to help support the future running costs of the council or is being held in the form of risk reserves to provide protection against the main risks to the council’s finances (for example a fall in interest rates affecting the amount of income from cash investments or a fall in rental income from the investment property portfolio).

The usable reserves of £85.7M consist of capital receipts, revenue reserves including the general fund balance and capital grants and contributions unapplied. A chart of the useable reserve balances is shown on this page, and further details of reserves are shown in notes 15 and 16 to the accounts.



### Borrowing

The council had no external debt as at 31 March 2024 and the council has no future budgeted borrowing requirements. However, it participates in several large important housing and regeneration schemes, which carry a large degree of uncertainty of scale, timing and future funding requirements.

### Financial Performance (year on year)

The Comprehensive Income and Expenditure Statement shows a deficit of £18.5M on the provision of services for 2023/24 (£42.0M deficit in 2022/23).

	Net Charge to General Fund 2022/23 £M	Net Charge to General Fund 2023/24 £M	Year on Year Variance £M
Net Cost of Service	34.1	45.8	11.7
Investment Property Net Income	(16.9)	(17.0)	0.1
Interest and Investment Income	(4.6)	(6.5)	(1.9)
Council Tax Income	(9.3)	(9.6)	(0.3)
Net Business Rate Income	2.0	(9.0)	(11.0)
General Government Grant Income	(4.6)	(4.0)	0.6
Other Corporate Items	1.5	1.0	(0.5)
<b>General Fund Deficit/(Surplus) Transfer From/(To) Reserves</b>	<b>2.2</b>	<b>0.7</b>	<b>(1.5)</b>
<b>Reserve Movements:</b>			
Business Rates Statutory Accounting Adjustment	6.2	(4.3)	(10.5)
Revenue Outturn Deficit/(Surplus) Transferred From/(To) Reserves	(4.0)	(1.4)	2.6
Pension prepayment	<b>0.0</b>	6.4	6.4
<b>General Fund Deficit/(Surplus) Transfer From/(To) Reserves</b>	<b>2.2</b>	<b>0.7</b>	<b>(1.5)</b>

However, the reported deficits/surpluses in the financial statements include statutory adjustments relating to notional pension costs and capital accounting adjustments (revaluations, depreciation etc.), which are not allowed to be included in the General Fund. Details of these statutory adjustments are set out in the Expenditure and Funding Analysis (Note 1 to the accounts). The adjustments which tend to create large variances between years, have no impact on the General Fund as they are reversed out to unusable reserves.

For these reasons, when looking at performance, it is advisable to exclude them and focus on the controllable General Fund items. In 2023/24 the £18.5M deficit on the provision of services shown in the Comprehensive Income and Expenditure Statement was adjusted by £17.8M of statutory adjustments to arrive at a movement from the General Fund Reserves of £0.7M (in 2022/23 the £42.0M deficit was adjusted by £39.8M to arrive at a movement from General Fund reserves of £2.2M).

The table includes the main General Fund items and shows how the General Fund Deficit/(Surplus) (transfer from/(to) General Fund Reserves) has changed between years. The table shows a £1.5M variance between years. This is due to an increase in the net cost of services of £11.7M which includes a £6.2M impact of a three year prepayment of employer superannuation contributions which are required to be accounted for in year 1 2023/24 (and are met from a draw from the MTFs Risk Reserve which will be replenished in years 2 2024/25 and year 3 2025/26), increased investment in services in 2023/24 and government grant income has reduced by £0.6M as funding to support during energy and cost of living crisis ended. This has been offset by a £11.0M net business rates movement relates to the statutory timing adjustments required to account for business rates income in specific accounting periods. There is additional investment income of £1.9M, reflecting the increase in interest rates over 2023/24 and offset by a £0.1M net decrease in income from investment property. Other corporate items includes the impact of decreased financing of capital expenditure from revenue reserves which was £0.5M lower in 2023/24.

## 7. SIGNIFICANT MOVEMENTS AND EVENTS

There were a number of significant differences between the financial statements for 2022/23 and 2023/24 which are set out below.

### Comprehensive Income and Expenditure Statement Movements

The reported deficit on the provision of services has decreased by £23.5M from a £42.0M deficit in 2022/23 to a £18.5M deficit in 2023/24. The main reason for this is as follows:

<b>Cost of Services</b>	The presentation of the current year cost of services aligns with the priorities in the Council Plan 2023 to 2027, the prior year comparative figures have been restated to align with the new priorities too. The cost of services has increase overall by £5.3M from £39.4M to £44.7M. Within the cost of services net expenditure there was an increase in other running costs of £3.4M and a £1.9M increase in employee costs offset by a decrease of £3.6M in pension current service costs (see note 14 to the financial statements). Other income for the year has decreased by £7.9M, this is primarily due to the Council Tax Energy Rebate grant of £8.4M received in 2022/23 which was a one off scheme. In addition, there was increased housing benefit expenditure of £0.9M which was offset by increased housing benefit subsidy income of £0.5M.
<b>Net loss on Investment Property</b>	The net movement on investment property valuations increased by £19.1M from a £26.2M loss to a £7.1M loss, this is mainly due to property revaluation changes due to market conditions, with a loss of £42.0M in 2022/23 compared to a loss of £20.9M in the current year.
<b>Unrealised Gain on Pooled Investment Funds</b>	The unrealised gain on the council's externally managed investments was £2.4M in 2023/24, compared to an unrealised loss of £4.2M in 2022/23. The unrealised gain has been affected this year largely by market expectations on interest rates and bond yields. Bond prices and yields have an inverse relationship so that when yields rise, prices fall and vice versa. Although these gains are recognised in the income and expenditure account there is a statutory requirement to reverse the impact until such time as the investments are realised by disinvesting. This statutory override is in place until at least 31 March 2025.
<b>Interest and Investment Income</b>	Due to continued increases in interest rates in 2023/24, income from interest has increased by £1.9M, from £4.6M in 2022/23 to £6.5M in 2023/24.
<b>Other Non-Ringfenced Government Grants</b>	Reduced grant income of £0.6M is mainly due to the ending of government funding support received in respect of the significant increase in energy costs (details of the grants recognised can be seen in note 13 to the financial statements).

## Balance Sheet Movements

Overall, the total net assets reported in the Balance Sheet have decreased by £12.7M, with the total net assets £504.6M at as 31 March 2024. There are some significant movements on the balance sheet which are explained below:

<b>Asset Revaluations</b>	All Investment Property and most Property, Plant and Equipment assets were subject to revaluation during 2023/24. In addition, new assets were purchased or constructed, and existing assets were subject to improvement, enhancement and depreciation where applicable. This exercise has led to an overall decrease of £20.2M in the net book value of investment property this year, which reflects overall movements in the market for industrial and logistics property due to increasing development costs over the past year. Although it should be noted that net income from investment properties has increased by £0.6M in the past year. There has been a decrease of £2.0M in the net book value of Property, Plant and Equipment. (Revaluation details can be seen in notes 2 and 3 to the financial statements).
<b>Changes to Investments</b>	Total cash and investment assets have decreased by £16.8M, mostly due to the performance of long term investment balances which have seen a reduction in value due to market conditions and the impact of interest rates on yields, which have impacted the value at 31 March 2024. Although the valuation has decreased, the revenue generated from investments has increased by £1.9M as a result of increasing interest rates.
<b>Decrease in Short Term Debtors</b>	Debtors are shown net of allowances for doubtful debts. The council has an allowance for doubtful debts of £4.2M as at 31 March 2024 (£4.0M as at 31 March 2023) consisting of an allowance for Housing Benefits overpayments of £1.9M (£1.9M as at 31 March 2023) and other allowances of £2.3M (£2.1M as at 31 March 2023). There is an overall reduction in year-end debtors of £3.4M. Central Government debtors have increased by £1.7M which is in respect of waste grant funding due to the council in 2023/24, but not received before 31 March 2024 and local authority debtors have reduced by £1.7M mainly due to the previous year including housing grant funding due of £1.1M. The reduction in debtors from other entities and individuals is primarily due to a reduction of £2.6M due from community infrastructure levy payers at the year-end.
<b>Decrease in Short Term Creditors</b>	There is an overall decrease in year-end creditors of £14.7M. Central Government creditors have decreased by £11.4M due to a decrease in business rates taxpayer receipts to be paid over to central government at the year-end. There was a decrease in amounts due to other local authorities of £3.3M due to a decrease in the Council Tax and Business Rates balances due to preceptors. Creditors relating to Other Entities and Individuals have increased by £0.8M and relates mainly to capital creditors where works were completed, most notably £0.8M due to a housing association as a contribution towards the purchase of properties under the Local Authority Housing Fund.
<b>Reduction in Pension Scheme Liability</b>	The estimated future potential liability for the council has reduced by £14.0M. This is due an increase of £21.6M in the value of the council's share of the pension scheme assets, as a result of higher than expected returns over the previous accounting period. This has been offset by an increase of £7.6M in the future pension obligation as a result of the actuary's assumptions, which are particularly sensitive to change, and an increase in the rate at which liabilities are discounted

## 8. HORIZON SCANNING

### Major Projects

The council has already started work on a number of major capital regeneration projects, including the Leisure Park and Town Centre, which will potentially lead to significant increases in revenue and capital expenditure and income in future years.

### Organisational Development and Transformation Programme

In support of achieving the Council Plan and the provision of services that meet the priorities and objectives of the council, a review of the operational resources and capacity, processes and internal controls has been undertaken and a new 'operating model' will be finalised in 2024/25. This is supported by further organisational development activities including a refresh of organisational culture and behaviours.

### Strategic Asset Management Plan (SAMP)

The SAMP that spans 2022/23 to 2025/26 was approved by Council in February 2022 which introduced a new Property Investment Strategy and includes significant emphasis on improving management of the Council's significant property portfolio and sustainability.

### Local Plan

The council's Local Plan, which was adopted in 2016, is currently being updated to ensure it remains up to date and delivers national and local objectives. The council conducted a statutory Regulation 18 consultation in early 2024, and a number of evidence base documents to support the Local Plan update have also been completed. These cover a variety of issues from landscape impact to water quality.

Using the consultation responses and evolving evidence work, the council will draw up a further draft Local Plan in 2024. That version is due to be consulted on in winter 2024/25, in line with a process set nationally, before an examination by an independent planning inspector. The council is aiming to adopt the Local Plan by winter 2025/26.

## 9. FURTHER INFORMATION

A simplified and summarised version of the main statements called the "Summary of Accounts" is available from the Head of Financial Services and Commercialisation at the Civic Offices, London Road, Basingstoke RG21 4AH, or by visiting the council's website [www.basingstoke.gov.uk](http://www.basingstoke.gov.uk).

# Financial Statements

FOR THE YEAR ENDED 31 MARCH 2024

Restated 2022/23 Expenditure £M	Restated 2022/23 Income £M	Restated 2022/23 NET £M		2023/24 Expenditure £M	2023/24 Income £M	2023/24 NET £M
			<b>Council Plan Priority</b>			
13.3	(2.9)	10.4	A council that delivers high-quality services for our residents	12.9	(2.9)	10.0
11.8	(2.8)	9.0	A borough where we protect, restore, reconnect and enhance our natural environment	13.7	(3.4)	10.3
57.2	(37.2)	20.0	A place where people can have pride in their communities and the borough	62.6	(38.2)	24.4
<b>82.3</b>	<b>(42.9)</b>	<b>39.4</b>	<b>COST OF SERVICES</b>	<b>89.2</b>	<b>(44.5)</b>	<b>44.7</b>
			<b>Other Operating Income and Expenditure</b>			
		1.6	Payment of Precepts (collected on behalf of Parish Councils)			1.8
		0.0	Other Operating Income and Expenditure			0.0
			<b>Financing and Investment Income and Expenditure</b>			
		26.2	Net (Gain)/Loss on Investment Property (Note 3)			7.1
		(4.6)	Interest and Investment Income (Note 7)			(6.5)
		4.2	Unrealised (Gain)/Loss on Pooled Investment Funds (Note 7)			(2.4)
		2.0	Net Interest on the Pension Liability (Note 14)			0.6
			<b>Taxation and Non-Specific Grant Income and Expenditure</b>			
		(10.9)	Council Tax Income (including parish precepts)			(11.3)
		(4.2)	Net Business Rates Income and Expenditure (Note 12)			(4.7)
		(4.6)	Other Non-Ring-fenced Government Grants Income (Note 13)			(4.0)
		(7.1)	Capital Grants and Contributions Income (Note 13)			(6.8)
		<b>42.0</b>	<b>DEFICIT/(SURPLUS) ON PROVISION OF SERVICES</b>			<b>18.5</b>
			<b>Other Comprehensive Income and Expenditure</b>			
		(9.7)	(Gain)/Loss on Revaluation of Non Current Assets (Note 2)			2.9
		(64.2)	Re-measurement of Pension Liability (Note 14)			(8.7)
		<b>(31.9)</b>	<b>TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE</b>			<b>12.7</b>

This statement shows the accounting cost to the council in the year on the provision of services and other operating activities in accordance with International Financial Reporting Standards (IFRS) adapted by the Local Authority Accounting Code of Practice (the Code).

It includes everything that affects the council's net asset position and therefore includes all of the council's operating activities, along with any gains or losses on the council's investing and financing activities and movements in the value (i.e. revaluations and impairments) of long term assets and liabilities. The total comprehensive income and expenditure represents the total movement on net assets within the Balance Sheet.

The statement includes some incomes and costs that are not allowed to be charged as income and expenditure to the General Fund (the account used to set the level of council tax). This means that in order to give a comparable presentation of the performance of the council during the year, it is necessary to adjust the surplus or deficit on the Comprehensive Income and Expenditure Statement to obtain the movement on the General Fund. These adjustments are called "Adjustments between the accounting basis and the funding basis under regulations" and are shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis (EFA) (Note 1).

To allow comparison between the current and previous financial years, the prior year expenditure and income figures have been restated to align these amounts with the council plan priority areas used to report expenditure and income to management in 2023/24. The prior year comparators for Note 1 - Expenditure and Funding Analysis have also been restated to reflect this change.

## AS AT 31 MARCH 2024

31 March 2023 £M		31 March 2024 £M	Notes
93.5	Property, Plant and Equipment	91.5	2
340.3	Investment Property	320.1	3
66.3	Long-Term Investments	63.6	7
13.3	Other Long-Term Assets	14.5	4
<b>513.4</b>	<b>LONG-TERM ASSETS</b>	<b>489.7</b>	
25.6	Short-Term Investments	15.6	7
13.4	Short-Term Debtors	10.0	8
36.9	Cash and Cash Equivalents	32.8	9
<b>75.9</b>	<b>CURRENT ASSETS</b>	<b>58.4</b>	
(35.2)	Short-Term Creditors	(20.5)	10
(2.1)	Provisions	(2.1)	11
<b>(37.3)</b>	<b>CURRENT LIABILITIES</b>	<b>(22.6)</b>	
(10.3)	Grants & Contributions Receipts In Advance	(10.4)	13
(19.8)	Pension Scheme Liability	(5.8)	14
(4.6)	Deferred Lease Income	(4.7)	
<b>(34.7)</b>	<b>LONG-TERM LIABILITIES</b>	<b>(20.9)</b>	
<b>517.3</b>	<b>NET ASSETS</b>	<b>504.6</b>	
(87.8)	Usable Reserves	(85.7)	15
(429.5)	Unusable Reserves	(418.9)	16
<b>(517.3)</b>	<b>TOTAL RESERVES</b>	<b>(504.6)</b>	

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by reserves held by the council.

There are two types of reserve shown in the Balance Sheet. The first category of reserves are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of unusable reserves is those that the council is not able to use to provide services. This category includes reserves that contain unrealised gains and losses (for example the Asset Revaluation Reserve), where amounts would only become available to provide services if the assets were to be realised. They also include reserves that hold timing differences and any adjustments made between the accounting basis and funding basis under regulations within the Movement in Reserves Statement.

The unaudited accounts were issued on 5 June 2024 and audited accounts were authorised for issue on 20 February 2025.

Adam Swain FCPFA  
Chief Finance Officer  
(Section 151 Officer)

20 February 2025

## FOR THE YEAR ENDED 31 MARCH 2024

2022/23	Movements					Notes
	Balance as at 31/03/22 £M	Total Comprehensive Income and Expenditure Statement £M	Adjustment between accounting basis and funding basis under regulations £M	Total Movement in 2022/23 £M	Balance as at 31/03/23 £M	
<b>Usable Reserves</b>						
General Fund Balance (incl. earmarked reserves)	(46.8)	42.0	(39.8)	2.2	(44.6)	
Capital Receipts Reserve	(41.6)	0.0	9.0	9.0	(32.6)	
Capital Grants and Contributions	(4.9)	0.0	(5.7)	(5.7)	(10.6)	
<b>Total Usable Reserves</b>	<b>(93.3)</b>	<b>42.0</b>	<b>(36.5)</b>	<b>5.5</b>	<b>(87.8)</b>	15
<b>Unusable Reserves</b>						
Pension Scheme Reserve	77.4	(64.1)	6.5	(57.6)	19.8	
Asset Revaluation Reserve	(28.3)	(9.7)	0.9	(8.8)	(37.1)	
Capital Adjustment Account	(445.1)	0.0	31.4	31.4	(413.7)	
Other Statutory Adjustment Accounts	3.8	0.0	(2.3)	(2.3)	1.5	
<b>Total Unusable Reserves</b>	<b>(392.2)</b>	<b>(73.8)</b>	<b>36.5</b>	<b>(37.3)</b>	<b>(429.5)</b>	16
<b>Total Reserves</b>	<b>(485.5)</b>	<b>(31.8)</b>	<b>0.0</b>	<b>(31.8)</b>	<b>(517.3)</b>	

2023/24	Movements					Notes
	Balance as at 31/03/23 £M	Total Comprehensive Income and Expenditure Statement £M	Adjustment between accounting basis and funding basis under regulations £M	Total Movement in 2023/24 £M	Balance as at 31/03/24 £M	
<b>Usable Reserves</b>						
General Fund Balance (incl. earmarked reserves)	(44.6)	18.5	(17.8)	0.7	(43.9)	
Capital Receipts Reserve	(32.6)	0.0	4.2	4.2	(28.4)	
Capital Grants and Contributions	(10.6)	0.0	(2.8)	(2.8)	(13.4)	
<b>Total Usable Reserves</b>	<b>(87.8)</b>	<b>18.5</b>	<b>(16.4)</b>	<b>2.1</b>	<b>(85.7)</b>	15
<b>Unusable Reserves</b>						
Pension Scheme Reserve	19.8	(8.7)	(5.3)	(14.0)	5.8	
Asset Revaluation Reserve	(37.1)	2.9	1.1	4.0	(33.1)	
Capital Adjustment Account	(413.7)	0.0	17.7	17.7	(396.0)	
Other Statutory Adjustment Accounts	1.5	0.0	2.9	2.9	4.4	
<b>Total Unusable Reserves</b>	<b>(429.5)</b>	<b>(5.8)</b>	<b>16.4</b>	<b>10.6</b>	<b>(418.9)</b>	16
<b>Total Reserves</b>	<b>(517.3)</b>	<b>12.7</b>	<b>0.0</b>	<b>12.7</b>	<b>(504.6)</b>	

This statement shows the movement in the year on the different reserves held by the council, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves" (see Notes 15 and 16 for more details).

## FOR THE YEAR ENDED 31 MARCH 2024

2022/23 £M	OPERATING ACTIVITIES	2023/24 £M
42.0	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>18.5</b>
	<b>Adjustments for Non-Cash Movements:</b>	
(6.5)	Pension Fund adjustments	5.3
(3.9)	Depreciation and amortisation of long-term assets	(4.5)
0.4	Revaluation of property, plant and equipment	(0.1)
(42.0)	Revaluation of investment property	(20.9)
(2.4)	Write out of long-term assets on disposal	(0.1)
(4.2)	Revaluation of Pooled Investment Funds	2.4
(0.2)	Other Non-Cash Movements	0.5
	<b>Adjustments for Items included in Investing Activities:</b>	
5.0	Proceeds from disposal of long-term assets	0.3
	<b>Adjustments for Items on an Accruals Basis:</b>	
0.7	Increase/(decrease) in operating activity debtors	(2.1)
11.6	(Increase)/decrease in operating activity creditors	0.7
0.2	(Increase)/decrease in provisions	0.0
<b>0.7</b>	<b>Net Cash Out Flow/(In Flow) from Operating Activities</b>	<b>0.0</b>
	<b>INVESTING ACTIVITIES</b>	
15.7	Payments for additions and subsequent expenditure on long-term assets	5.1
223.8	Payments for purchase of investments	307.6
(5.0)	Proceeds from disposal of long-term assets	(0.3)
(234.1)	Proceeds from disposal of investments	(322.7)
<b>0.4</b>	<b>Net Cash Out Flow/(In Flow) from Investing Activities</b>	<b>(10.3)</b>
	<b>FINANCING ACTIVITIES</b>	
2.5	Net (inflow)/outflow for business rates payable to government and preceptors	12.7
(1.0)	Net (inflow)/outflow for council tax payable to preceptors	1.7
<b>1.5</b>	<b>Net Cash (In Flow)/Out Flow from Financing Activities</b>	<b>14.4</b>
<b>2.6</b>	<b>NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4.1</b>

The purpose of the Cash Flow Statement is to show how the Cash and Cash Equivalents (see note 9) shown in the Balance Sheet has changed. It therefore includes all cash amounts received and paid out irrespective of the type of transaction.

Cash and Cash Equivalents includes cash in hand, the council's main bank account, deposit accounts with other banks and money market funds with financial institutions that are held for meeting short-term cash commitments rather than for investment purposes. They are repayable, without penalty, on notice of not more than 30 days and are convertible to known amounts of cash with insignificant risk of change in value.

The Cash Flow Statement is different to the other statements because it is on a cash basis and some of the figures may not agree with other figures in the financial statements which are all on an accruals basis (i.e. based on amounts payable and receivable rather than actually paid or received).

## 1. EXPENDITURE AND FUNDING ANALYSIS

The purpose of this analysis is to reconcile the amounts reported internally in line with the council's General Fund and the amounts reported in the Comprehensive Income and Expenditure Statement (CIES). This is required. The reconciliation for 2023/24 is as follows:

	Adjustments between funding and accounting basis					
	Net charge to General Fund 2023/24 £M	Pension Adjustments 2023/24 £M	Capital Accounting 2023/24 £M	Support Service Recharges 2023/24 £M	Other Statutory Adjustments 2023/24 £M	Net charge to CIES 2023/24 £M
<b>Service Costs by Council Plan Priority</b>						
A council that delivers high-quality services for our residents	(0.3)	(0.3)	0.0	10.6	0.0	10.0
A borough where we protect, restore, reconnect and enhance our natural environment	5.1	0.0	(0.3)	5.5	0.0	10.3
A place where people can have pride in their communities and the borough	2.6	0.0	6.6	15.2	0.0	24.4
<b>Council Plan Priority Total</b>	<b>7.4</b>	<b>(0.3)</b>	<b>6.3</b>	<b>31.3</b>	<b>0.0</b>	<b>44.7</b>
Business Units	39.3	(5.6)	0.7	(34.4)	0.0	0.0
Agency and Holding Accounts	(0.9)	0.0	1.0	(0.1)	0.0	0.0
<b>Cost of Services</b>	<b>45.8</b>	<b>(5.9)</b>	<b>8.0</b>	<b>(3.2)</b>	<b>0.0</b>	<b>44.7</b>
<b>Corporate Items</b>						
Payments to Parishes	0.0	0.0	0.0	0.0	1.8	1.8
Investment Property	(17.0)	0.0	20.9	3.2	0.0	7.1
Interest and Investment Income	(6.5)	0.0	0.0	0.0	0.0	(6.5)
Pooled Investment Funds	0.0	0.0	(0.8)	0.0	(1.6)	(2.4)
Pension Interest Costs	0.0	0.6	0.0	0.0	0.0	0.6
Council Tax Income	(9.6)	0.0	0.0	0.0	(1.7)	(11.3)
Net Business Rates Income	(9.0)	0.0	0.0	0.0	4.3	(4.7)
Non-Specific Grants	(4.0)	0.0	0.0	0.0	0.0	(4.0)
Other Corporate Items	1.0	0.0	(7.8)	0.0	0.0	(6.8)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>0.7</b>	<b>(5.3)</b>	<b>20.3</b>	<b>0.0</b>	<b>2.8</b>	<b>18.5</b>

<b>Opening General Fund Balance</b>	<b>(44.6)</b>
(Surplus)/Deficit on Provision of Services - Statutory Adjustment Business Rates	(4.3)
(Surplus)/Deficit on Provision of Services - Adjustment Employers Superannuation Prepayment 2024/25 and 2025/26	6.4
(Surplus)/Deficit on Provision of Services - Approved Reserve Transfers	(1.4)
<b>Closing General Fund Balance</b>	<b>(43.9)</b>

In the table above the Net Charge to General Fund column are those costs and income shown in the council's Revenue Outturn Report and the Net Charge to CIES are those shown in the Comprehensive Income and Expenditure Statement.

## 1. EXPENDITURE AND FUNDING ANALYSIS (continued)

The restated comparable figures for 2022/23 were:

	Adjustments between funding and accounting basis					
	Net charge to General Fund	Pension Adjust- ments	Capital Accounting	Support Service Recharges	Other Statutory Adjustments	Net charge to CIES
	2022/23 £M	2022/23 £M	2022/23 £M	2022/23 £M	2022/23 £M	2022/23 £M
<b>Service Costs by Priority (Restated)</b>						
A council that delivers high-quality services for our residents	0.0	(0.4)	0.0	10.8	0.0	10.4
A borough where we protect, restore, reconnect and enhance our natural environment	4.2	0.0	(0.4)	5.2	0.0	9.0
A place where people can have pride in their communities and the borough	1.9	0.0	3.6	14.5	0.0	20.0
<b>Council Plan Priority Total</b>	<b>6.1</b>	<b>(0.4)</b>	<b>3.2</b>	<b>30.5</b>	<b>0.0</b>	<b>39.4</b>
Business Units	28.7	4.9	0.4	(34.0)	0.0	0.0
Agency and Holding Accounts	(0.7)	0.0	1.0	(0.3)	0.0	0.0
<b>Cost of Services</b>	<b>34.1</b>	<b>4.5</b>	<b>4.6</b>	<b>(3.8)</b>	<b>0.0</b>	<b>39.4</b>
<b>Corporate Items</b>						
Payments to Parishes	0.0	0.0	0.0	0.0	1.6	1.6
Investment Property	(16.9)	0.0	39.3	3.8	0.0	26.2
Interest and Investment Income	(4.6)	0.0	0.0	0.0	0.0	(4.6)
Pooled Investment Funds	0.0	0.0	0.0	0.0	4.2	4.2
Pension Interest Costs	0.0	2.0	0.0	0.0	0.0	2.0
Council Tax Income	(9.3)	0.0	0.0	0.0	(1.6)	(10.9)
Net Business Rates Income	2.0	0.0	0.0	0.0	(6.2)	(4.2)
Non-Specific Grants	(4.6)	0.0	0.0	0.0	0.0	(4.6)
Other Corporate Items	1.5	0.0	(8.6)	0.0	0.0	(7.1)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>2.2</b>	<b>6.5</b>	<b>35.3</b>	<b>0.0</b>	<b>(2.0)</b>	<b>42.0</b>

<b>Opening General Fund Balance</b>	<b>(46.8)</b>
(Surplus)/Deficit on Provision of Services - Statutory Adjustment Business Rates	6.2
(Surplus)/Deficit on Provision of Services - Approved Reserve Transfers	(4.0)
<b>Closing General Fund Balance</b>	<b>(44.6)</b>

**Explanation of adjustments between funding and accounting basis**

**Pension Adjustments** For services this represents the removal of employer pension contribution payments and replacing them with a notional Current Service Cost based on a calculation of how much the pension liability has increased in the current year for the current employees required by IAS19 Employee Benefits.

For Pension Interest Costs this represents the net interest which includes the interest payable on the pension liability and the interest income on the assets in accordance with IAS19.

1. EXPENDITURE AND FUNDING ANALYSIS (continued)

Explanation of adjustments between funding and accounting basis (continued)

<b>Capital Accounting Adjustments</b>	For services this represents the addition of depreciation, impairments and revaluation gains and losses on assets used in the provision of services. For Investment Property this represents the addition of impairments and revaluation gains and losses on investment property.
<b>Support Service Recharges Adjustment</b>	Most of the council's employee costs and support service costs (including IT equipment, Council Offices and Vehicles) are held within Business Units, Agency and Holding Accounts and are apportioned to the council plan services using various recharge methods to identify the total cost of council plan services. As the CIES shows the total cost of services by council plan, support service recharges are a reconciling item between the analysis reported internally and the CIES.
<b>Other Statutory Adjustments</b>	This represents; the separation of Council Tax between amounts collected on behalf of Parishes from the Council's own requirement; the timing differences between the way that Council Tax and Business Rates are accounted for under statute and proper accounting practice under IFRS; and the adjustments made for the statutory reversal of valuation changes to pooled investments funds under IFRS9.

The Code requires a note to the EFA that analyses certain items of income and expense on a segmental (council plan) basis if they are reported internally (i.e. within General Fund reporting). The only item that needs further analysis is revenues from external customers (service income) and this is already shown by council plan segments on the face of the CIES.

The Code also requires an analysis of the nature of material expenses included within the segmental reporting. The Council's total revenue expenditure and income can be analysed as follows:

General Fund 2022/23 £M	Statutory Adjustment 2022/23 £M	CIES 2022/23 £M		General Fund 2023/24 £M	Statutory Adjustment 2023/24 £M	CIES 2023/24 £M
<b>Expenditure</b>						
27.9	0.0	27.9	Housing Benefit Payments	28.8	0.0	28.8
27.4	0.0	27.4	Business Rates Expenditure	30.7	0.0	30.7
29.0	6.5	35.5	Employees	38.9	(5.3)	33.6
4.9	0.0	4.9	Premises	5.8	0.0	5.8
0.0	39.4	39.4	Property Revaluation Losses	0.0	21.0	21.0
22.6	0.0	22.6	Supplies and Services	15.6	0.0	15.6
0.0	7.2	7.2	Capital Charges	0.0	10.8	10.8
0.0	4.2	4.2	Investment Revaluation Losses	0.0	0.0	0.0
10.0	0.0	10.0	Other Running Costs	11.6	0.0	11.6
<b>121.8</b>	<b>57.3</b>	<b>179.1</b>		<b>131.4</b>	<b>26.5</b>	<b>157.9</b>
<b>Income</b>						
(28.2)	0.0	(28.2)	Housing Benefit Subsidy	(28.7)	0.0	(28.7)
(25.4)	(6.5)	(31.9)	Income from Business Rates	(39.7)	4.3	(35.4)
(18.4)	0.0	(18.4)	Property Rents	(19.3)	0.0	(19.3)
0.0	0.0	0.0	Property Revaluation Gains	0.0	0.0	0.0
(4.6)	0.0	(4.6)	General Government Grants	(4.0)	0.0	(4.0)
(9.3)	(1.6)	(10.9)	Income from Council Tax	(9.6)	(1.7)	(11.3)
0.0	0.0	0.0	Investment Revaluation Gains	0.0	(2.4)	(2.4)
(4.6)	0.0	(4.6)	Interest Income	(6.5)	0.0	(6.5)
(7.0)	0.0	(7.0)	Fees and Charges	(7.8)	0.0	(7.8)
(22.1)	(9.4)	(31.5)	Other Income	(15.1)	(8.9)	(24.0)
<b>(119.6)</b>	<b>(17.5)</b>	<b>(137.1)</b>		<b>(130.7)</b>	<b>(8.7)</b>	<b>(139.4)</b>

## 2. PROPERTY, PLANT AND EQUIPMENT (PPE)

The net book value and movements for the different categories of Property, Plant and Equipment assets are shown below:

	Land and Buildings £M	Vehicles Plant and Equipment £M	Community Assets £M	Total PPE Assets £M
<b>Net Book Value at 31 March 2022</b>	<b>69.9</b>	<b>5.0</b>	<b>9.1</b>	<b>84.0</b>
<b>Cost or Valuation</b>				
<b>As at 31 March 2022</b>	<b>69.9</b>	<b>9.5</b>	<b>9.1</b>	<b>88.5</b>
<b>Movements in 2022/23</b>				
Additions	3.6	1.0	0.4	5.0
Disposals/Derecognitions	(1.0)	(0.6)	0.0	(1.6)
Reclassifications	(1.8)	0.0	0.0	(1.8)
Revaluations (charged to services)	0.4	0.0	0.0	0.4
Revaluations (to Revaluation Reserve)	7.4	0.0	0.0	7.4
<b>As at 31 March 2023</b>	<b>78.5</b>	<b>9.9</b>	<b>9.5</b>	<b>97.9</b>
<b>Accumulated Depreciation</b>				
<b>As at 31 March 2022</b>	<b>0.0</b>	<b>(4.5)</b>	<b>0.0</b>	<b>(4.5)</b>
<b>Movements in 2022/23</b>				
Depreciation	(2.5)	(1.1)	0.0	(3.6)
Disposals/Derecognitions	0.9	0.6	0.0	1.5
Depreciation written out (to Revaluation Reserve)	2.2	0.0	0.0	2.2
<b>As at 31 March 2023</b>	<b>0.6</b>	<b>(5.0)</b>	<b>0.0</b>	<b>(4.4)</b>
<b>Net Book Value at 31 March 2023</b>	<b>79.1</b>	<b>4.9</b>	<b>9.5</b>	<b>93.5</b>
<b>Cost or Valuation</b>				
<b>As at 31 March 2023</b>	<b>78.5</b>	<b>9.9</b>	<b>9.5</b>	<b>97.9</b>
<b>Movements in 2023/24</b>				
Additions	2.3	2.2	0.5	5.0
Disposals/Derecognitions	(0.1)	(0.7)	0.0	(0.8)
Reclassifications	0.0	0.0	0.0	0.0
Revaluations (charged to services)	(0.1)	0.0	0.0	(0.1)
Revaluations (to Revaluation Reserve)	(5.6)	0.0	0.0	(5.6)
<b>As at 31 March 2024</b>	<b>75.0</b>	<b>11.4</b>	<b>10.0</b>	<b>96.4</b>
<b>Accumulated Depreciation</b>				
<b>As at 31 March 2023</b>	<b>0.6</b>	<b>(5.0)</b>	<b>0.0</b>	<b>(4.4)</b>
<b>Movements in 2023/24</b>				
Depreciation	(2.8)	(1.2)	0.0	(4.0)
Disposals/Derecognitions	0.0	0.7	0.0	0.7
Depreciation written out (to Revaluation Reserve)	2.8	0.0	0.0	2.8
<b>As at 31 March 2024</b>	<b>0.6</b>	<b>(5.5)</b>	<b>0.0</b>	<b>(4.9)</b>
<b>Net Book Value at 31 March 2024</b>	<b>75.6</b>	<b>5.9</b>	<b>10.0</b>	<b>91.5</b>

**2. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)**

**Depreciation and Estimated Useful Lives**

The following useful lives have been used in the calculation of depreciation which is based on a straight-line allocation over the expected life of the asset.

<b>Buildings</b>	from 10 to 100 years
<b>Vehicles, Plant and Equipment</b>	from 3 to 10 years

**Revaluations and Impairments**

Most of the council's PPE land and building assets have been revalued by Montagu Evans LLP during 2023/24.

The valuations have been carried out in accordance with the methodologies and bases for estimates set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS), the CIPFA Code and the council's Accounting Policies (see note 25). Where the assets are not depreciated (for example, community assets) they are reviewed for impairment at the end of the year.

Please also refer to Note 28 for uncertainties relating to assumptions and estimates used in light of the cost of living crisis and ongoing economic uncertainty.

The following table shows, by category, the PPE assets that are carried at cost, those that are carried at depreciated cost and, for those assets that are revalued, the year in which the revaluations were completed:

<b>Assets</b>	<b>Carried at Cost £M</b>	<b>Carried at Depreciated Cost £M</b>	<b>Revalued During 2021/22 £M</b>	<b>Revalued During 2022/23 £M</b>	<b>Revalued During 2023/24 £M</b>	<b>Total PPE Assets £M</b>
Land and Buildings	0.0	0.0	5.1	0.6	69.9	75.6
Vehicles, Plant and Equipment	0.0	5.9	0.0	0.0	0.0	5.9
Community Assets	10.0	0.0	0.0	0.0	0.0	10.0
<b>Total Property, Plant and Equipment Assets</b>	<b>10.0</b>	<b>5.9</b>	<b>5.1</b>	<b>0.6</b>	<b>69.9</b>	<b>91.5</b>

**Revaluations of Significant Land and Buildings Assets**

During 2023/24 there were revaluations on significant operational land and buildings as follows:

<b>31/03/23 Carrying Value £M</b>	<b>Asset</b>	<b>2023/24 Additions/ Disposals/ Reclassifications £M</b>	<b>2023/24 Depreciation Adjustment £M</b>	<b>2023/24 Revaluation Change - Revaluation Reserve £M</b>	<b>2023/24 Revaluation Change - To Services £M</b>	<b>31/03/24 Carrying Value £M</b>
20.4	The Anvil	0.0	0.0	(4.9)	0.0	15.5
22.2	The Aquadrome	0.2	0.0	(1.4)	0.0	21.0
5.2	Tadley Swimming Pool	0.2	0.0	(2.0)	0.0	3.4
2.3	Haymarket Theatre	0.0	0.0	(0.2)	1.1	3.2
2.7	Civic Offices	0.0	0.0	(0.2)	0.0	2.5
5.8	Public Car Parks	0.0	0.0	1.4	0.4	7.6
9.7	Sports Pavilions and Pitches	0.3	0.1	1.1	(0.3)	10.9
10.8	Other PPE Land and Buildings	1.5	(0.1)	0.6	(1.3)	11.5
<b>79.1</b>	<b>Total Land and Buildings</b>	<b>2.2</b>	<b>0.0</b>	<b>(5.6)</b>	<b>(0.1)</b>	<b>75.6</b>

The main reason for the decrease in values for The Anvil and the two swimming pools sites is a change in the valuers assumptions in respect of build costs which inform the valuations.

**3. INVESTMENT PROPERTY**

The movement in the fair value (estimated market value) of Investment Property is shown below:

2022/23 £M		2023/24 £M
<b>372.8</b>	<b>Balance at the Start of the Year</b>	<b>340.3</b>
	<b>Movements in Year</b>	
9.2	Additions	0.0
0.8	Subsequent Expenditure	0.7
(2.3)	Disposals - Carrying Value Written Out	0.0
1.8	Reclassifications - (to)/from Property, Plant & Equipment	0.0
(42.0)	Net Gain/(Loss) on Revaluations	(20.9)
<b>340.3</b>	<b>Balance at the End of the Year</b>	<b>320.1</b>

**Investment Property Revaluations - Fair Value**

All Investment Property valuations have been updated in 2023/24 in accordance with the requirements of RICS professional standards and the CIPFA Code on a fair value basis.

The fair values have been based on the market approach using observable inputs, namely current market conditions for rents, yields, recent sales prices and other relevant information for similar assets in the local area. Market conditions for these asset types are such that the level of observable inputs are significant leading to the properties being categorised as level 2 in the fair value hierarchy.

The valuations for all Investment Properties were carried out by Montagu Evans LLP, with the exception of the land at Manydown North which was valued by Avison Young (UK) Ltd.

**Revaluations of Significant Investment Property Assets**

During 2023/24 there were some significant revaluations on investment property as follows:

31/03/23 Carrying Value £M	Asset	2023/24 Additions / Disposals / Reclassification £M	2023/24 Revaluation Change £M	31/03/24 Carrying Value £M
73.4	Daneshill Industrial Estate	0.0	(10.9)	62.5
49.7	Houndmills Industrial Estate	0.0	(2.5)	47.2
46.0	Viables	0.0	(2.0)	44.0
44.7	Basing View	0.0	2.0	46.7
4.0	Winchester Road	0.0	(0.4)	3.6
6.4	Lister Road	0.0	(0.8)	5.6
7.8	Property Investment Strategy Acquisitions	0.0	(1.0)	6.8
37.7	Land at Manydown*	0.0	(1.5)	36.2
12.0	The Malls	0.0	(1.0)	11.0
8.5	Festival Place	0.0	0.0	8.5
4.3	West Ham Leisure Park	0.0	1.4	5.7
4.2	St Andrews Medical Centre	0.0	0.0	4.2
41.6	Other Investment Property	0.7	(4.2)	38.1
<b>340.3</b>	<b>Total Investment Property</b>	<b>0.7</b>	<b>(20.9)</b>	<b>320.1</b>

\* This represents a 50% interest in Land at Manydown jointly leased with Hampshire County Council.

Property values can change significantly over a relatively short period. The main cause of the revaluation change (Daneshill, Houndmills, Viables, Winchester Road) (£15.8M) is due to the decline in the demand for industrial property and land due to increasing development costs. Additionally they reflect the impact of market sentiment for a reduction in yields from industrial sites.

**3. INVESTMENT PROPERTY (continued)****Investment Property held under leases**

The council leases land at Manydown that is currently classified as an Investment Property.

**Investment Property Income and Expenditure Account**

The Investment Property Income and Expenditure Account is used to record the operating activity relating to investment properties. It does not include expenditure on the acquisition or enhancement of Investment Property as these are shown as investing activities and form part of the cost/value of the assets.

The net loss of £7.1M in 2023/24 (net loss of £26.2M in 2022/23) is shown in the Comprehensive Income and Expenditure Statement.

A breakdown of the expenditure and income is shown below:

2022/23 £M		2023/24 £M
42.0	Net (Gain)/Loss on Revaluation of Investment Property	20.9
(2.7)	Net (Gain)/Loss on Disposals of Investment Property	0.0
(20.1)	Income from Investment Property (rents and service charges)	(21.0)
5.1	Maintenance and Running Costs of Investment Property	5.5
2.2	Costs Relating to Strategic Site Development	2.0
(0.3)	Income from Strategic Site Development	(0.3)
<b>26.2</b>	<b>Net (Gain)/Loss on Investment Property</b>	<b>7.1</b>

The three strategic development sites; Manydown, Basing View, and the Leisure Park have been separated from investment property income and maintenance costs.

**4. OTHER LONG-TERM ASSETS**

Other long-term assets consist of:

2022/23 £M		2023/24 £M
2.3	Loans to Housing Associations (part of Existing Satisfactory Purchases Scheme)	2.3
2.2	Loan to SERCO Ltd. (waste collection contract)	1.6
0.5	Loan to Manydown Garden Communities LLP	0.7
3.4	Loan to Manydown Development LLP	4.0
1.8	Intangible Assets	1.6
1.2	Heritage Assets	1.3
1.9	Other Long-Term Assets	3.0
<b>13.3</b>	<b>Other Long-Term Assets</b>	<b>14.5</b>

Loans to Housing Associations are held at £2.3M cost as their fair value cannot be measured reliably. This is because the repayment value of principal and a future return based on increases in residential property values (proportionate to the investment amount made by the council and housing association) which will not be known until either the sale of the property or the tenth anniversary of the loan advance. The first loan advance was during 2014/15.

**5. STATUTORY CAPITAL EXPENDITURE AND FINANCING**

Total capital expenditure for 2023/24 amounted to £12.8M (£20.1M in 2022/23). Movements in the Capital Financing Requirement (the council's need to borrow to finance capital expenditure) are shown below:

2022/23 £M		2023/24 £M
<b>0.0</b>	<b>Opening Capital Financing Requirement</b>	<b>0.0</b>
	<b>Statutory Capital Expenditure</b>	
5.0	Property Plant and Equipment Assets	5.0
10.0	Investment Property Assets	0.7
1.4	Other Long-Term Assets	0.9
3.7	Revenue Expenditure Funded from Capital Under Statute	6.2
<b>20.1</b>	<b>Total Capital Expenditure</b>	<b>12.8</b>
	<b>Source of Finance</b>	
(14.7)	Capital Receipts Reserve	(5.0)
(0.8)	Capital Grants and Contributions	(2.3)
(4.6)	Direct Revenue Financing from the General Fund	(5.5)
<b>0.0</b>	<b>Closing Capital Financing Requirement</b>	<b>0.0</b>

**6. LEASES**

The council leases out its Investment Property under operating leases for the purpose of generating income. It also leases out land and buildings for the purpose of the provision of community services such as sports and leisure facilities and community centres.

The estimated future aggregate minimum lease rentals receivable from these leases are:

2022/23 £M		2023/24 £M
15.6	Due within one year	16.4
55.9	Due later than one year and not later than five years	53.2
825.5	Due after five years	838.5
<b>897.0</b>	<b>Total Future Minimum Lease Rentals Receivable</b>	<b>908.1</b>

The estimated future minimum lease rentals receivable do not include rents that are contingent on events taking place in the future such as rent reviews. In 2023/24 the contingent rents receivable by the council for the year were £4.3M (£4.5M in 2022/23).

**7. FINANCIAL INSTRUMENTS (INCLUDING INVESTMENTS)**

Financial instruments are contractual arrangements that give rise to a financial asset in one entity and a financial liability in another. For the council, this primarily relates to financial assets in the form of investments and debtors where deferred payment terms have been agreed and financial liabilities in the form of short-term borrowing and creditors where deferred payment terms have been agreed.

The council's financial assets are shown in different places in the Balance Sheet: Long-Term Investments, Short-Term Investments, Cash and Cash Equivalents (see note 9), Other Long-Term Assets (see note 4) and Short-Term Debtors (see note 8).

This note encompasses the disclosure requirements for long and short-term investments and borrowing.

**7. FINANCIAL INSTRUMENTS (INCLUDING INVESTMENTS) (continued)**

**Financial Instruments Classifications**

The council has two types of financial instrument namely Amortised Cost and Fair Value Through Profit or Loss (FVTPL).

Amortised Cost financial instruments (where cash flows are solely payments of principal and interest and the council's business model is to collect those cash flows) consist of:

- Supranational Bonds (£4.9M as at 31 March 2024)
- Cash Deposits (£5.0M as at 31 March 2024)
- Treasury Bills (£4.9M as at 31 March 2024)
- Bank Deposits (shown in Cash and Cash Equivalents)
- Loans made for Service Purposes excluding Loans to Housing Associations and the Manydown Development (shown in Other Long-Term Assets)

Fair Value Through Profit or Loss financial instruments (where cash flows are not solely payments of principal and interest) consist of:

- Bond Funds
- Money Market Funds (shown in Cash and Cash Equivalents)
- Property Funds
- Loans made for Service Purposes - Loans to Housing Associations and the Manydown Development (shown in Other Long-Term Assets)

The council's financial liabilities consist only of short-term borrowing in the form of parish loans (where parishes have deposited cash balances with the council which are subject to variable rates of interest). These are measured at amortised cost (£0.1M as at 31 March 2024) as their fair value cannot be measured reliably. There is no market to transfer the liabilities and as a result of the specific repayment terms for the liabilities, calculating fair value is not possible due to the uncertain timing of future cash flows.

**Financial Instruments - Investment Balances**

As at the 31 March 2024 the council had the following balances on investments:

Long Term 31-Mar-23 £M	Short Term 31-Mar-23 £M	Investment Total 31-Mar-23 £M	Carrying value	Long Term 31-Mar-24 £M	Short Term 31-Mar-24 £M	Investment Total 31-Mar-24 £M
4.8	10.0	14.8	Amortised Cost	0.0	14.8	14.8
61.5	14.7	76.2	Fair Value Through Profit and Loss	63.6	0.0	63.6
0.0	0.9	0.9	Accrued Interest	0.0	0.8	0.8
<b>66.3</b>	<b>25.6</b>	<b>91.9</b>	<b>Total Carrying Value</b>	<b>63.6</b>	<b>15.6</b>	<b>79.2</b>

**Financial Instruments - Borrowing Balances**

As at the 31 March 2024 the council had the following balances on borrowings:

Long Term 31-Mar-23 £M	Short Term 31-Mar-23 £M	Investment Total 31-Mar-23 £M	Carrying Value	Long-Term 31-Mar-24 £M	Short-Term 31-Mar-24 £M	Investment Total 31-Mar-24 £M
0.0	0.1	0.1	Amortised Cost	0.0	0.1	0.1
<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>Total Carrying Value</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>

**Financial Instruments - Fair Values**

The Fair Value Through Profit or Loss financial instruments are shown at fair value level 1 based on quoted market prices in active markets that the council can access at the measurement date, with the exception of £8.5M of property fund investments held at 31 March 2024 which are fair value level 2. Values for these investments were based on quoted prices in an active market but due to a redemption notice period would not have been accessible at the Balance Sheet date.

**7. FINANCIAL INSTRUMENTS (INCLUDING INVESTMENTS) (continued)**

**Financial Instruments - Amounts included within the Comprehensive Income and Expenditure Statement**

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement for the different categories of financial instruments were as follows:

Amortised Cost 2022/23 £M	Fair Value Through Profit or Loss 2022/23 £M	Total Financial Instruments 2022/23 £M	Within Deficit/(Surplus) on Provision of Services	Amortised Cost 2023/24 £M	Fair Value Through Profit or Loss 2023/24 £M	Total Financial Instruments 2023/24 £M
(0.5)	(4.1)	(4.6)	Interest and Investment Income	(1.1)	(5.4)	(6.5)
0.0	4.2	4.2	Net (Gain)/Loss on Revaluation of Investments	0.0	(2.4)	(2.4)
<b>(0.5)</b>	<b>0.1</b>	<b>(0.4)</b>	<b>Total Income, Expense, Gains and Losses</b>	<b>(1.1)</b>	<b>(7.8)</b>	<b>(8.9)</b>

**Financial Instruments - Amounts included within the Cash Flow Statement**

The interest income and expenditure figures in the table above include accruals. However, the Code requires the council to disclose the actual cash amounts of interest received and paid. In 2023/24 the council received £5.7M (£3.8M in 2022/23).

**Financial Instruments - Nature and Extent of Risk**

The council's treasury management activities expose it to a variety of financial risks. Whilst the council does not carry external borrowing (thus removing some risk elements), its investments remain exposed to a range of financial risks. These include:

<b>credit risk</b>	the possibility that other parties might fail to pay amounts due to the council
<b>liquidity risk</b>	the possibility that the council might not have funds available to meet its commitments
<b>market risk</b>	the possibility that losses may arise due to changes in interest rates and market prices

The council's risk management on financial instruments (substantially comprising investments) focuses on the credit risk and the unpredictability of financial markets and seeks to minimise the potential for adverse effects on the resources available to fund services.

Risk management in this area is carried out by a central treasury management team under policies reviewed and approved annually by the council and set out in the Treasury Management Strategy. The council has a policy for risk management, has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and has set treasury management indicators to control financial instrument risks in accordance with the CIPFA Prudential Code of Practice. These indicators are monitored throughout the year and are reported periodically to the council's Audit and Accounts Committee, Cabinet and Full Council.

**7. FINANCIAL INSTRUMENTS (INCLUDING INVESTMENTS) (continued)**

**Credit Risk - Investments**

Credit risk arises from all of the council's investments and some of the council's customers. These include service-related debtors but exclude council tax and business rate debtors.

In order to reduce credit risk the council has transferred the assessment and management of credit selection to external fund managers via the use of highly diversified funds. The external fund managers have the necessary expertise, resources and access to real-time market information to manage credit risk in a more effective way than the council could do in-house. In-house investments are restricted to government-backed/collateral backed instruments, other local authorities or overnight only deposits with highly-rated banks. The council also has a policy of maintaining strict investment limits with any one counterparty.

The council has not made any specific allowances for expected credit losses. An assessment as at 31 March 2024 did not identify any potential material defaults on financial instruments. No loss allowance is recognised where the counterparty for the financial asset is central government or a local authority (where relevant statutory provisions prevent default) or for instruments measured at Fair Value, such as Money Market Funds, where any expected losses would be included in the published list price.

The table below compares the percentage of the council's investment portfolio and cash and cash equivalents invested in each type of monetary instrument at both the beginning and end of the financial year.

Indicative Credit Rating	% of Portfolio	Investment Instrument	Indicative Credit Rating	% of Portfolio	% point Change
31-Mar-23	31-Mar-23		31-Mar-24	31-Mar-24	
AA-	0%	Government Bonds (Gilts/T Bills)	AA-	4%	4%
AAA	8%	Supranational Bonds	AAA	4%	-4%
BBB	54%	Bond Funds	BBB	50%	-4%
A	0%	Local Authority Deposits	A	0%	0%
AA-	4%	Bank Deposits	AA-	5%	1%
AAAm	26%	Money Market Funds	AAAm	28%	2%
N/A	8%	Property Funds	N/A	9%	1%

The average credit rating for the investment portfolio as a whole as at 31 March 2024 is A+ (A+ as at 31 March 2023), which is an indication of the level of credit risk in the investment portfolio.

The code requires the council to disclose the amount that best represents its maximum exposure to credit risk. The council neither has had nor expects any default losses in relation to investments. Many of the council's investments are in financial instruments where the amount of credit risk is reflected in the market price of those investments.

**Liquidity Risk - Investments**

As at 31 March 2024 the council had £98.6M of cash and investments that could be realised within a 3-month period (£106.0M as at 31 March 2023).

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

**Market Risk (interest rates/prices/exchange rates) - Investments**

The council mitigates the risk of its exposure to interest rate movements by having an Interest Rate Risk Reserve of £1.6M as at 31 March 2024 (£2.6M as at 31 March 2023) to accommodate any adverse changes in the year.

The council also has a significant proportion (50% as at 31 March 2024, 54% as at 31 March 2023) of its investments in long-term externally managed bond funds. Two of the four funds used by the council were chosen particularly for their low sensitivity to interest rate changes.

As with Credit Risk, identified above, the external fund managers protect the council from interest rate risk more effectively than the council could do in-house.

In order to give some indication of the level of risk, a 1.0% change in the rate of return on the council's variable rate investments would have resulted in £1.1M of increased or decreased interest income in 2023/24 (£1.1M in 2022/23).

The council is exposed to changes in market prices for its bond investments and pooled investment funds. However, as the council has a policy of purchasing bonds with the intention of holding them to maturity and investing in external funds for the longer term, variations in market prices do not have an immediate financial impact on the council unless they are realised (i.e. investments are sold). As at 31 March 2024 the council had an unrealised net loss of £0.0M on its directly held bond investments (£0.1M on 31 March 2023). Unrealised gains or losses on pooled investments are shown within the Comprehensive Income and Expenditure Statement.

The council has no financial instruments denominated in foreign currencies and thus has no direct exposure to gains or losses arising from movements in exchange rates.

**8. SHORT-TERM DEBTORS**

The council's short-term debtors as at 31 March are summarised as follows:

2022/23 £M		2023/24 £M
1.4	Central Government	3.1
2.4	Other Local Authorities	0.7
9.6	Other Entities and Individuals (includes Property Rents and Housing Benefits Overpayments)	6.2
<b>13.4</b>	<b>Total Short-Term Debtors</b>	<b>10.0</b>

Debtors are shown net of allowances for doubtful debts. The council has an allowance for doubtful debts of £4.2M as at 31 March 2024 (£4.0M as at 31 March 2023) consisting mainly of an allowance for Housing Benefits overpayments of £1.4M (£1.9M as at 31 March 2023 and other allowances of £2.3M (£2.1M as at 31 March 2023). There is an overall reduction in year-end debtors of £3.4M. Central Government debtors have increased by £1.7M which is mainly in respect of waste grant funding due to the council in 2023/24, but not received before 31 March 2024 and local authority debtors have reduced by £1.7M mainly due to the previous year including housing grant funding due of £1.1M. The reduction in debtors from other entities and individuals is primarily due to a reduction of £2.6M due from community infrastructure levy payers at the year-end.

**9. CASH AND CASH EQUIVALENTS**

Cash equivalents include deposits and money market funds with financial institutions that are repayable, without penalty, on notice of not more than 30 days and are convertible to known amounts of cash with insignificant risk of change in value.

The main items included within Cash and Cash Equivalents were as follows:

31/03/23 £M		31/03/24 £M
0.0	Cash In Hand	0.0
3.3	Bank Current Account	1.3
33.6	Money Market Funds (Investments)	31.5
<b>36.9</b>	<b>Total Cash and Cash Equivalents</b>	<b>32.8</b>

The movement in cash and cash equivalents during 2023/24 was a decrease of £4.1M (£2.6M decrease in 2022/23). More details of the movements are shown in the Cash Flow Statement.

**10. SHORT-TERM CREDITORS**

The council is required to categorise creditors as at 31 March as follows:

31/03/23 £M		31/03/24 £M
(14.1)	Central Government (includes net business rates)	(2.7)
(0.8)	Central Government - Energy Rebate Grants (receipts in advance)	0.0
(6.9)	Other Local Authorities (includes council tax and business rates payable to precepting authorities)	(3.6)
(13.4)	Other Entities and Individuals (includes contractors deposits, capital works and receipts in advance)	(14.2)
<b>(35.2)</b>	<b>Total Short-Term Creditors</b>	<b>(20.5)</b>

Overall there is a net decrease in short-term creditors of £14.7M between the Balance Sheet dates of 31 March 2023 and 31 March 2024. Central Government creditors have decreased in aggregate by £11.4M, mainly being due to the following reasons:

- Business rates taxpayer receipts due to central government at the Balance Sheet dates reduced by £11.4M;
- Energy Rebate grant income of 0.8M was held as a receipt in advance in 2022/23, before being returned in 2023/24 resulting in a £0.8M reduction in the remaining balance held.

The net decrease in year-end creditors in respect of Local Authorities is in the main due to £3.3M decrease in the Council Tax and Business Rates balances due to precepting local authorities.

Creditors relating to Other Entities and Individuals have increased by £0.8M and relates mainly to capital creditors where works were completed, most notably £0.8M due to a housing association as a contribution towards the purchase of properties under the Local Authority Housing Fund.

**11. PROVISIONS**

Total provisions of £2.1M (£2.1M in 2022/23) consist of the council's share of the provision for appeals on business rates and estimated settlement costs for a number of legal claims.

The council's share of the provision for appeals on business rates is £1.6M (£2.1M in 2022/23). It includes the council's share of movements of £1.4M (£1.9M in 2022/23) of charges to the provision and a £0.9M increase in the provision (£1.7M increase in 2022/23).

There are a number of outstanding legal cases involving the council which are expected to result in a cost to the council, the provision for the estimated settlement of these claims is £0.5M (£0.0M in 2022/23). The provision relate to current claims against the council, where the actual settlement cost are not yet known, but are expected to be determined in the 2024/25 financial year.

**12. NET BUSINESS RATES INCOME AND EXPENDITURE**

The government funding arrangements allow the council to retain a proportion of the total £69.9M of business rates receivable income in 2023/24 (£70.1M in 2022/23).

The income and expenditure relating to the council's share of business rates income was as follows:

2022/23 £M		2023/24 £M
	<b>Business Rates Income and Expenditure</b>	
(27.7)	Business Rate Income	(30.6)
(0.2)	Net Change in Provision Made for Business Rates Appeals	(0.5)
0.1	Change in Allowances for Doubtful Debt	0.3
<b>(27.8)</b>	<b>Business Rates Income and Expenditure</b>	<b>(30.8)</b>
	<b>Business Rates Grant Income and Expenditure</b>	
(3.8)	Business Rate Relief Grants from Government	(4.3)
27.4	Tariff Payment to Government	30.4
0.0	Levy to / (Safety net from) Government	0.0
<b>23.6</b>	<b>Business Rates Grant Income and Expenditure</b>	<b>26.1</b>
<b>(4.2)</b>	<b>Total Retained Business Rates</b>	<b>(4.7)</b>

**13. GRANTS AND CONTRIBUTIONS INCOME / RECEIPTS IN ADVANCE****Government Grants**

The council credited £40.4M in 2023/24 (£38.0M in 2022/23) in government grants to the Comprehensive Income and Expenditure Statement during the year.

A summary of the total government grants income is shown below followed by an analysis of the Other Non-Ringfenced Grants income for the year.

2022/23		2023/24
£M Included in Cost of Services Specific Grants		£M
(29.3)	Housing Benefit and Discretionary Housing Payments	(31.5)
(0.3)	Other grants	(0.6)
<b>(29.6)</b>	<b>Total Included in Cost of Services</b>	<b>(32.1)</b>
<b>(3.8)</b>	<b>Business Rates Grant Income (included in Note 12)</b>	<b>(4.3)</b>
Included in Taxation and Non-Specific Grant Income		
(4.6)	Other Non-Ringfenced Grants	(4.0)
<b>(4.6)</b>	<b>Total Included in Taxation and Non-Specific Grant Income</b>	<b>(4.0)</b>
<b>(38.0)</b>	<b>Total Government Grants</b>	<b>(40.4)</b>

2022/23 Other Non-Ringfenced Government Grants		2023/24
£M (included in Taxation and Non-Specific Grant Income)		£M
0.0	Funding Guarantee Grant	(2.0)
(2.7)	New Homes Bonus Grant	(0.9)
(0.4)	Housing Benefit Administration Grant	(0.3)
(0.1)	Local Council Tax Support Administration Grant	(0.2)
0.0	Revenue Support Grant	(0.2)
(0.1)	Lower Tier Services Grant	(0.1)
(0.4)	Garden Towns / Community Capacity Funding	0.0
(0.2)	Council Tax Rebates new burdens	0.0
(0.2)	Additional Services Grant	0.0
(0.5)	Other Non-Ringfenced Grants (including new burdens)	(0.3)
<b>(4.6)</b>	<b>Total Non-Ringfenced Government Grants</b>	<b>(4.0)</b>

Additional grants of £1.2M were received from the Government where the council was deemed to be acting as an agent and so passing these funds onto the eventual beneficiaries. These transactions do not have an impact on the Statement of Accounts, except where they pass through the Cash Flow Statement and adjustments are made for creditors relating to grants not fully paid out at the balance sheet date.

**Capital Grants and Contributions**

The council credited £6.8M in 2023/24 (£7.1M in 2022/23) in capital grants and contributions to the Comprehensive Income and Expenditure Statement during the year. Details of these credits are shown below:

2022/23		2023/24
£M		£M
(1.6)	Disabled Facilities Grant	(1.6)
(4.8)	Community Infrastructure Levy	(2.8)
0.0	DEFRA Food Waste Capital Grant	(1.4)
(0.7)	Other Contributions	(1.0)
<b>(7.1)</b>	<b>Total Capital Grants and Contributions</b>	<b>(6.8)</b>

Of the £2.8M total community infrastructure levy income recognised during 2023/24 the amount received was £0.8M and the balance of £2.0M is held as a short-term debtor representing monies due to the council.

**13. GRANTS AND CONTRIBUTIONS INCOME / RECEIPTS IN ADVANCE (Continued)****Grants and Contributions Receipts in Advance**

The council has a number of grants and contributions receivable that have yet to be recognised as income as they have conditions attached to them that will, if not met, require the monies to be returned to the contributor. These mainly relate to section 106 developer contributions that carry a range of conditions for their use, including time limits for their use. The balances and movements on these were as follows:

2022/23 £M		2023/24 £M
(10.4)	<b>Balance at the Start of the Year</b>	(10.3)
	<b>Movements in Year</b>	
(2.6)	Amounts receivable (with conditions)	(3.0)
2.7	Amounts recognised as income	2.9
(10.3)	<b>Balance at the End of the Year</b>	(10.4)

**14. PENSION SCHEME LIABILITY****Pension Scheme - Participation**

As part of the terms and conditions of employment of its employees, the council offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the council has a commitment to make the payments, and this needs to be disclosed at the time that employees earn their future entitlement.

The council participates in the Local Government Pension Scheme (LGPS) administered by Hampshire County Council. This is a defined benefit scheme with benefits earned up to 31 March 2014 linked to final salary and benefits earned after this date based on a career average earnings. The pension payments are also index linked. This is a funded scheme, meaning that both the council and its employees pay contributions into a fund. Contributions are calculated at a level intended to balance the future Scheme's pension obligations with its pension assets, those assets mainly comprising of investments.

The council has, in the past, made discretionary unfunded awards for early retirements which were termination benefits that impact on the council's future pension liability. These are unfunded defined benefit arrangements, under which liabilities are recognised when the 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.

**Pension Scheme - Operation and Risks**

The pension scheme is operated under 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'. The governance of the scheme is the responsibility of the Pension Fund Panel and Board of Hampshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the Panel and Board.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes in 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 council's General Fund the amounts required by statute as described in the accounting policies note.

**14. PENSION SCHEME LIABILITY (continued)****Pension Scheme - Transactions Relating to Retirement Benefits and Termination Benefits**

The following transactions have been made in the financial statements during the year:

2022/23		2023/24
£M	Included in Cost of Services	£M
8.2	Current Service Costs	4.5
0.0	Past Service Costs	0.1
<b>Included in Financing and Investment Income and Expenditure</b>		
2.0	Net Interest on Pension Liability	0.6
<b>10.2</b>	<b>Sub Total Included in Provision of Services</b>	<b>5.2</b>
<b>Included in Re-measurement of the Pension Liability</b>		
<b>Actuarial losses/(gains)</b>		
(102.3)	- due to change in financial assumptions	0.1
0.0	- due to change in demographic assumptions	(4.2)
20.5	- due to liability experience	3.8
17.6	Return on assets in excess of that recognised in net interest	(8.4)
<b>(64.2)</b>	<b>Sub Total Included in Re-measurement of Liability</b>	<b>(8.7)</b>
<b>(54.0)</b>	<b>Total Included in Comprehensive Income and Expenditure Statement</b>	<b>(3.5)</b>

2022/23		2023/24
£M	Movement in Reserves Statement (General Fund)	£M
(10.2)	Reversal of charges made for retirement benefits	(5.2)
3.7	Inclusion of employer's contributions payable (see below)	10.5
<b>(6.5)</b>	<b>Total Included in Movement in Reserves Statement</b>	<b>5.3</b>

The analysis of actual employers contributions payable is as follows:

2022/23		2023/24
£M		£M
3.3	Normal Funded Contributions	10.1
0.4	Discretionary / Unfunded Added Years Contributions	0.4
<b>3.7</b>	<b>Total Employer Contributions</b>	<b>10.5</b>

**14. PENSION SCHEME LIABILITY (continued)****Pension Scheme - Assets and Liabilities Recognised in the Balance Sheet**

2022/23		2023/24
£M		£M
(211.5)	Present value of the pension obligation*	(219.1)
191.7	Fair value of pension fund assets	213.3
<b>(19.8)</b>	<b>Net Liability arising from Pension Obligation</b>	<b>(5.8)</b>

\*Includes a liability of £4.3M as at 31 March 2024 for discretionary and unfunded added years (£4.3M as at 31 March 2023).

As at the last valuation date, the split of the pension obligation by category of members was 29% active members, 52% pensioners and 19% deferred pensioners.

**Pension Scheme - Movement in the Present Value of the Pension Obligation**

The movement in the pension obligation for the year was as follows:

2022/23		2023/24
£M		£M
<b>(283.4)</b>	<b>Opening pension obligation</b>	<b>(211.5)</b>
(8.2)	Current service cost	(4.5)
0.0	Past service cost	(0.1)
(7.6)	Interest on pension obligation	(9.7)
(1.3)	Contributions by scheme participants	(1.7)
	<b>Actuarial gains/(losses):</b>	
102.3	- due to changes in financial assumptions	(0.1)
0.0	- due to changes in demographic assumptions	4.2
(20.5)	- due to liability experience	(3.8)
7.2	Benefits paid	8.1
<b>(211.5)</b>	<b>Closing present value of pension obligation</b>	<b>(219.1)</b>

**Pension Scheme - Movement in the Fair Value of Pension Fund Assets**

The movement in the fair value of assets for the year was as follows:

2022/23		2023/24
£M		£M
<b>206.0</b>	<b>Opening fair value of assets</b>	<b>191.7</b>
5.5	Interest Income on assets*	9.1
(17.6)	Re-measurement gains/(losses) on assets*	8.4
3.7	Contributions by the employer	10.5
1.3	Contributions by scheme participants	1.7
(7.2)	Benefits paid	(8.1)
<b>191.7</b>	<b>Closing fair value of assets</b>	<b>213.3</b>

\*Actual Return on Scheme Assets

The actual return on scheme assets in the year was a gain of £17.5M (loss of £12.1M in 2022/23).

**14. PENSION SCHEME LIABILITY (continued)****Pension Scheme - Impact on the Council's Cash Flow**

The net liability will be made good by employee's and employer's contributions over the remaining working life of employees as assessed by the scheme actuary.

The Pension Fund's strategy is to achieve a fully funded scheme over the longer term. The latest annual review for 2022 identified that as at 31 March 2022 the scheme was 107.1% funded, compared to 98.9% at 31 March 2019. The main factor which has improved the funding position is the investment returns achieved by the Fund above the discount rate adopted at the 2019 valuation. Average investment returns were 9.1% p.a. which compared to an average discount rate of 4.3% p.a. The scheme will be reviewed again in 2025 when the funding level will be assessed again.

In April 2023, the council made a prepayment of £9.6M for future pension contributions in respect of the contributions due in 2023/24 and the next two financial years, concluding in 2025/26. The pre-payment is based on a discounted estimate of employer contributions due for the three year period, this is reflected in the employer contributions in 2023/24, and has increased the pension asset accordingly. In addition there were "true-up" payments made in year to reflect the differences between the estimated pension contributions paid as part of the pre-payment, these amounts are also reflected in the employer contributions made in year.

**Pension Scheme - Basis for Estimating Assets and Liabilities**

Pension fund liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years, dependent on assumptions about mortality rates, salary levels, etc. The funded scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, being based on the latest full valuation of the funded scheme as at 31 March 2022, which was undertaken by the previous actuaries Aon. Valuations for unfunded elements were assessed by the actuary at 31 March 2024.

There are a number of recent legal judgements which have implications for the assets and liabilities of the LGPS and, where the effect of this is known or can be estimated, the actuary has taken these into account in its estimates. Where the legal judgements have not been finalised or accepted by the government, or the changes to the pension scheme have not yet been made, the actuary makes certain assumptions. These cases are referred to in the following:-

**Goodwin**

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. Those changes are yet to be reflected in the LGPS Regulations. However, Hymans expects that the Goodwin judgement will add around 0.1% to the defined benefit obligation for a typical employer, depending on the employer's membership profile. This has not been provided for in the calculations for 2023/24, on grounds of materiality.

**Guaranteed Minimum Pension (GMP)**

This relates to equalisation and indexation of benefits. The impact of full GMP indexation in the calculation of the latest funding valuation results. Hymans have commented that the Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation has already been included in the accounting disclosure included in the financial statements. With respect to a second ruling in the Lloyds bank case in October 2020, Hymans' view is this further ruling is unlikely to have a significant impact on the pension obligations of a typical employer, and the historic individual member data they would need to assess the impact is not readily available. As a result, Hymans have not made any allowance for this within their calculations at 31 March 2024. Consequently, no allowance has been made for any potential liability.

14. PENSION SCHEME LIABILITY (continued)

**Pension Scheme - Assumptions**

The main assumptions used in the actuary's calculations were:

31/03/23 Funded	31/03/23 Unfunded	General assumptions (per annum)	31/03/24 Funded	31/03/24 Unfunded
4.7%	4.7%	Rate for discounting scheme liabilities	4.8%	4.8%
3.7%	n/a	Rate of Increase in Salaries	3.8%	n/a
2.7%	2.7%	Rate of Increase to pensions in payment	2.8%	2.8%

The main assumptions relating to the split of pension fund assets were:

31/03/23 Quoted	31/03/23 Unquoted	Assumed Split of Pension Fund Assets	31/03/24 Quoted	31/03/24 Unquoted
42.0%	15.6%	Equities	37.9%	7.9%
16.5%	0.0%	Government Bonds	14.5%	0.0%
1.4%	5.4%	Property	0.0%	7.5%
0.0%	0.0%	Corporate Bonds	4.7%	5.1%
1.1%	0.0%	Cash	0.8%	0.0%
0.0%	18.0%	Other Assets	5.4%	16.2%

The basis for the overall expected return is a weighted average of the individual expected returns on each class of assets.

As well as the financial assumptions above, actuaries have made the following assumptions based on recent experience and allowing for changes in expected future mortality:

**Mortality Assumptions (measured in years)**

31/03/23	Future lifetime at 65 for current pensioners	31/03/24
23.3	Male	22.1
25.7	Female	24.7
Future lifetime at 65 for future pensioners (currently 45)		
23.8	Male	22.6
26.7	Female	25.7

The assumption for the take up of commutation (converting pension to a lump sum) is based on 70% of the permitted maximum for 2023/24 (70% in 2022/23).

**Pension Scheme - Sensitivity of Actuarial Assumptions**

The table below shows the sensitivity of the actuarial assumptions and what impact a 0.1% change would have for each of the assumptions.

	Change +/-	Impact on Net Liability +/-	Approximate % increase to Defined
Discount rate assumption	+0.1%	(£3.8M)	+2%
	-0.1%	£3.8M	-2%
Rate of Increase in Salaries	+0.1%	£0.1M	0%
	-0.1%	(£0.1M)	0%
Rate of Increase to pensions in payment and deferred pensions	+0.1%	£3.8M	-2%
	-0.1%	(£3.8M)	2%
Mortality Assumptions	-1 year	£8.8M	-4%
	+1 year	(£8.8M)	+4%

**15. USABLE RESERVES**

Usable reserves are reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations (for example the Capital Receipts Reserve can only be used to fund capital expenditure).

The balances and movements on usable reserves for 2022/23 are shown below:

Usable Reserves	General Fund Reserves £M	Capital Receipts Reserve £M	Capital Grants & Contributions Reserve £M	Total Usable Reserves £M
<b>Balance as at 31 March 2022</b>	<b>(46.8)</b>	<b>(41.6)</b>	<b>(4.9)</b>	<b>(93.3)</b>
(Surplus)/Deficit on provision of services	42.0	0.0	0.0	42.0
<b>Total comprehensive income and expenditure</b>	<b>42.0</b>	<b>0.0</b>	<b>0.0</b>	<b>42.0</b>
<b>Adjustments between accounting basis and funding basis under regulations:</b>				
Depreciation and amortisation of long-term assets	(3.9)	0.0	0.0	<b>(3.9)</b>
Revaluation of property, plant and equipment	0.4	0.0	0.0	<b>0.4</b>
Revaluation of investment property	(42.0)	0.0	0.0	<b>(42.0)</b>
Investment property written out (disposals)	(2.3)	0.0	0.0	<b>(2.3)</b>
Property plant and equipment written out (disposals)	(0.1)	0.0	0.0	<b>(0.1)</b>
Proceeds from investment property disposals	5.0	(5.0)	0.0	<b>0.0</b>
Revaluation of financial instruments	(4.2)	0.0	0.0	<b>(4.2)</b>
Revenue expenditure funded from capital under statute	(3.7)	0.0	0.0	<b>(3.7)</b>
Pension costs adjustment	(6.5)	0.0	0.0	<b>(6.5)</b>
Capital expenditure charged to the general fund (financing)	4.6	0.0	0.0	<b>4.6</b>
Capital repayments (loans/grants)	0.0	(0.7)	0.0	<b>(0.7)</b>
Capital grants and contributions unapplied	6.6	0.0	(6.6)	<b>0.0</b>
Capital grants and contributions applied (financing)	0.0	0.0	0.9	<b>0.9</b>
Capital receipts applied (financing)	0.0	14.7	0.0	<b>14.7</b>
Other statutory adjustments	6.3	0.0	0.0	<b>6.3</b>
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>(39.8)</b>	<b>9.0</b>	<b>(5.7)</b>	<b>(36.5)</b>
<b>Net (increase)/decrease</b>	<b>2.2</b>	<b>9.0</b>	<b>(5.7)</b>	<b>5.5</b>
<b>Balance as at 31 March 2023</b>	<b>(44.6)</b>	<b>(32.6)</b>	<b>(10.6)</b>	<b>(87.8)</b>

## 15. USABLE RESERVES (continued)

The balances and movements on usable reserves for 2023/24 are shown below:

Usable Reserves	General Fund Reserves £M	Capital Receipts Reserve £M	Capital Grants & Contributions Reserve £M	Total Usable Reserves £M
<b>Balance as at 31 March 2023</b>	<b>(44.6)</b>	<b>(32.6)</b>	<b>(10.6)</b>	<b>(87.8)</b>
(Surplus)/Deficit on provision of services	18.5	0.0	0.0	18.5
<b>Total comprehensive income and expenditure</b>	<b>18.5</b>	<b>0.0</b>	<b>0.0</b>	<b>18.5</b>
<b>Adjustments between accounting basis and funding basis under regulations:</b>				
Depreciation and amortisation of long-term assets	(4.5)	0.0	0.0	(4.5)
Revaluation of property, plant and equipment	(0.1)	0.0	0.0	(0.1)
Revaluation of investment property	(20.9)	0.0	0.0	(20.9)
Investment property written out (disposals)	0.0	0.0	0.0	0.0
Property plant and equipment written out (disposals)	(0.1)	0.0	0.0	(0.1)
Proceeds from investment property disposals	0.1	(0.1)	0.0	0.0
Proceeds from property plant and equipment asset disposals	0.1	(0.1)	0.0	0.0
Revaluation of financial instruments	0.8	0.0	0.0	0.8
Revaluation of pooled fund investments	1.7	0.0	0.0	1.7
Revenue expenditure funded from capital under statute	(6.2)	0.0	0.0	(6.2)
Pension costs adjustment	5.3	0.0	0.0	5.3
Capital expenditure charged to the general fund (financing)	5.5	0.0	0.0	5.5
Capital repayments (loans/grants)	0.0	(0.6)	0.0	(0.6)
Capital grants and contributions unapplied	5.1	0.0	(5.1)	0.0
Capital grants and contributions applied (financing)	0.0	0.0	2.3	2.3
Capital receipts applied (financing)	0.0	5.0	0.0	5.0
Other statutory adjustments	(4.6)	0.0	0.0	(4.6)
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>(17.8)</b>	<b>4.2</b>	<b>(2.8)</b>	<b>(16.4)</b>
<b>Net (increase)/decrease</b>	<b>0.7</b>	<b>4.2</b>	<b>(2.8)</b>	<b>2.1</b>
<b>Balance as at 31 March 2024</b>	<b>(43.9)</b>	<b>(28.4)</b>	<b>(13.4)</b>	<b>(85.7)</b>

**Available Resources**

The table above shows the reserves that the Code defines as "usable". However, the council has already decided to invest some of these reserves either in property-related or in treasury-related investments in order to earn interest income to support the annual revenue budget rather than to make them available to spend.

The estimated amount of usable reserves that are available to spend is £65.8M as at 31 March 2024 (£55.5M as at 31 March 2023).

In addition to these available funds the council also has £10.4M as at 31 March 2024 (£10.3M as at 31 March 2023) of developers' contributions (shown as long-term liabilities) that are also available, resulting in £76.2M of resources that are available to fund current and future spending plans as at 31 March 2024 (£65.9M as at 31 March 2023).

The MTFS period 2024/25 to 2027/28 already includes a planned capital programme spend of £147.5M which will be largely funded from the council's usable reserves and forecast new capital receipts, grants and contributions.

## 15. USABLE RESERVES (continued)

Usable Reserves	Descriptions and Purpose
<b>Capital Receipts Reserve</b>	This represents the accumulated capital receipts (proceeds from the disposal of long-term assets) that are available to finance any future capital expenditure.
<b>Capital Grants and Contributions Reserve</b>	This represents the accumulated capital grants and contributions that are available to finance any future capital expenditure.
<b>General Fund Reserves</b>	General Fund reserves consist of Earmarked Revenue Reserves and a General Fund Balance Reserve.
<b>Earmarked Revenue Reserves</b>	These are reserves that are earmarked to fund specific items in the future. There are four types of earmarked revenue reserves: <ul style="list-style-type: none"> <li>- those set aside to fund future capital expenditure</li> <li>- risk reserves</li> <li>- those set aside to fund specific future revenue expenditure; and</li> <li>- "perpetuity" reserves, which are required to support specific future revenue expenditure obligations and which are invested to earn interest to preserve their balances.</li> </ul>
<b>General Fund Balance Reserve</b>	This represents the council's working balance and is effectively a contingency balance that is available for unforeseen events.

The movement and balance for each of the General Fund reserves is shown below:

From/(To) Reserves 2022/23 £M	Balance 31/03/23 £M		From/(To) Reserves 2023/24 £M	Balance 31/03/24 £M
<b>General Fund Reserves</b>				
<b>Reserves for Future Capital Expenditure</b>				
(1.6)	(7.1)	Revenue Reserve for Capital Purposes (General)	(0.9)	(8.0)
0.3	(0.1)	Revenue Reserve for Capital Purposes (AMP Works)	0.1	0.0
0.2	0.0	Revenue Reserve for Capital Purposes (Green Investment)	0.0	0.0
0.0	(1.7)	Manydown Reserve (former Housing Reserve - Manydown)	0.1	(1.6)
0.4	(0.6)	Local Infrastructure Fund (LIF) Reserve	0.3	(0.3)
0.1	0.0	Basing View Reserve	0.0	0.0
<b>Risk Reserves</b>				
(0.2)	(2.5)	Rent Risk Reserve	(0.9)	(3.4)
0.0	(2.6)	Interest Rate Risk Reserve	1.0	(1.6)
6.3	(0.2)	Business Rate Risk Reserve	(4.2)	(4.4)
(4.5)	(14.7)	MTFS Risk Reserve	6.0	(8.7)
0.0	(0.5)	Other Risk Reserves	0.1	(0.4)
<b>Reserves for Future Revenue Expenditure</b>				
0.0	(0.3)	Invest to Grow Reserve	0.3	0.0
(0.4)	(3.0)	Efficiency, Transformation and Digital Reserve	0.7	(2.3)
0.0	(0.4)	Government Grants Unapplied Reserve	0.1	(0.3)
0.0	(0.1)	Covid-19 Grants Carry Forward Reserve	0.1	0.0
0.8	(0.4)	Budget Carry Forward Reserve	(0.4)	(0.8)
0.1	(0.7)	Housing and Homelessness Reserve	(0.6)	(1.3)
0.2	(0.7)	Economic Recovery Fund Reserve	0.1	(0.6)
0.3	(1.7)	Climate Change Reserve	(0.7)	(2.4)
0.0	0.0	Property Sinking Fund Reserve	(0.3)	(0.3)
0.0	(0.1)	Other Earmarked Revenue Reserves	0.1	0.0
<b>Reserves Invested to Earn Interest</b>				
0.2	(5.7)	Commuted Sums Reserve	(0.3)	(6.0)
<b>0.0</b>	<b>(1.5)</b>	<b>General Fund Balance (Unearmarked)</b>	<b>0.0</b>	<b>(1.5)</b>
<b>2.2</b>	<b>(44.6)</b>	<b>Total General Fund Reserves</b>	<b>0.7</b>	<b>(43.9)</b>

**15. USABLE RESERVES (continued)**

The purpose of each of the earmarked reserves held at 31 March 2024 is shown below:

<b>Revenue Reserve for Capital Purposes (General)</b>	To provide resources for current and future capital expenditure.
<b>Revenue Reserve for Capital Purposes (Asset Management Plan works - AMP)</b>	To provide resources for the Asset Management Plan and property portfolio future capital expenditure.
<b>Revenue Reserve for Capital Purposes (Green Investment)</b>	To provide resources for future green investment. This will form part of the Climate Change Reserve in future years.
<b>Manydown Reserve</b>	To provide funds to support the development of Manydown. The reserve was created utilising New Homes Bonus grant.
<b>Local Infrastructure Fund (LIF) Reserve</b>	To provide enhanced funding for local community infrastructure utilising New Homes Bonus grant.
<b>Basing View Reserve</b>	To provide resources for Basing View Regeneration.
<b>Rent Risk Reserve</b>	To provide funds to cover the risk of not achieving the required amount of rent income from the council's investment property assets to support the revenue budget.
<b>Interest Risk Reserve</b>	To provide funds to cover the risk of not achieving the required amount of interest income from the council's investments to support the revenue budget.
<b>Business Rate Risk Reserve</b>	To cover the increased risk and volatility from the impact of the localisation of business rates.
<b>MTFS Risk Reserve</b>	To cover the increased risk and volatility from legislative and economic changes and delays or failure to achieve future years savings or income targets.
<b>Other Risk Reserves</b>	Includes the insurance risk reserve to provide funds to cover the risk of future payments to Municipal Mutual Insurance Company resulting from future claims.
<b>Invest to Grow Reserve</b>	To provide resources to finance the revenue implications of the time delay between capital spend on the council's invest to grow capital schemes and the eventual receipt of financial returns.
<b>Efficiency, Transformation and Digital Reserve</b>	To meet one-off costs of implementing the efficiency and savings strategy and the digital transformation programme.
<b>Government Grants Unapplied Reserve</b>	To deal with the accounting and timing issues of when government grants are received.
<b>Covid-19 Grants Carry Forward Reserve</b>	To deal with the accounting and timing issues of when government grants are received.
<b>Budget Carry Forward Reserve</b>	To provide funds for items that were budgeted for in the year that will not be spent until the following year.
<b>Housing and Homelessness Reserve</b>	To provide additional revenue funding to help the council deal with its statutory housing duties towards homelessness and vulnerable people.
<b>Economic Recovery Fund Reserve</b>	To provide funding to support and progress the Economic Recovery Framework Action Plan for the borough.
<b>Climate Change Reserve</b>	To provide additional resources to support the council's response to the Climate Change Emergency.
<b>Property Sinking Fund</b>	To provide funding to pay for future property repairs and maintenance met from contributions from tenants as part of the service charge.
<b>Other Earmarked Reserves</b>	
<b>Operational Asset Maintenance Reserve</b>	To provide resources to meet revenue costs associated with the IT, Property and vehicle maintenance programmes that cannot be met from within existing budgets.
<b>Neighbourhood Planning Reserve</b>	To provide resources to meet revenue costs associated with neighbourhood planning, utilising the government's neighbourhood planning grants.
<b>Economic Development and Council Priorities Reserve</b>	To provide resources to meet revenue costs associated with economic development.
<b>Commuted Sums Reserve</b>	To provide funds for the future maintenance of specific areas of land and play areas adopted by the council arising from developer's planning obligations.
<b>General Fund Balance</b>	To provide funds to cushion the effect of any unexpected events.

**16. UNUSABLE RESERVES**

Unusable reserves are reserves that are not available to the council to provide services because they generally relate to unrealised gains or losses on assets and liabilities.

The balances and movements on unusable reserves in 2022/23 are shown below:

	Pension Scheme Reserve £M	Asset Revaluation Reserve £M	Capital Adjustment Account £M	Statutory Adjustment Accounts £M	Total Unusable Reserves £M
<b>Balance as at 31 March 2022</b>	<b>77.4</b>	<b>(28.3)</b>	<b>(445.1)</b>	<b>3.8</b>	<b>(392.2)</b>
<b>Other comprehensive income and expenditure</b>					
(Surplus)/Deficit on revaluation of non-current assets	0.0	(9.7)	0.0	0.0	(9.7)
Actuarial loss/(gain) on pension fund assets and liabilities	(64.1)	0.0	0.0	0.0	(64.1)
<b>Total comprehensive income and expenditure</b>	<b>(64.1)</b>	<b>(9.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>(73.8)</b>
<b>Adjustments between accounting basis and funding basis under regulations:</b>					
Depreciation and amortisation of long-term assets	0.0	0.0	3.9	0.0	3.9
Revaluation of property, plant and equipment	0.0	0.0	(0.4)	0.0	(0.4)
Revaluation of investment property	0.0	0.0	42.0	0.0	42.0
Revaluation of pooled fund investments	0.0	0.0	0.2	4.0	4.2
Property plant and equipment written out (disposals)	0.0	0.0	0.1	0.0	0.1
Investment property written out (disposals)	0.0	0.0	2.3	0.0	2.3
Intangible assets written out	0.0	0.0	0.0	0.0	0.0
Revenue expenditure funded from capital under statute	0.0	0.0	3.7	0.0	3.7
Pension costs adjustment	6.5	0.0	0.0	0.0	6.5
Capital expenditure charged to the General Fund (financing)	0.0	0.0	(4.6)	0.0	(4.6)
Capital repayments (loans/grants)	0.0	0.0	0.7	0.0	0.7
Capital grants and contributions applied (financing)	0.0	0.0	(0.9)	0.0	(0.9)
Capital receipts applied (financing)	0.0	0.0	(14.7)	0.0	(14.7)
Other statutory adjustments	0.0	0.9	(0.9)	(6.3)	(6.3)
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>6.5</b>	<b>0.9</b>	<b>31.4</b>	<b>(2.3)</b>	<b>36.5</b>
<b>Net decrease/(increase) in 2022/23</b>	<b>(57.6)</b>	<b>(8.8)</b>	<b>31.4</b>	<b>(2.3)</b>	<b>(37.3)</b>
<b>Balance as at 31 March 2023</b>	<b>19.8</b>	<b>(37.1)</b>	<b>(413.7)</b>	<b>1.5</b>	<b>(429.5)</b>

## 16. UNUSABLE RESERVES (continued)

The balances and movements on unusable reserves in 2023/24 are shown below:

	Pension Scheme Reserve £M	Asset Revaluation Reserve £M	Capital Adjustment Account £M	Statutory Adjustment Accounts £M	Total Unusable Reserves £M
<b>Balance as at 31 March 2023</b>	<b>19.8</b>	<b>(37.1)</b>	<b>(413.7)</b>	<b>1.5</b>	<b>(429.5)</b>
<b>Other comprehensive income and expenditure</b>					
(Surplus)/Deficit on revaluation of non-current assets	0.0	2.9	0.0	0.0	<b>2.9</b>
Actuarial loss/(gain) on pension fund assets and liabilities	(8.7)	0.0	0.0	0.0	<b>(8.7)</b>
<b>Total comprehensive income and expenditure</b>	<b>(8.7)</b>	<b>2.9</b>	<b>0.0</b>	<b>0.0</b>	<b>(5.8)</b>
<b>Adjustments between accounting basis and funding basis under regulations:</b>					
Depreciation and amortisation of long-term assets	0.0	0.0	4.5	0.0	<b>4.5</b>
Revaluation of property, plant and equipment	0.0	0.0	0.1	0.0	<b>0.1</b>
Revaluation of investment property	0.0	0.0	20.9	0.0	<b>20.9</b>
Revaluation of pooled fund investments	0.0	0.0	(0.8)	(1.7)	<b>(2.5)</b>
Property plant and equipment written out (disposals)	0.0	0.0	0.1	0.0	<b>0.1</b>
Investment property written out (disposals)	0.0	0.0	0.0	0.0	<b>0.0</b>
Intangible assets written out	0.0	0.0	0.0	0.0	<b>0.0</b>
Revenue expenditure funded from capital under statute	0.0	0.0	6.2	0.0	<b>6.2</b>
Pension costs adjustment	(5.3)	0.0	0.0	0.0	<b>(5.3)</b>
Capital expenditure charged to the general fund (financing)	0.0	0.0	(5.5)	0.0	<b>(5.5)</b>
Capital repayments (loans/grants)	0.0	0.0	0.6	0.0	<b>0.6</b>
Capital grants and contributions applied (financing)	0.0	0.0	(2.3)	0.0	<b>(2.3)</b>
Capital receipts applied (financing)	0.0	0.0	(5.0)	0.0	<b>(5.0)</b>
Other statutory adjustments	0.0	1.1	(1.1)	4.6	<b>4.6</b>
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>(5.3)</b>	<b>1.1</b>	<b>17.7</b>	<b>2.9</b>	<b>16.4</b>
<b>Net decrease/(increase) in 2023/24</b>	<b>(14.0)</b>	<b>4.0</b>	<b>17.7</b>	<b>2.9</b>	<b>10.6</b>
<b>Balance as at 31 March 2024</b>	<b>5.8</b>	<b>(33.1)</b>	<b>(396.0)</b>	<b>4.4</b>	<b>(418.9)</b>

**16. UNUSABLE RESERVES (continued)**

<b>Unusable Reserves</b>	<b>Descriptions and Purpose</b>
<b>Pension Scheme Reserve</b>	The Code requires the net liability of the council's share in its employees' pension fund to be recognised in the financial statements and this gives rise to a Pension Scheme Reserve. The debit balance on the Pension Scheme Reserve 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.
<b>Asset Revaluation Reserve</b>	The purpose of this reserve is to reflect movements in the council's Property, Plant and Equipment and Heritage assets resulting from revaluations. The reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated in the Capital Adjustment Account.
<b>Capital Adjustment Account</b>	The purpose of this account is to record capital amounts used to finance capital expenditure, the write down of assets on disposal and adjustments made to the Comprehensive Income and Expenditure Statement relating to capital items.

**Statutory Adjustment Accounts**

These consist of three adjustment accounts:

<b>Collection Fund Adjustment Account</b>	This represents the council's share of Council Tax and Business Rates within the Collection Fund Balance.
<b>Paid Absences Adjustment Account</b>	This represents the reversal of the accrual for paid absences (annual leave not taken at the year-end). The accrual is required under the Code but under regulations is not allowed to count as expenditure against the General Fund and subsequent level of council tax.
<b>Financial Instruments Adjustment Account</b>	This represents the reversal of the fair value gains and losses on pooled investment funds (non-capital) that are charged to the General Fund in the first instance, but are then reversed to this account using a government-issued statutory override.

**17. RELATED PARTY TRANSACTIONS**

The council is required to disclose material transactions with related parties. Related parties are bodies or individuals that have the potential to control or significantly influence the council or to be controlled or significantly influenced by the council.

Central Government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates, provides a significant amount of its funding in the form of grants and it prescribes the terms of many of the transactions the council has with other parties (e.g. housing benefits). Details of funding transactions with UK government departments in the form of grants and contributions are set out in Notes 12 and 13, above.

The council entered into a joint venture partnership (Manydown Garden Communities LLP – MGC LLP) with Hampshire County Council in August 2018, working together with a private sector master developer to create a new development of up to 3,520 homes to the southwest of Basingstoke. As part of this development, MGC LLP became a partner in the Manydown Development Vehicle LLP (MDV LLP) in July 2020, a partnership with Manydown Investco LLP (a joint venture between The Wellcome Trust and Urban and Civic). As disclosed in note 30, in October 2024 the council, with Hampshire County Council, completed the purchase of the freehold from the Manydown Company for part of site known as Manydown North. This land was sold to MGC in October 2024 to enable the proposed development of the site, this is not reflected in the information contained in this note as it related to events after the balance sheet date.

The council had a loan receivable balance from MGC LLP of £0.7M as at 31 March 2024 (£0.5M at 31 March 2023) and a loan receivable from MDV LLP of £4.0M (including accrued interest) as at 31 March 2024 (£3.3M as at 31 March 2023).

**17. RELATED PARTY TRANSACTIONS (continued)**

Members of the council have direct control over the council's financial and operating policies.

During 2023/24 and 2022/23, other than the Council Members' Allowances shown in Note 20, there were no related party transactions between the council and Council Members.

Any declarations of interest are recorded in the Register of Members' Interests, which is open to public inspection.

Chief Officers have the ability to influence the council. During 2023/24 and 2022/23, other than the Senior Employees' Remuneration shown in Note 23, there were no related party transactions between the council and Chief Officers.

The council holds funds on behalf of parish councils in the form of temporary loans, but does not have a controlling influence over them.

**18. AGENCY SERVICES**

The council undertakes work on an agency basis for Hampshire County Council. The work includes grass cutting, traffic management and highways planning. The total reimbursable expenditure for 2023/24 was £0.3M (£0.7M in 2022/23). The responsibility for on-street parking was transferred to Hampshire County Council on 1 April 2023.

The council also undertakes work on an agency basis for Hart District Council. The work includes legal services, customer services, grounds maintenance, waste collection, street cleansing, licensing and internal audit.

The total reimbursable expenditure for 2023/24 was £4.6M (£6.9M in 2022/23).

**19. EXTERNAL AUDIT COSTS**

The council incurred the following fees relating to the appointed external auditors:

2022/23 £'000		2023/24 £'000
51.9	<b>Ernst &amp; Young LLP (EY)</b> External Audit Services (scale fee)*	154.4
21.7	<b>KPMG</b> Certification of Grant Claims and Returns	20.6
2.5	<b>Cabinet Office</b> National Fraud Initiative (biennial)	0.0
<b>76.1</b>	<b>Total External Audit Costs (Net)</b>	<b>175.0</b>

\* This represents the scale fee set by Public Sector Audit Appointments Limited (PSAA). This includes an agreed variations to the scale fee for 2021/22 of £46,007, the fees paid in 2023/24 relate to the 2022/23 financial year and the Scale Fee for 2023/24. Note the scale fee for external audit for the 2023/24 financial year has increased significantly as a result of the most recent PSAA procurement exercise.

**20. COUNCIL MEMBERS' ALLOWANCES**

The total sum paid directly to Council Members for allowances and travelling in 2023/24 was £667,219 (£629,524 in 2022/23). A detailed breakdown of allowances paid to individual Councillors can be found on the council's website on this link:

[Council budgets and spending \(basingstoke.gov.uk\)](https://www.basingstoke.gov.uk/council-budgets-and-spending)

**21. EMPLOYEES' REMUNERATION**

Information relating to employees' remuneration is required to be published in accordance with the Accounts and Audit (England) Regulations 2015. This note gives the number of employees whose remuneration was equal to or more than £50,000, this excludes senior employees whose remuneration is included in note 23. The prior year comparators have been updated to reflect the staff included in the senior officer note who are no longer included below. For this purpose, remuneration includes gross pay, all taxable benefits and termination benefits, but excludes employer pension contributions.

Restated Total Employees 2022/23	Remuneration Band	Total Employees 2023/24
14	£50,000 - £54,999	34
22	£55,000 - £59,999	20
11	£60,000 - £64,999	16
9	£65,000 - £69,999	3
6	£70,000 - £74,999	3
5	£75,000 - £79,999	10
2	£80,000 - £84,999	1
1	£85,000 - £89,999	4
1	£90,000 - £94,999	2
0	£95,000 - £99,999	0
1	£100,000 - £104,999	2
2	£105,000 - £109,999	0
0	£110,000 - £114,999	1
<b>74</b>		<b>96</b>

**22. REDUNDANCY AND EXIT PACKAGES**

The Code requires information relating to redundancies and exit packages to be disclosed. This note gives the number of redundancies and exit packages. For this purpose, exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

The council terminated the contracts of 3 employees in 2023/24 incurring liabilities of £156,485 (3 being in the £0 to £100,000 cost band). Of the 3 terminations, none were compulsory. In 2022/23, the comparable figures were 9 employees incurring liabilities of £241,041 (3 being in the £0 to £20,000 cost band, 4 being in the £20,000 to £40,000 band and 2 being in the £40,000 to £60,000). Of the 9 terminations in 2022/23, 2 were compulsory.

There were £0 of additional pension costs in 2023/24 payable to the pension fund for early retirements as a result of redundancy (£30,387 in 2022/23).

**23. SENIOR EMPLOYEES' REMUNERATION**

Information relating to individual senior employees' remuneration is required to be published under the Accounts and Audit (England) Regulations 2015.

This note gives the details of salary, allowances, benefits in kind and pension payments for individual senior employees during 2023/24 (as defined in the Regulations) whose salary was £50,000 or more and comparative figures for payments made to those employees in the previous year (where applicable).

Salary, Allowances & Benefits in Kind 2022/23 £	Pension Payments 2022/23 £	Total 2022/23 £	Senior Employee Position	Salary, Allowances & Benefits in Kind 2023/24 £	Pension Payments 2023/24 £	Total 2023/24 £
146,366	24,676	<b>171,042</b>	Chief Executive - Russell O'Keefe	155,047	26,194	<b>181,241</b>
108,886	16,727	<b>125,613</b>	Deputy Chief Executive	124,572	20,273	<b>144,845</b>
117,756	19,697	<b>137,453</b>	Executive Director of Corporate Services and Assets (Section 151 Officer) - Sue Cuerden <b>(note 1)</b>	220,011	21,936	<b>241,947</b>
0	0	<b>0</b>	Director of Regeneration <b>(note 2)</b>	118,310	20,288	<b>138,598</b>
0	0	<b>0</b>	Director of Residents Services <b>(note 3)</b>	60,857	10,595	<b>71,452</b>
102,481	17,196	<b>119,677</b>	Head of Law and Governance and Monitoring Officer	107,330	18,471	<b>125,801</b>
75,411	12,552	<b>87,963</b>	Head of Human Resources and Organisational Development	81,294	13,963	<b>95,257</b>
63,636	11,136	<b>74,773</b>	Head of Customer Services Improvement and Performance	75,830	13,194	<b>89,024</b>
79,075	13,123	<b>92,198</b>	Head of Financial Services and Commercialisation (Deputy S151 Officer)	85,768	14,510	<b>100,278</b>
68,544	11,995	<b>80,539</b>	Communications and Marketing Manager	75,784	13,021	<b>88,805</b>

**Notes:**

- 1** Due to a senior management restructure this post was removed and the postholder left on 31/03/2024, this amount includes accrued exit payments.
- 2** This was a new post for 2023/24, the postholder started on 03/04/2023
- 3** This was a new post for 2023/24, the postholder started on 02/10/2023

**24. INTEREST IN COMPANIES AND OTHER ENTITIES**

The council reviews annually any interests in companies and other entities for financial relationships which would require the council to produce Group Accounts. The council entered into a Joint venture partnership (Manydown Garden Communities LLP – MGC LLP) with Hampshire County Council in August 2018 to work together with a private sector master developer to create a new development of up to 3,520 homes to the southwest of Basingstoke. As part of this development, MGC LLP became a partner in the Manydown Development Vehicle LLP (MDV LLP), a partnership with Manydown Investco LLP. No Group Accounts have been prepared as the transactions between the parties are not yet material, but this will be kept under review as the partnerships and development progress. (See note 17. Related Parties)

**25. SIGNIFICANT ACCOUNTING POLICIES**

The following significant accounting policies were reviewed by the Head of Financial Services and Commercialisation (acting Section 151 Officer) in March 2024.

**25.1 Basis of Preparation**

The Accounts and Audit Regulations 2015 require the council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2023/24, these proper accounting practices principally comprise:

- (i) The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code)
- (ii) The Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regulations)

The Statement of Accounts is prepared using the going concern and accruals bases. The historical cost convention has been applied, modified by the fair valuation of the following material categories of non-current assets and financial instruments:

<b>Class of Assets</b>	<b>Measurement Basis</b>
<b>Property, Plant and Equipment: Land and Buildings</b>	Current Value Where prices for comparable properties are available in an active market, the current value of properties are measured at Market Value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at Depreciated Replacement Cost (DRC).
<b>Investment Properties</b>	Fair value
<b>Financial Instruments - Fair Value Through Profit or Loss</b>	Fair value
<b>Pensions Assets</b>	Fair value

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 Statement of Accounts is adjusted to reflect events after 31 March 2024 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March.

All accounting policies are applied consistently. In applying the accounting policies the council has to make judgements and these are set out in a separate note to the financial statements.

**25.2 Adjustments between Accounting Basis and Funding Basis**

The amounts shown in Comprehensive Income and Expenditure Statement (CIES) are on the basis of proper accounting practice. However, the resources available to the council in any financial year and the expenses that are charged against those resources are specified by statute (the 2003 Regulations). Where the statutory provisions differ from the accounting basis used in the CIES, adjustments to the accounting treatment are made in the Movement in Reserves Statement (MiRS) so that usable reserves reflect the statutory funding available at the year-end.

Unusable reserves are used to manage the differences between the accounting and statutory funding bases. The material adjustments are:

<b>Expense</b>	<b>Proper Accounting Basis in CIES</b>	<b>Statutory Funding Basis in MiRS</b>	<b>Unusable Reserve (used for differences)</b>
<b>Property, Plant and Equipment</b>	Depreciation and revaluation/ impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
<b>Investment Properties</b>	Movements in fair value	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
<b>Revenue Expenditure Funded from Capital under Statute</b>	Expenditure incurred in year	Revenue provision to cover historical cost determined in accordance with the 2003 Regs	Capital Adjustment Account
<b>Capital Grants and Contributions</b>	Grants that became unconditional in year or were received in year without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at year-end) Capital Adjustment Account (other amounts)
<b>Long-Term Asset Disposals</b>	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds and costs of disposal)
<b>Financial Instruments</b>	Movements in the fair value of investments in pooled funds	Historical cost gains/losses for pooled funds disposed of in year	Financial Instruments Adjustment Account
<b>Pensions Costs</b>	Movements in pensions assets and liabilities	Employer's pensions contributions payable and direct payments made by the council to pensioners in year	Pensions Reserve
<b>Council Tax Income</b>	Accrued income from bills in year	Demand on the Collection Fund/precept for year plus recovery of estimated deficit/share of estimated surplus for previous year	Collection Fund Adjustment Account
<b>Business Rates Income</b>	Accrued income from bills in year	Budgeted income receivable from the Collection Fund for the year plus recovery of estimated deficit/share of estimated surplus from the previous year	Collection Fund Adjustment Account
<b>Holiday Pay Accrual</b>	Projected cost of untaken leave entitlements at 31 March	No charge	Paid Absences Adjustment Account

**25.3 Council Tax and Business Rates (Non-Domestic Rates)**

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates. The council acts as an agent, collecting council tax and business rates (non-domestic rates) on behalf of the major preceptors (including government, in respect of business rates) and, as principal, collecting council tax and business rates for itself. The council is 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 business rates. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement 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 business rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

**25.4 Revenue from Contracts with Service Recipients**

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

**25.5 Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the council becomes a party to their contractual provisions and are initially measured at fair value or amortised cost if fair value cannot be measured reliably.

**Financial Liabilities (borrowing and creditors on deferred payment terms)**

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 the borrowing 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.

The council's financial liabilities consist of borrowing in the form of parish loans (where parishes have deposited cash balances with the council which are subject to variable rates of interest) and trade creditors if the council has been given deferred payment terms.

**Financial Assets (investments and debtors on deferred payment terms)**

Financial assets are classified into one of the following types:

<b>Amortised Cost</b>	these are financial assets that take the form of basic lending arrangements (i.e. they have cash flows that are solely payments of principal and interest on specified dates) and are not held for trading (i.e. the business model is to hold to collect the cash flows).
<b>Fair Value Through Profit or Loss (FVTPL)</b>	all other financial assets

**25.6 Financial Instruments (continued)**

**Amortised Cost Financial Assets (excluding debtors)**

Amortised cost financial assets are carried in the Balance Sheet at a cost representing the outstanding principal receivable plus or minus any un-amortised premium/discount initially paid. Annual credits to the CIES for interest receivable are based on the amortised cost of the asset, multiplied by the effective rate of interest for the instrument. Some amortised cost investments can be purchased above or below face value. This would lead to paying premiums, or receiving discounts, on the face value of these investments in return for being paid a higher or lower interest rate over the life of the investment. Premiums or discounts are amortised to the CIES over the life of the investment. This has the effect of recording the interest income using the effective interest rate rather than the coupon rate.

Any gains and losses that arise on the sale or maturity of amortised cost investments are credited or charged to the CIES as Interest and Investment Income. Allowances for impairment losses are calculated for amortised cost assets, applying the expected credit loss model (which is based on the impact and likelihood of default) and are charged to the CIES as Interest and Investment Income.

**Fair Value Through Profit or Loss (FVTPL) Financial Assets**

FVTPL financial assets are initially measured at fair value (estimated market value) which is deemed to be the purchase price.

FVTPL financial assets are subsequently carried in the Balance Sheet at fair value (estimated market value). The council 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. Valuation techniques use categories within the fair value hierarchy, as follows:

<b>Level 1</b>	quoted prices in active markets for identical assets or liabilities
<b>Level 2</b>	inputs other than quoted prices that are observable for the asset or liability
<b>Level 3</b>	unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Any changes in fair value (market price) and gains or losses that arise on sale or maturity are credited or charged to Interest and Investment Income line within the CIES.

The historic purchase of some FVTPL financial assets has been capitalised and financed in accordance with local authority investment regulations. This means that any gains or losses relating to capitalised investments that have been charged to the CIES are not allowed to be charged to the General Fund and are therefore reversed out of the General Fund to the Capital Adjustment Account in the MiRS.

**25.7 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 any conditions attached to the payments, and the grants or contributions are expected to be received.

Amounts recognised as due to the council are not credited to the CIES until the council has satisfied any conditions attached to the grant or contribution that would require repayment if not met.

The grant or contribution is credited to the relevant service line (ring-fenced/service specific revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the CIES.

**25.8 Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured in the Balance Sheet initially at cost and subsequently at fair value (estimated market value).

Investment properties are not depreciated, because they are revalued every year, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the CIES. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and the net sale proceeds.

**25.9 Leases**

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

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

Leases of land are normally classified as operating leases. However extremely long leases of land (say over 250 years) could be treated as finance 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 CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

**25.10 Overheads and Support Service Costs**

The cost of overheads and support services are charged to services in accordance with the council's arrangements for accountability and financial performance.

**25.11 Post-Employment Benefits (Pensions)**

Most employees of the council are members of the Local Government Pension Scheme, administered by Hampshire County Council.

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

- (i) The liabilities of the Hampshire County Council Pension Fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees).
- (ii) Liabilities are discounted to their value at current prices, using a calculated discount rate based on a series of calculations for high quality corporate bonds over a range of periods.
- (iii) The assets of the pension fund attributable to the council are included in the Balance Sheet at their fair value (see 26.1).

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

**Service cost comprising:**

<b>Current Service Cost</b>	allocated in the CIES to the services for which the employees worked
<b>Past Service Cost</b>	debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs (Fit for the Future Council Plan Priority)
<b>Net interest on the net defined benefit liability</b>	charged to the Financing and Investment Income and Expenditure line of the CIES

**Re-measurements comprising:**

<b>The return on plan assets</b>	excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure within the CIES
<b>Actuarial gains and losses</b>	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 within the CIES
<b>Contributions paid to the Hampshire County Council Pension Fund</b>	accounted for as part of the cost of services within the CIES

### 25.12 Property, Plant and Equipment (PPE)

**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 a revenue expense when it is incurred.

**Measurement:** Assets are initially measured at cost and include the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Certain categories of Property, Plant and Equipment are measured subsequently at current value – see 25.1 for details. All other categories are measured subsequently using depreciated historical cost. Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

(i) 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).

(ii) 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.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

**Impairments:** Assets are assessed at each year-end as to whether there is any indication that items 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 in the same way as revaluation losses.

**Depreciation:** Depreciation is provided for on all Property, Plant and Equipment assets 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 Community Assets) and assets that are not yet available for use (i.e. assets under construction).

**Disposals:** When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Income and Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss on disposal.

### 25.13 Provisions

Provisions are charged as an expense to the appropriate service line in the CIES when:

(i) The council has a present obligation (i.e. an event has taken place that gives the council a legal or constructive obligation), and

(ii) It is probable that an outflow of resources will be required to settle the obligation, and

(iii) A reliable estimate can be made of the amount of the obligation.

Provisions are charged as the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

### 25.14 Reserves

The council sets aside specific amounts as reserves for future policy purposes or for risks to the revenue budget. Reserves are created by appropriating amounts out of the General Fund Balance in the MiRS.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate heading within the CIES in that year and is included in the Surplus or Deficit on the CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS so that there is no net charge against council tax for the expenditure.

Certain reserves and accounts are kept to manage the accounting processes for Property, Plant and Equipment assets, investments and retirement benefits and do not represent usable resources for the council – see the table in note 25.2 for unusable reserves.

### 25.15 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from it.

**25.16 Prior Period Adjustments, Changes In Accounting Policies and Estimates and Errors**

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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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.

Material errors discovered in prior period figures are corrected retrospectively by amending the opening balance of assets, liabilities and net worth for the earliest prior period, where the error occurred before the earliest prior period, and comparative amounts for the prior period.

**26. ACCOUNTING STANDARDS ISSUED, BUT NOT YET ADOPTED**

There are no changes in accounting requirements for 2023/24 that are anticipated to have a material impact on the council's financial position or financial performance. CIPFA have confirmed that IFRS 16 *Leases* will apply from 1 April 2024 (the 2024/25 financial year) at the latest, although the 2023/24 Code allow application of the standard in 2023/24. The council will apply IFRS 16 from the 2024/25 financial year, from initial work to support the implementation it is not anticipated to have a material impact on the financial statements.

**27. JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies which are set out in Note 25, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements that have the most significant effect on the amounts in the financial statements are:

<b>Asset classifications</b>	the council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on the main reason that the council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties who are subsidised by the council they are deemed to be Property, Plant and Equipment assets. If there is no subsidy and/or full market rent is being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method to be used.
<b>Lease classifications</b>	the council has made judgements on whether its lease arrangements are operating leases or finance leases. These judgements are based on a series of tests designed to assess whether the risks and rewards of ownership have been transferred from the lessor to the lessee. The results of the tests are taken "in the round" and together with a judgement on materiality the decisions have been made. The accounting treatment for operating and finance leases is different and could have a significant effect on the financial statements.
<b>Contractual arrangements</b>	the council has made judgements on whether its contractual arrangements contain embedded leases (i.e. arrangements that are not legally leases but take the form of payments in return for the use of specific assets).
<b>Providing for potential liabilities</b>	the council has made judgements about the likelihood of pending liabilities and whether a provision should be made or whether there is a contingent liability. The judgements are based on the degree of certainty around the results of pending issues.
<b>Allowances for doubtful debts</b>	The council has made judgements about the level of allowances for doubtful debts that it needs to provide for. These judgements are based on historical experience of debtor defaults.
<b>Conditions on Developers' Contributions</b>	the council has made a judgement about whether developer contributions agreements have conditions based on a "substance over form" concept and has assumed that all agreements have a constructive obligation to repay contributions if not used, even if this is not explicit in the legal agreement.
<b>Events after the Balance Sheet date</b>	the council has made judgements about whether there have been any material post Balance Sheet events that it would need to make adjustments for in the financial statements or disclosed as a note.

All of these judgements are the responsibility of the Section 151 Officer as set out in the Statement of Responsibilities for the Statement of Accounts.

**28. UNCERTAINTIES RELATING TO ASSUMPTIONS AND ESTIMATES USED**

The financial statements contain some estimated figures that are based on assumptions made by the council about the future, or that are otherwise uncertain.

Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates made.

The items in the council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year (excluding investments, investment property and land and buildings that are carried at fair value based on recently observed market values) are as follows:

Item and Uncertainties	Effect if Actual Results Differ from Assumptions/Estimates
<p><b>Property Valuations</b>                      Estimation of property valuations depends on a number of complex judgements and assumptions, including determining the appropriate comparative market data upon which the market value of investment property is based.</p>	<p><b>PPE Land and Buildings</b> - If the value of operational property were to fall by 1%, this would result in a charge to the Revaluation Reserve of £0.5M and an unrealised loss charged to the CIES of £0.2M. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the CIES. Building depreciation charges would change in direct relation to changes in estimated current value.  <b>Investment Property</b> - Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. If the value of the council's Investment Property were to change by 1% this would produce an unrealised charge to the CIES and Balance Sheet of approximately £3.2M.</p>
<p><b>Pension Liability</b>                      Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged via Hampshire County Council (the scheme administrators) to provide the council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the net pension liability of approximately £3.9M. The sensitivity of each of the assumptions used by the actuaries can be seen in Note 14 on pensions.</p>
<p><b>Allowance For Doubtful Debts</b>                      As at 31/03/24, the Council had an outstanding balance of short-term debtors totalling £10.0M net of £1.0M of prepayments (£13.4M net of £0.7M as at 31/3/23). Against this debtors' balance, there is an impairment allowance of £4.2M (£4.0M as at 31/03/23). The impairment allowances are based on policies adapted to historic experience of debtor defaults and success rates experienced in collection. The nature of the debt and service area have been considered.</p>	<p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. For example if commercial rent income collection rates were to deteriorate by 1% an increase in the doubtful debt allowance of £0.2M would be required and the council would need to review its judgements for assessing future allowances for doubtful debts.</p>
<p><b>Business Rates Appeals Provision</b>                      The council has made provision for its share of appeals on business rates of £1.6M (£2.1M in 2022/23) based on what it believes to be a prudent but realistic level. A review of the appeals data available from the Valuation Office Agency has been undertaken to consider the appeals provision required. This has taken into account various factors including results of appeals and estimated success rates and reduction rates for outstanding appeals.</p>	<p>A change in the rates of 2.5% would require an estimated adjustment to the financial statements of £0.65M of which the council's share is £0.3M.</p>

**29. GOING CONCERN**

The accounts are prepared on a going concern basis: that is, on the assumption that the authority will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The council's latest budget plans for 2024/25 and the medium-term financial strategy to 2028/29 were agreed by Council in February 2024. A balanced budget and forecast was set for 2024/25 and 2025/26. Financial risks have been carefully considered within planning assumptions and forecasts and the S151 Officer has reviewed the adequacy of risk reserves held. Despite the continued uncertainties, the council's current financial position provides a high degree of financial resilience, underpinned by still-healthy financial reserves, large property and investment portfolios and no external borrowing.

As at 31 March 2024 the council had £32.8M cash and cash equivalents and approximately £43.9M of long-term strategic investments that could be liquidated at short notice (within 7 days) if required. Furthermore the council has a General Fund Balance of £1.5M and risk reserves of £13.9M as at 31 March 2024 (excluding the Business Rates Risk Reserve).

The going concern period of assessment is twelve months from the authorisation date of the financial statements. Risk reserves (excluding the Business Rates Risk Reserve) are forecast to remain stable with the balance of £13.9M as at 31 March 2024 increasing to £15.4M at the end of 2025/26 as a result of making approved contributions to and draws from the risk reserves with no change to the £1.5M General Fund balance.

It is therefore noted that there is significant headroom within the General Fund and Risk Reserves to absorb the estimated financial impact of any higher than expected inflationary increases or unforeseen cost pressures in the short to medium-term. As well as access to the external sources for its long-term borrowing needs, the council is also able to borrow short-term for revenue purposes if necessary.

Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the council does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

**30. EVENTS AFTER THE REPORTING PERIOD**

The statement of accounts was authorised for issue by the Chief Finance Officer on 5 June 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

- On 18 October 2024 the council, with Hampshire County Council, completed the purchase of the freehold of part of the site known as Manydown North. At 31 March 2024 this was included as part of the investment property known as Land at Manydown, as disclosed in note 3. The acquisition of the freehold facilitates the development of the site as set out in the outline planning permission granted in 2021. On acquisition of the freehold of Manydown North this land was sold by both councils to Manydown Garden Communities LLP (MGC LLP), a joint venture partnership between the council and Hampshire County Council. This was to allow the development to proceed with our private sector partner.

The council is required to maintain a separate Collection Fund Account which is used to record the collection and distribution of council tax and business rates on behalf of the Borough, County, Police and Fire Authorities, Parishes and Central Government.

2022/23 Council Tax £M	2022/23 Business Rates £M	2022/23 Total £M	FOR THE YEAR ENDED 31 MARCH 2024	2023/24 Council Tax £M	2023/24 Business Rates £M	2023/24 Total £M
<b>(128.7)</b>	<b>(70.1)</b>	<b>(198.8)</b>	<b>Amounts Receivable</b>	<b>(136.8)</b>	<b>(69.9)</b>	<b>(206.7)</b>
<b>Contributions towards Previous Years' Estimated Deficits</b>						
0.0	(6.2)	<b>(6.2)</b>	Central Government	0.0	0.0	<b>0.0</b>
0.0	(1.1)	<b>(1.1)</b>	Hampshire County Council	0.0	0.0	<b>0.0</b>
0.0	(5.0)	<b>(5.0)</b>	General Fund (BDBC)	0.0	0.0	<b>0.0</b>
0.0	(0.1)	<b>(0.1)</b>	Fire and Rescue Authority	0.0	0.0	<b>0.0</b>
0.0	0.0	<b>0.0</b>	Police Authority	0.0	0.0	<b>0.0</b>
<b>(128.7)</b>	<b>(82.5)</b>	<b>(211.2)</b>	<b>TOTAL INCOME</b>	<b>(136.8)</b>	<b>(69.9)</b>	<b>(206.7)</b>
<b>Precepts, Demands and Shares</b>						
0.0	32.9	<b>32.9</b>	Central Government	0.0	39.0	<b>39.0</b>
94.3	5.9	<b>100.2</b>	Hampshire County Council	100.8	7.0	<b>107.8</b>
10.9	26.3	<b>37.2</b>	General Fund (BDBC)	11.2	31.2	<b>42.4</b>
5.1	0.7	<b>5.8</b>	Fire and Rescue Authority	5.6	0.8	<b>6.4</b>
16.0	0.0	<b>16.0</b>	Police Authority	17.4	0.0	<b>17.4</b>
<b>Distribution of Previous Years' Estimated Surpluses</b>						
0.0	0.0	<b>0.0</b>	Central Government	0.0	4.2	<b>4.2</b>
0.4	0.0	<b>0.4</b>	Hampshire County Council	2.2	0.8	<b>3.0</b>
0.1	0.0	<b>0.1</b>	General Fund (BDBC)	0.2	3.3	<b>3.5</b>
0.0	0.0	<b>0.0</b>	Fire and Rescue Authority	0.1	0.1	<b>0.2</b>
0.1	0.0	<b>0.1</b>	Police Authority	0.4	0.0	<b>0.4</b>
<b>Charges to Collection Fund</b>						
0.0	0.9	<b>0.9</b>	Transitional Protection Payments	0.0	(6.4)	<b>(6.4)</b>
0.6	1.2	<b>1.8</b>	Other	0.9	1.0	<b>1.9</b>
<b>127.5</b>	<b>67.9</b>	<b>195.4</b>	<b>TOTAL EXPENDITURE</b>	<b>138.8</b>	<b>81.0</b>	<b>219.8</b>
<b>(1.2)</b>	<b>(14.6)</b>	<b>(15.8)</b>	<b>MOVEMENT IN FUND BALANCE</b>	<b>2.0</b>	<b>11.1</b>	<b>13.1</b>
<b>(2.3)</b>	<b>8.4</b>	<b>6.1</b>	<b>OPENING FUND BALANCE</b>	<b>(3.5)</b>	<b>(6.2)</b>	<b>(9.7)</b>
20 February 2025						
<b>(3.5)</b>	<b>(6.2)</b>	<b>(9.7)</b>	<b>CLOSING FUND BALANCE</b>	<b>(1.5)</b>	<b>4.9</b>	<b>3.4</b>

**1. CALCULATION OF THE COUNCIL TAX BASE**

The Council Tax Base was calculated as follows:

Band	Ratio to Band D	Discounted Equivalent Properties 2022/23	Band D Equivalent Properties 2022/23	Discounted Equivalent Properties 2023/24	Band D Equivalent Properties 2023/24
*A	5/9	7.25	4.0	6.0	3.3
A	6/9	2,037.75	1,358.5	2,031.6	1,354.4
B	7/9	10,706.00	8,326.8	10,911.8	8,486.9
C	8/9	24,616.75	21,881.6	24,766.3	22,014.4
D	1	13,877.00	13,877.0	14,009.5	14,009.5
E	11/9	10,432.25	12,750.5	10,475.0	12,802.8
F	13/9	6,216.75	8,979.8	6,287.5	9,081.9
G	15/9	3,270.00	5,450.0	3,304.3	5,507.1
H	18/9	422.00	844.0	425.0	850.0
		<b>71,585.75</b>	<b>73,472.2</b>	<b>72,216.86</b>	<b>74,110.3</b>
		Growth in tax base	1,115.4	Growth in tax base	1,065.6
		Allowance for council tax support	(5,025.1)	Allowance for council tax support	(4,729.7)
		Allowance for doubtful debts	(1,739.1)	Allowance for doubtful debts	(1,408.9)
		<b>Council Tax Base (Band D equivalent properties)</b>	<b>67,823.4</b>	<b>Council Tax Base (Band D equivalent properties)</b>	<b>69,037.3</b>

\*A - Entitled to disabled relief reduction

**2. NON-DOMESTIC RATEABLE VALUE**

For 2023/24 the Uniform Business Rate was 51.2p (51.2p in 2022/23) and the total non-domestic rateable value at 31 March 2024 was £197.5M (£176.2M as at 31 March 2023).

The total potential gross business rates collectable in 2023/24 were £95.7M (£87.4M in 2022/23) but this was reduced to £69.9M in 2023/24 (£70.1M in 2022/23) due to adjustments, including reassessments of rateable values, losses and business rate reliefs.

**3. DISTRIBUTION OF THE COLLECTION FUND BALANCE**

The distribution of the Collection Fund Balance and where it is shown in the financial statements is as follows:

2022/23 Council Tax £M	2022/23 Business Rates £M	2022/23 Total £M		2023/24 Council Tax £M	2023/24 Business Rates £M	2023/24 Total £M
(0.3)	(2.5)	(2.8)	Borough Share (included within the Collection Fund Adjustment Account)	(0.1)	2.0	1.9
(3.2)	(3.7)	(6.9)	Government & Preceptors' Share (included in Debtors and Creditors)	(1.4)	2.9	1.5
<b>(3.5)</b>	<b>(6.2)</b>	<b>(9.7)</b>		<b>(1.5)</b>	<b>4.9</b>	<b>3.4</b>

## The Council's Responsibilities

The council 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 council, that officer is the Chief Finance Officer (Section 151 Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- Approve the Statement of Accounts (the council has delegated this responsibility to the Audit and Accounts Committee).

## Responsibilities of the Chief Finance Officer (Section 151 Officer)

The Chief Finance Officer (Section 151 Officer) is responsible for the preparation of the council's Statement of Accounts, in accordance with proper practices, as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In preparing this Statement of Accounts, the Chief Finance Officer (Section 151 Officer) has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Complied with the Code of Practice (any significant non-compliance being fully disclosed);
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Confirmation and Approval

I certify that the Statement of Accounts present a true and fair view of the financial position of the council at 31 March 2024 and its income and expenditure for the year then ended.

**Signed:** \_\_\_\_\_ **Date: 20 February 2025**

**Adam Swain FCPFA – Chief Finance Officer (Section 151 Officer)**

**Signed:** \_\_\_\_\_ **Date: 20 February 2025**

**Cllr Paul Basham – Chair of Audit and Accounts Committee, on behalf of the committee**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BASINGSTOKE & DEANE BOROUGH COUNCIL

### Disclaimer of opinion

We were engaged to audit the financial statements of Basingstoke & Deane Borough Council ('the Council') for the year ended 31 March 2024. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Movement in Reserves Statement
- Cash Flow Statement
- the related notes 1 to 30 including material accounting policy information
- Collection Fund and the related notes 1 to 3

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

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

### Basis for disclaimer of opinion

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

The audit of the financial statements for the year ended 31 March 2023 for Basingstoke & Deane Borough Council was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 28 November 2024.

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

As a result of the disclaimer of opinion in the prior year and the scope of our audit work, which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:

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

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

### **Matters on which we report by exception**

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

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

## Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 81, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Basingstoke & Deane Borough Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Basingstoke & Deane Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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

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

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

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Basingstoke & Deane Borough Council. Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## **Use of our report**

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

Andrew Brittain (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Reading  
21 February 2025

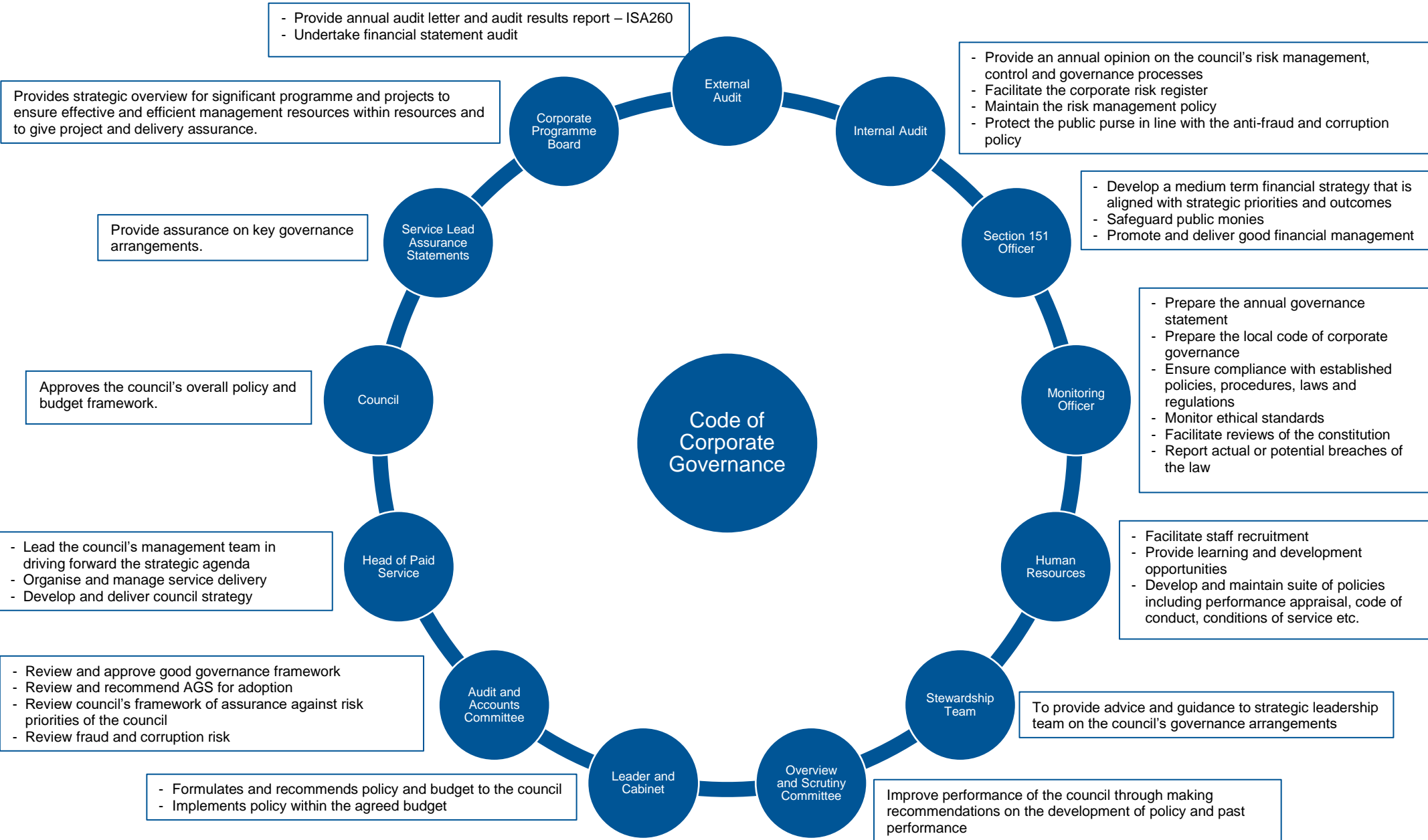
## 1. SCOPE OF RESPONSIBILITY

- (1) Basingstoke and Deane Borough Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- (2) In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.
- (3) The council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016). A copy of the Code is on our website at: [www.basingstoke.gov.uk](http://www.basingstoke.gov.uk) or can be obtained from the Head of Law and Governance and Monitoring Officer, Basingstoke and Deane Borough Council, Civic Offices, London Road, Basingstoke RG21 4AH.
- (4) This statement explains how the council has complied with the code adopted for the 2023/24 financial year and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- (1) The governance framework comprises the systems, processes, culture, and values by which the council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. To demonstrate compliance with the principles of good governance, the council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- (2) Good governance is crucial as it leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. Good governance enables the council to pursue its aims effectively whilst controlling and managing risk.
- (3) The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. All risk of failing to achieve policies, aims and objectives cannot be eliminated, and internal control only provides reasonable and not absolute assurance of effectiveness.
- (4) The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- (5) The governance framework has been in place at the council for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

GOVERNANCE ROLE AND RESPONSIBILITIES



### 3. THE GOVERNANCE FRAMEWORK

The fundamental function of good governance is to ensure that the council achieves its intended outcomes whilst acting in the public interest at all times. The following core, high level principles characterising good governance in the public sector are derived from the “Delivering Good Governance in Local Government: Framework” (CIPFA/SOLACE, 2016).

#### (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, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter of choice for the council. The constitution is divided into 14 Articles which set out the basic rules governing the council’s business. The constitution is published on the council’s website at:

[Borough Council's Constitution \(basingstoke.gov.uk\)](https://www.basingstoke.gov.uk)

The constitution includes a Code of Conduct for Councillors which sets out the expected behaviour and standards to be adhered to. Officers are required to abide by a Staff Code of Conduct. The Protocol for Councillor and Officer Relations provides guidance on councillor- officer relations in order to promote good working relationships and to enhance mutual respect, whilst acknowledging the difference between the political leadership role of councillors and the professional role of the officers in the delivery of the policy framework agreed by councillors.

The Monitoring Officer has responsibility for ensuring compliance with established policies, procedures, laws and reporting actual or potential breaches of the law or maladministration, to Council and/or Cabinet.

The Council adopted the Local Government Association Model Code of Conduct for Councillors in 2022. During 2023/2024,

training sessions on the Code of Conduct have taken place for Borough Councillors, Parish Councillors and Parish Clerks.

The council has a ‘Whistleblowing Policy’ (Duty to Act) which allows employees to raise reasonably and honestly held concerns that they may have about serious matters that could put the council and/or the wider public at risk. This policy is on the council website. Whistleblowing usually involves bringing forward concerns that it is in the public interest to investigate and resolve. Examples are crime, fraud, the giving or taking of bribes, financial malpractice or practices that might endanger individual or the environment.

To ensure the safeguarding of public funds the council has a suite of documents including an Anti-Fraud and Corruption Strategy, an Anti- Fraud and Corruption Policy, a Fraud Response, a Sanctions Policy, an Anti-Money Laundering Policy, and an Anti-Bribery Policy. The council has a zero-tolerance policy to fraud and corruption and has a dedicated Counter Fraud team. Investigations are carried out by the fraud team within the Audit, Fraud and Insurance service and if allegations are made against a councillor, then the Monitoring Officer will be involved. The council has adopted the Fighting Fraud and Corruption Locally Strategy in its counter fraud approach.

Complaints are managed via a formal corporate complaints policy published on the council’s website providing a two-stage process with the Local Government Ombudsman providing an independent service to investigate complaints on behalf of complainants who are not satisfied with the council’s response. Complaints about councillors for breach of the Councillors’ Code of Conduct are dealt with under the Arrangements for Determining Complaints against Councillors within the constitution. A revised version of the Arrangements was adopted by Council in July 2023 based on the Local Government Association guidance “Guidance on Member Model Code of Conduct Complaints Handling”.

**(B) Ensuring openness and comprehensive stakeholder engagement**

The council supports the principle that people should have the opportunity to voice their opinion on issues that affect them. A residents' survey was last undertaken in summer 2022 to inform the Council Plan 2023 to 2027 and obtain opinions on the quality of council services. The council encourages all local communities to get involved in shaping their local areas, supporting communities across the borough and villages to develop their own community led plans<sup>1</sup>. There are a total of 20 designated neighbourhood plan areas across the borough, and 14 adopted neighbourhood plans in the borough: Ashford Hill with Headley, East Woodhay, Ecchinswell, Sydmonton and Bishops Green, Oakley and Deane, Overton, Bramley, Sherborne St John, Whitchurch, St Mary Bourne, Sheffield on Loddon, Old Basing and Lychpit, Kingsclere, Wootton St Lawrence, and Burghclere. A number of new plans are being developed, whilst others are in the process of being updated to ensure they remain up to date and relevant. Community Plans for East Woodhay, North Waltham, Oakley and Deane, and St Mary Bourne have also been developed and been adopted by local parish councils. Within Basingstoke town local communities have published the following plans: Buckskin Community Plan, Kempshott Community Plan, Marnel and Merton Community Plan, Popley East Community Plan, South Ham Community Plan, and Winklebury and Manydown Community Plan.

The council carried out a review of community and voluntary sector grant funding following adoption of the Strengthening Communities and Wellbeing strategies and the Cultural Framework by Cabinet in July 2022, following the funding allocation approved by Council in February 2022. The review aimed to ensure that funding models and streams remain fit for purpose and that council investment in the sector achieves best possible outcomes. The review identified a series of proposals which were approved by Cabinet in November 2022. The new approach included the introduction of Strategic Partner Contributions to replace Strategic Grant Funding, the

introduction of the Community Infrastructure Fund to provide capital funding to community organisations, the continuation of the Strengthening Communities grant scheme, which provides capacity building and resilience funding and the continuation of the Councillor Grants Scheme. However, it was recognised that further updates and changes were required to the Councillor Grants and Strengthening Communities schemes and views of the Community, Environment and Partnerships Committee were sought at a meeting in January 2023. Alongside these council-funded schemes, Cabinet also approved in July 2022 the council's approach to spending its £1M allocation of UK Shared Prosperity Fund and to launch a range of grant schemes to support community and voluntary sector organisations and businesses over the period 2022/23 to 2024/25.

The council consulted on its approach to savings, income generation and spending for its four-year budget known as the Medium-Term Financial Strategy (2024/25 to 2027/28) and this consultation helped to shape the final budget report agreed at council on 22 February 2024. The information was made available in any easy-to-understand format and responses were reported to Cabinet on 6 February 2024 before they made their final recommendation to council on 22 February 2024.

The council rules of procedure allow public participation at council meetings except where personal or confidential matters are disclosed (exempt information).

The council's website has a "Your Right to Know" section where information relating to Freedom of Information, including a disclosure log giving the public access to information that the Borough has previously provided, and the council's publication scheme, containing information that the council publishes. Information required to be published under the Local Government Transparency Code is also provided in this section.

The Customer Service Charter on the council website encourages the public to make a comment or compliment upon council services, as well as providing access to the Customer Complaint form. A new

<sup>1</sup> <https://www.basingstoke.gov.uk/communityplans>

Customer Experience Strategy was adopted in November 2023 and is being implemented during 2024/25.

## (C) Defining outcomes in terms of sustainable economic, social and environmental benefits

### Council plan and corporate priorities

The council has adopted a [Council Plan](#) 2023 to 2027 which was agreed at Council in February 2023, with an update agreed in October 2023. This sits alongside the Medium Term Financial Strategy and is monitored through a series of actions and with agreed target dates. Together the MTFs and Council Plan set out the basis for an efficient and effective council delivering on growth and the council's key priorities. The council's priorities in the Council Plan are:

- A borough where we protect, restore, reconnect and enhance our natural environment
- A place where people can have pride in their communities and the borough
- A council that delivers high-quality services for our residents.

### Supporting strategies and plans

The council takes an evidence-based approach to developing policy and strategy informed by research, data, demand trends and performance monitoring. In addition to the Council Plan, there are a range of published strategies and policies that guide the council's work and can be viewed on the council website at <https://www.basingstoke.gov.uk/Councilplan>. and includes the Council Plan and Medium Term Financial Strategy, Climate Change and Air Quality Strategy, Housing and Homelessness Strategy, Anti-fraud and Corruption policy, Complaints policy, Corporate Equality, Diversity and Inclusion Plan, and the Policy and Procedure for the safeguarding of children and vulnerable adults.

The most recent strategies to be adopted include the Wellbeing Strategy 2022 to 2025, adopted in July 2022, the Biodiversity

Strategy adopted in March 2024, the Customer Experience Strategy adopted in November 2023, and the Digital Strategy adopted in December 2023. The council has a role to play in enabling, or in some cases leading provision of facilities and/ or services. However, there are many things that other partners are better placed to deliver. The council strives to be clear on what the council needs to achieve, where the council's resources can best be placed and identify where there is mutual benefit and overlap in priorities with the council's partners.

The council declared a Climate Emergency in Autumn 2019 which included establishing targets to be net zero operationally by December 2025 and to work towards being a net zero Borough by 2030. A Climate Change and Air Quality Strategy was adopted in March 2021 which set out the actions required to achieve this, focussed around leading, enabling and inspiring, recognising the need to support residents and businesses and work in partnership with organisations across the borough to effect change. This is reported on annually with delivery supported through a £2.0M Climate Change Revenue Reserve which is being utilised to support moves to electrify our vehicles, improve our property portfolio, support the roll out of solar PV on our community centres and invest in staff resources, including the establishment of the Green Team to help residents to save energy, reduce their bills and live more sustainable lifestyles.

At sub - regional level the Enterprise M3 was a business-led Local Enterprise Partnership, one of 38 in England, which work to secure economic growth at sub-national level through its [Strategic Economic Plan](#) to 2030. Enterprise M3 brought together business leaders from 14 district authorities across two counties and Basingstoke is one of four interconnected urban centres known as 'Growth' towns. It brought together leaders from the business, public and not-for-profit sectors and provides the vision, knowledge and strategic leadership needed to drive sustainable private sector growth. This LEP produced a Strategic Economic Plan for the region. The council played an active role in Enterprise M3 to secure funding to support economic growth in the area.

Government carried out a review of Local Enterprise Partnerships as part of the wider levelling up agenda. The review recognised that LEPs play a valuable contribution to economic development by providing a business voice and perspective and enabling strong partnership working across all sectors but that there is a need for better integration of LEPs into local democratic institutions.

Government made further announcements as part of the Budget statement in March 2023 that it intends for the functions of LEPs to be delivered by local government in the future and that government “is minded” to withdraw central government support for LEPs from April 2024. The Department for Levelling Up, Housing and Communities and the Department for Business and Trade consulted on these proposals and confirmed the transfer of the LEP functions to upper tier authorities. For the M3 LEP, due to the geographic area covered, the functions transferred to either Hampshire County Council or Surrey County Council from 1 April 2024. The council is working with Hampshire County Council on the future work in this area, including in relation to the Basing View enterprise zone.

### Policy briefing and consultations

The council operates a policy briefing process, assessing for relevant Government, regional and county publications and consultations, legislation changes, select committee findings and other research. These are recorded and monitored centrally and circulated to the relevant council teams and the Head of Service and Corporate Directors to consider. This central record is used to inform horizon scanning exercises and the council’s evidence base, the development of policies and impacts over time, and to identify which consultations to respond to.

The council engages frequently and proactively with the Government in representing local residents, businesses and stakeholders’ needs through its consultation responses, informed by horizon scanning, and policy analysis. This takes place on a wide range of themes, with the council taking every opportunity to influence Government policy at each stage of its development. In

2023 the council responded to 24 consultations (the majority from the Government but also from local partners such as Hampshire County council), covering issues such as Hampshire County Council service changes, waste and recycling, local government finance, air quality, the Building Safety Levy, the Infrastructure Levy, Housing Allocations and Homelessness Guidance, high street rental auctions, the Child Sexual Abuse reporting duty, and Office for Local Government metrics.

### Determining the interventions necessary to optimise the achievement of the intended outcomes

The council has in place a robust decision-making process with all cabinet reports being considered by the Senior Leadership Team to give a view on the strategic implications. Additionally, report authors should seek clearance from all corporate services, including legal and finance, for reports prior to publication. All reports follow a standard template which identifies the decision maker, the decision or action required, why the report is recommended, alternative options considered together with details of consultation carried out section. The template also includes separate sections detailing any financial, legal, risk management, equalities, diversity and inclusion, property and regeneration, planning, climate change, ecological and biodiversity, consultation and communications and HR implications. These consider how proposals will be funded, the statutory power to undertake the recommendations with the relevant legislation being cited, information on the risks that are being accepted as part of the decision and confirmation that the report proposal(s) are in accordance with the council’s approved Policy Framework.

The council’s overview and scrutiny committees manage the council’s overview and scrutiny process which includes scrutinising all the functions covered by cabinet, and those of portfolio holders including those of the Leader and Deputy Leader. There are a number of overview and scrutiny committees that support the work of the cabinet and the council as a whole. The committee structure is changing for 2024/2025. The position in 2023/2024 was that the scrutiny committee had power to call-in executive decisions, agree a

scrutiny programme and monitor performance and budgets. Scrutiny provided the role of critical friend to decision makers and assisted in policy development.

Scrutiny meetings are usually held in public with an opportunity for the public to ask questions in accordance with the council's Public Participation in Meetings Scheme. Scrutiny inquiries can consider written evidence and members of the public, community groups or other key stakeholders, can bring evidence to the attention of the committee members.

The Overview and Scrutiny committee structure has been under review by the cross-party Constitution Working Group during 2023/2024. At the council meeting on 21 March 2024, council agreed to make changes to the Committee structure which introduces three new overview and scrutiny committees, all of which have the power of call-in. The new committees are Resources, Environment and Infrastructure and Resident Services overview and scrutiny committees and they will be implemented in the new municipal year. During 2023/24 work programming sessions with the Chairs of the Overview and Scrutiny Committees, has continued in order to improve the process of planning the work programme of all the committees. Scrutiny training was also arranged and provided by an external provider.

Performance monitoring is undertaken to understand if and how the priorities identified within the Council Plan are being achieved. This is undertaken through service planning and identification of key performance indicators to show how services help to achieve the priorities of the council. There are 83 corporate measures with 25 that report on a quarterly basis and 58 annually to the Senior Leadership Team, Cabinet Members, Performance Panel and Scrutiny Committee. The way in which key performance indicators are presented has changed with reporting now available on the council's website.

Additionally, an update on all major projects is reported to the Corporate Programme Board on a 6 weekly basis to review project progress and identify any key issues and risks, with actions identified

and monitored as relevant. This is then reported in summary to Cabinet Members and Scrutiny Committee (Performance Panel).

Budget pressures arising from services are identified through the annual review of the Medium-Term Financial Strategy and by regular monitoring of budgets, projects and service plans with actions to address any significant in year budget variances agreed by Cabinet (and Council as relevant) as part of the quarterly monitoring report.

## **(D) Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The current council's People Strategy aims to have "the right people, in the right job, with the right skills, at the right time". The key priorities within the strategy are focused around attracting, engaging, developing, and appropriately rewarding our staff. It sets out the principles under which the council will act as an employer and what is expected of staff in return. The underpinning principle of the Strategy is that because our services are delivered through our people, it is imperative that we demonstrate excellent leadership and recognise the value of our employees by enabling a high performing, happy, motivated and highly skilled workforce. The council completed the first phase of its pay and benefits review in 2023/2024 designed to ensure that the council has a sustainable and attractive pay and benefits offer both as part of attraction and retention. This has resulted in the implementation of an entirely new salary structure and updated benefits package.

In addition to the People Strategy the council has a set of organisational values which are woven throughout the activities of the organisation and are expected to be demonstrated by staff on an ongoing basis. The organisational values are being reviewed following an extensive staff engagement programme as part of the council's Organisational Development programme. The council aims to position itself as an employer of choice so that it can attract and retain the very best people to provide excellent, trusted, and user-friendly services to its customers and communities. As such the strategy has a continued focus on equality, diversity and inclusion which is a fundamental principle in how the council both delivers its services and supports its staff. The People Strategy will be updated

during 2024/25 to ensure that it continues to facilitate the achievement of the overall Council Plan.

The council reviewed and updated its corporate equality, diversity and inclusion priorities during 2023/24. These are:

- Listen and learn from the communities that we serve.
- Deliver accessible and inclusive services, facilities and information that meet the diverse needs of our communities.
- Providing visible leadership, organisational commitment and collaborative partnerships to actively promote inclusion.
- Strengthen the diversity of our workforce and move to a culture that values difference, where all colleagues have a sense of belonging, opportunities to succeed and thrive.

The council has continued to support local forums on equality, diversity and inclusion initiatives and work with community groups to address hate crime in the borough. It has facilitated joint activities, projects, and campaigns to reach diverse groups and promote access to employment programmes. In addition, it has provided an employment related area at a recent Ukraine information event, bringing partners in to support Ukrainian guests to find work and training. As an organisation the council has continued to work on achieving its actions on the Race at Work Charter action plan as part of its ongoing commitment to creating an inclusive working environment where all staff are supported to achieve their potential.

The wellbeing of our staff is of paramount importance and supported through an ongoing programme of wellbeing activity and a range of support mechanisms for staff.

The council has a range of development opportunities available to staff throughout the organisation, from bespoke training developed in response to particular needs or events, to professional training, apprenticeship opportunities (both for new and existing staff) and a broad E-learning programme. Senior leaders work together on key organisational priorities through the Wider Leadership Team, which also provides a forum for the development of these leaders in their

leadership approach and wider organisational, local and national understanding.

The council's Staff Handbook contains all the council's staff policies including those on pay and rewards, recruitment, training and the management of performance including guidance on the appraisal process. Staff have access to all policies affecting their employment on the council's intranet site.

## **(E) Managing risk and performance through robust internal control and strong public financial management**

The council has a Risk Management Policy that was revised in September 2023. The council recognises that risk management is an intrinsic part of corporate governance and seeks to ensure that every councillor and employee of the council has regard for the management of risk throughout the organisation, from planning and decision-making processes down to day-to-day work situations to ensure that the council's resources are not wasted as a result of uncontrolled risk. The council maintains a corporate risk register and service management teams are responsible for identifying and managing risks within their individual areas. Risk management training for the Wider Leadership Team was carried out during January 2023 and an internal audit review of the risk management process was undertaken during 2023/24 that resulted in a substantial assurance opinion which was reported to the Audit and Accounts committee on 4 March 2024. Each of the risks within the corporate risk register were also subject to an internal audit review with the outcome of each being reported to the Audit and Accounts committee throughout the year.

The council's Audit and Accounts Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment and the integrity of the financial reporting and annual governance statement process. This committee receives periodic reports regarding risk management and approves the risk management policy. This committee undertakes the core functions of an audit committee and operates in accordance with CIPFA guidance. The committee membership in 2023/24 included an

independent co-opted member, bringing additional local government financial expertise to the committee. The committee undertook an effectiveness review in 2023, results of the survey were considered by the committee on 27 November 2023, with actions identified to enhance the effectiveness of the committee.

The Council Plan 2023-2027 was monitored by the council's Scrutiny Committee which reviews performance and financial monitoring information to support the delivery of the Council Plan and budget strategy. Under the new committee structure this will be undertaken by the Resources Overview and Scrutiny Committee. The Annual Statement of Accounts contains a review of key achievements and performance made against the local plan.

The council has a number of key corporate projects, these are monitored by the Corporate Programme Board. The board comprises the Chief Executive, Deputy Chief Executive, Directors, Head of Human Resources and Organisational Development, Head of Law and Governance and Chief Finance Officer, who review Highlight Reports which update on the status of major projects. The process is managed by the Programme Management Office, which is a centre of excellence in respect of the support and expertise it delivers to projects and initiatives it is involved with. The Programme Management Office is the home for project/programme governance, control and standards assurance which in turn supports the realisation of benefits and minimises project/programme risk to the organisation.

The joint Manydown Programme has additional governance arrangements in place. The Manydown North project is set to deliver up to 3,520 new homes, businesses, shops and community facilities, two new primary schools, land for a secondary school and a countryside park, upon land owned by the Borough Council and the County Council.

The council's joint venture with Hampshire County Council in the Manydown Garden Community LLP operates joint governance of the Manydown North Project. The councils' appointed partner, Urban and Civic, now part of the Wellcome Trust Group, is its private

sector development partner who joins the borough and the County Council forming a limited liability partnership to deliver the scheme. Outline Planning Permission was granted on 20 December 2020 and progress towards securing the freehold transfer is now being progressed.

Manydown South has a joint (HCC and BDBC) strategic leadership group which provides oversight and direction on the promotion of Manydown South, wider Southern Manydown with adjacent landowner the Society of Merchant Venturers, options for Parcel 6a and the feasibility of a public transport, walking and cycling bridge connection between north and south Manydown.

The Manydown Overview Committee provided oversight of the Manydown Programme. In the next municipal year, under the revised committee arrangements, this oversight will be undertaken by the Environment and Infrastructure Overview and Scrutiny Committee.

The council is committed to effective, timely and compliant procurement and contract management to ensure the council achieves best value for its services and facilities. Regular review meetings are held with key suppliers in order to ensure that contracts remain fit for purpose. A fundamental review of the procurement process took place between 2020 and 2022 to ensure that the procurement and contract procedures remain effective and compliant. The recommendations for improvements arising out of the review have commenced implementation during 2023/24 with updated Contract Standing Orders agreed.

The council's Contract Standing Orders currently require the procurement service to sign-off contracts at £75k or above. The thresholds have been reviewed as part of the Procurement and Contract Review and new thresholds have been incorporated into the Contract Standing Orders, approved by council in February 2024. The contracts register is subject to a monthly review with proactive monitoring of contracts that are due to expire to allow timely re-procurement to ensure best value, and a contracts library and contracts register are available for all Council staff to view.

The council has a number of shared services with Hart District Council and Winchester City Council. A structure is in place to provide a strategic and operational lead in these arrangements: a Hart and Basingstoke and Deane Partnership Board which provides a strategic lead between both councils to shape the relationship and ensure strategic alignment of functions common to both authorities to maximise opportunities to work efficiently and effectively together.

The Council Plan sets out the corporate priority aims and objectives. To help achieve these the council is involved in partnership working at various levels.

The General Data Protection Regulation (GDPR) introduced a requirement for accountability and governance in discharging the council's obligations as data controller. The council has established an Information Governance Steering Group. The role of this group is to oversee the effectiveness, compliance and governance of information practice across the council. The group is led by the Head of Law and Governance, as the senior responsible officer, with officers from service areas across the council. The group usually meets quarterly and reports twice a year to the council's Strategic Leadership Team to monitor compliance. Reports on data breaches are also received by the Audits and Accounts committee as and when they arise. In 2023/24 there were three data breaches which were reported to the Information Commissioner's Office (ICO) and to the Audit and Accounts Committee. The ICO decided no further action was required.

Data protection training is mandatory for all employees of the council and temporary workers and an online training module is available for elected council members. GDPR and Data Protection Training also formed part of the Councillor Development Programme for 2023/24.

As a result of recommendations arising from an internal audit of information management procedures in December 2022, work has commenced on improving the council's information asset register and the retention of information.

The council has undertaken a full review of cyber security arrangements including the technology used, upgrading components of the IT Infrastructure, implementing new systems to better manage the network and updating corporate applications. The Digital Transformation project builds upon this work. Work has been undertaken to increase the awareness of staff and councillors on Cyber Security issues, with ownership by the Strategic Leadership Team. The IT environment is checked for PSN and PCI DSS compliance and Internal Audit procure an ethical hacker to test the council's IT cyber and network security.

The council recognises that Cyber Security is a persistent and growing threat to the systems and data that the council holds and uses. It therefore recognised that reviews of Cyber Security and the associated awareness for staff and councillors is not a one-off exercise. The council will keep technology, threats and education under constant review to ensure it is meeting with its obligations for all systems regardless of setting.

The council's financial management arrangements conform to the governance requirement of the CIPFA 'statement on the Role of the Chief Financial Officer ("CFO") in Local Government (2019). The S151 Officer, as CFO, is professionally qualified and is a member of the council's Strategic Leadership Team reporting to the Chief Executive. The S151 Officer is actively involved in ensuring that strategic objectives are aligned to the longer-term finance strategy. The S151 Officer has input into all major decisions, advises the Executive on financial matters and is responsible for ensuring that budgets are agreed in advance, that the agreed budget is robust and that the finance function is fit for purpose. The S151 Officer is responsible for the review and consideration of the CIPFA Resilience Index in providing the S25 S151 Financial Robustness Statement in setting the annual budget.

The S151 Officer has reviewed the index findings which has not flagged any potential areas of significant financial risk. The S151 Officer has also reviewed the council's Financial Procedural rules and the Financial Regulations in setting the budget approved by

Council in February 2024 and is completed annually with the last being approved by Council in February 2024.

The S151 Officer is also responsible for ensuring that the CIPFA Financial Management Code (FM Code) is appropriately implemented. The FM code provides guidance for good and sustainable financial management in local authorities to provide assurance that the council is managing resources effectively.

The council continues to monitor compliance with the code to ensure good financial management is maintained and evolves as the needs of the organisation change.

The council maintains an internal audit function which operates to the standards set out in the 'Public Sector Internal Audit Standards'. An assessment against the standard is carried out each year with the outcome being reported to the Audit and Accounts committee as part of the chief internal auditor's annual report. A chief internal auditor protocol, to ensure that arrangements operated by the council meet the requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations, is included in the constitution.

**(F) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

The council is committed to openness and transparency and publishing as much council data as it can in order to increase accountability. The council has established a webpage entitled "Your right to know" that enables the public to access a range of information that is published in accordance with the Local Government Transparency Code (2015).

The "Our Spending and accounts" and "council budgets and spending" webpages includes information on council spending and fees and charges, with a link to the council's Medium Term Financial Strategy with details of the assumptions made and risks considered in setting the budget. This page also provides a link to the Statement of Accounts which shows how public money has been used. The ERP system also provides greater transparency to these transactions.

The council's constitution sets out how decisions are made and specific reference to decision making by Council, by the Executive (Cabinet), committees and subcommittees established by the Council and scrutinised by the Overview and Scrutiny Committees. The constitution includes the officer Scheme of Delegation which sets out the powers and functions that are delegated to named council officers. The compilation of a Register of Delegated powers is a statutory requirement and is maintained by the Head of Law and Governance.

The council produces a Forward Plan of all Key Decisions which are proposed to be taken within four months (updated monthly) 28 clear days prior to scheduled cabinet meetings on a rolling basis. All agendas and minutes of meetings in respect of Council Cabinet, Overview and Scrutiny, and Non-Executive Committees are published on the council's website.

**REVIEW OF EFFECTIVENESS**

- (1) The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- (2) The review of effectiveness is informed by the work of the Stewardship Team comprising the Chief Finance Officer (Section 151 Officer), the Head of Law and Governance, the Legal Services Manager, the Head of Audit, Fraud and Insurance, and the Head of HR and Organisational Development. In respect of maintaining and reviewing the effectiveness of the system of internal control, the team is informed by:
- (a) The views of internal audit are reported to the Audit and Accounts Committee throughout the year in the internal audit progress reports. This includes a summary report and recommendations to improve the control environment for each completed audit assignment. Progress made against recommendations is also reported to the Audit and Accounts committee and the committee can call any service manager to the committee to explain reasons for overdue recommendations. Internal Audit progress reports were presented to the Audit and Accounts Committee on 31 July 2023, 25 September 2023, 27 November 2023 and 4 March 2024. The Chief Internal Auditor's annual report provides an opinion on the effectiveness of the council's risk management, control and governance processes and is reported to the Audit and Accounts committee each year. This opinion is based on the work conducted by internal audit during the year.
- (b) The views of external auditors, Ernst & Young LLP (who may seek to place reliance on the work carried out by internal audit, where they consider it to be appropriate to do so for the purposes of their statutory audit), are regularly reported to Audit and Accounts Committee, including regular progress reports, the Annual Audit Letter and Audit Results Report – ISA260. It should be noted that following consultation in response to issues with local government audits, a backstop for the completion of all audits up to and including 2022/23 is expected to be introduced, meaning all audits must be completed by a specified date. The expectation is that this would be 30 September 2024. However, due to the announcement of the general election in July 2024 this date is expected to be later in 2024 as the statutory instruments to put the backstop in place has not been laid before parliament, and there is unlikely to be sufficient time available to allow audit firms to meet this deadline. Despite publication of the 2022/23 accounts in June 2023, the council, along with many other local authorities, are anticipating that EY will not complete a full audit of 2022/23. This will result in a modified opinion for that financial year, which is as a result of resourcing decisions by EY rather than reflecting concerns with the financial position of the council. To manage the continued recovery of local audit in England the proposals include backstops for future years, for 2023/24 this is expected to be 31 May 2025<sup>3</sup>, subject to the final statutory instrument being laid. For the 2023/24 financial year the external auditors commenced their initial planning work for the audit of the council's accounts in March, and the main audit is scheduled for September, and we therefore anticipate meeting the backstop.

**Opinion of the Head of Audit, fraud and Insurance – 2023/24**

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the effectiveness of the council's risk management, control and governance processes. I can give substantial assurance<sup>2</sup> on the effectiveness of the council's risk management, control and governance processes which enables the council to meet its aims and objectives.

<sup>2</sup> Substantial assurance means key controls designed to achieve the system/function/process objectives are in place. There are opportunities to enhance/strengthen those controls.

<sup>3</sup> The Accounts and Audit (Amendment) Regulations 2024 laid before parliament in September 2024 set this date as 28 February 2025.

- (c) The completion of 'Service Lead Assurance Statements' covers the key processes and systems that comprise the council's governance arrangements and is intended to identify any areas where improvement or further development is required. All were completed appropriately.
  - (d) The annual review of the council's Local Code of Corporate Governance which reflects the key components of the council's overall governance and internal control environment. This document, based on CIPFA/SOLACE guidance, records the key controls in place, and sources of assurance, and identifies any significant gaps or weaknesses in key controls.
  - (e) The Risk Management Policy and Corporate Risk Register.
  - (f) The work of the Audit and Accounts committee in relation to the discharge of its responsibility to lead on all aspects of corporate governance.
- (3) We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Audit and Accounts Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new action planning are outlined below.

**SIGNIFICANT GOVERNANCE ISSUES**

Review of the significant governance issues identified in the Annual Governance Statement 2023/2024 identified by the work of the Stewardship Team:

	Governance Issue	Planned Action	Responsible Officer	Progress
1	Review of constitution	Continue the review of constitution, giving due regard to best practice.	Head of Law and Governance & Monitoring Officer	There has been progress on the review of the constitution. The following matters have received Council approval during the year: -- Amendments to the Committee Procedure Rules - -revised arrangements for dealing with complaints against councillors -Changes to the committee structure of the council's overview and scrutiny function Other matters are in the progress of being considered by the Constitution Working Group which include further changes to Council and Committee Procedure Rules, the Public Participation Scheme and E petition scheme.
2	Business Continuity Plan and Crisis Management Plan	The council's Business Continuity Plan and Crisis Management Plan should be reviewed and updated accordingly. Consideration should be made of the new ISO Standard for Business Continuity, ISO 22301:2019 Followed by the testing of service recovery plans.	Director of Customers, Digital and Improvement	Director of Customers, Digital and Improvement is now a qualified BSI ISO22301:2019 Lead Implementor. New templates have been created for Business Impact Analysis and these are being completed with all services through May and June 2024. The service requirements arising will be tested with IT and Property Services through June and July 2024. A new business continuity policy has been approved by SLT on 22 May 2024, and a Business Continuity Steering Group is being established once its Terms of Reference has been agreed.
3	Succession to LEPs	Reviewing the impact of the proposed transfer of responsibilities of LEPs to local authorities.	Director of Regeneration	The LEP transferred to HCC on 1 April 2024 and sits within the Hampshire 2050 Directorate. Officers have met with HCC to review the memorandum of Understanding for the operation of the Enterprise Zone at Basing View. The on-going monitoring and management structure will be reviewed dependent on activity.

4	Financial Management Code	Continue the development of business partnering in finance and enhancements to the reporting functionality of ERP.	Chief Finance Officer (Section 151 Officer)	In summer 2023 the accountancy team received tailored finance business partnering training from CIPFA, to support the continued professional development of the team. Further functionality of ERP reporting has been provided to the organisation, including the development of Power BI dashboards for SLT to support monthly budget monitoring. The payroll module went live in April 2024.
5	Information Management	To improve the council's information asset register and the retention of information	Head of Law and Governance & Monitoring Officer	Further to a presentation and discussion at the Wider Leadership Team in July 2023, all service teams across the Council have been addressing the retention of physical information within the Civic buildings. The Information Governance Team have provided advice, support and oversight. The work is ongoing and will result in a revised Retention Schedule and Information Asset Register in 2024.

**SIGNIFICANT GOVERNANCE ISSUES TO BE ADDRESSED IN 2024/2025:**

	<b>Governance Issue</b>	<b>Planned Action</b>	<b>Responsible Officer</b>
	Review of internal policies	Review of existing council policies to ensure they are relevant and up to date, and that the ownership of the policies is understood.	Head of Human Resources and Organisational Development / Director of Customers, Digital and Improvement
	Financial Management Code	Work is progressing to identify potential financial planning and analysis software to provide further enhancements to budget monitoring and forecasting. This, combined with further financial training, will assist in services owning their budgets and understanding their current financial position and inform decision making.	Chief Finance Officer
	Constitution review	Continue the review of the constitution, giving due regard to best practice. Given the changes in the senior management structure amendments to Part 3 (Responsibility for Functions) will be the priority.	Head of Law and Governance & Monitoring Officer
	Business continuity	Complete Business Impact Assessments with all services to identify priority activities. Then establish if there is sufficient business continuity capability within the organisation's infrastructure to meet the recovery requirements of operational priorities. The Business Continuity Steering Group will consider the outputs and once a level of capability is agreed service response plans and crisis management plans will be created. Alongside the later stages of this work communication strategies and an oversight, assurance and awareness programme will be established.	Director of Customers, Digital and Improvement
	Information management	To continue improvement to the Council's information management processes and procedures, including completion of the work on retention of information, physical and electronic, completion of the work to update the information pages on the intranet and to develop and agree a policy and procedure on Data Protection Impact Assessments.	Head of Law and Governance & Monitoring Officer/Head of IT and Digital

**CONCLUSION**

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

**Signed:** \_\_\_\_\_ **Date: 2 August 2024**  
**Cllr Paul Harvey**  
**Leader of the Council**

**Signed:** \_\_\_\_\_ **Date: 2 August 2024**  
**Russell O’Keefe**  
**Chief Executive**

<b>ACCOUNTING PERIOD</b>	The period of time covered by the Council's accounts, normally a period of 12 months commencing on 1 April. The period may also be referred to as the "financial year." The end of the accounting period (31 March) is the Balance Sheet date.
<b>ACCOUNTING POLICIES</b>	The specific principles, bases, conventions, rules and practices the Council applies in preparing and presenting the financial statements.
<b>ACCRUAL</b>	The concept that income and expenditure are recognised in the financial records as they are earned or incurred, not as cash is received or paid.
<b>ACCUMULATED ABSENCES ADJUSTMENT ACCOUNT</b>	This is the unusable reserve that absorbs the differences that would otherwise arise from accruing for the cost of holiday entitlements outstanding at the end of the year whereas statutory provisions permit them to be funded in the year the benefit is taken.
<b>ACTUARIAL GAINS AND LOSSES (PENSIONS)</b>	Changes in the Council's pensions liabilities calculated at the end of the previous year as a result of actual events being different from those predicted by the actuary or because the actuary has updated their assumptions.
<b>ACTUARY</b>	An actuary is an expert on pension scheme assets and liabilities. Every three years the Pension Scheme actuary assesses the adequacy of employer contributions made to the Pension Fund, and updates for predicted changes to the scheme deficit each year.
<b>AGENCY SERVICES</b>	Arrangements under which the Council provides goods or services to third parties on behalf of another organisation.
<b>AMORTISATION</b>	The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.
<b>AMORTISED COST</b>	A way of measuring financial instruments that ignores changes in fair value but takes into account the spreading of transaction costs over the instrument term and the impact of any concessionary interest rates.
<b>AMORTISED COST FINANCIAL ASSETS</b>	Investments for which any gains and losses in fair value are not accounted for until the investment matures or is sold. Defined as financial assets whose objective is to hold investments in order to collect their contractual cash flows, and which have the form of a basic lending arrangement (i.e., contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding).
<b>ASSETS UNDER CONSTRUCTION</b>	These are assets that are currently being developed and are not yet completed. They are shown in the accounts at costs incurred in that year.
<b>BUDGET</b>	The Council's plans for raising income and spending money on the provision of services.
<b>BUSINESS RATES</b>	Business rates (sometimes referred to as Non-Domestic Rates or NDR) are charged on most non-domestic premises, including commercial properties such as shops, offices, pubs, warehouses and factories. The council uses the rateable value provided by the Valuation Office Agency to calculate how much businesses should pay.

<b>BUSINESS UNITS</b>	The council's employee and employee-related expenditure is recorded and monitored in business unit accounts during the year and then recharged to services on an allocation basis that ensures a relevant level of cost is applied to each service.
<b>CAPITAL ADJUSTMENT ACCOUNT</b>	This is an unusable reserve used for accounting purposes specified by regulations. It absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets (largely depreciation) and for the financing of the acquisition, construction, or enhancement of those assets (financing being from revenue resources, capital grants and contributions and capital receipts).
<b>CAPITAL CHARGES</b>	Charges made to service revenue accounts for notional depreciation to reflect the cost of long-term assets used in the provision of services.
<b>CAPITAL EXPENDITURE (STATUTORY)</b>	This is expenditure on the acquisition of long-term assets which will be of long-term value to the Council (such as property, plant and equipment), or expenditure which adds to and not merely maintains the value of existing long-term assets. The statutory definition also includes revenue expenditure funded from capital under statute (REFCUS) and expenditure on the acquisition of some long-term investments (e.g., corporate bonds).
<b>CAPITAL FINANCING</b>	The Council's arrangements for meeting the cost of capital expenditure, covering capital grants and contributions, capital receipts and charges to revenue over the period that will benefit from the expenditure.
<b>CAPITAL FINANCING REQUIREMENT (CFR)</b>	The measure of the Council's capital expenditure that has yet to be financed, as defined in the CIPFA Prudential Code. It increases as capital expenditure is incurred and reduces when resources are set aside as capital finance.
<b>CAPITAL RECEIPTS</b>	The proceeds from the sale of (or reduction in our interest in) long-term assets such as property, plant and equipment, investment property and capital investments. Whilst rules set down by Government allow for capital receipts to be used to repay any outstanding debt on fixed assets or to finance new capital expenditure, they cannot be used to finance revenue expenditure.
<b>CAPITAL RECEIPTS RESERVE</b>	This is a usable reserve consisting of capital receipts that have not yet been used to finance capital investment.
<b>CASH AND CASH EQUIVALENTS</b>	Cash constitutes notes and coins held by the Council and money in bank accounts that can be withdrawn on demand. Cash equivalents are short-term highly liquid investments subject to an insignificant risk of changes in value and may be readily converted into cash.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy body covering public finance. It provides the secretariat for the CIPFA/ LASAAC Local Authority Code Board, which has formal responsibility for issuing financial reporting standards for local government accounting in the UK. These standards are reflected in The Accounting Code (see immediately below).

<b>CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (THE ACCOUNTING 'CODE')</b>	The document that specifies the contents of the Council's statement of accounts, the accounting policies it must follow, the presentation of the financial statements and the notes to be provided.
<b>COLLECTION FUND</b>	The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the billing authority (i.e., this council) in relation to Business Rates and Council Tax, and accounts for the way in which the fund balance is distributed to the Government, to preceptor authorities and to this council.
<b>COMMUNITY ASSETS</b>	A category of long-term assets that the local authority intends to hold in perpetuity, which have no determinable useful life and that may have restrictions on their disposal. Examples include parks and cemeteries.
<b>CONTINGENT LIABILITY</b>	A possible obligation for the Council that arises as a result of something that has happened before the year-end, but whose existence will not be confirmed until an uncertain future event (not wholly within the Council's control) either takes place or does not.
<b>CONTINGENT RENT</b>	Rent payable under a lease that is not fixed but based on the future amount of a factor (such as a rent review based on an inflation index).
<b>COUNCIL TAX</b>	This is a charge paid to the Council by households to pay for local services. The proceeds are paid into the Council's Collection Fund. For the purpose of paying an appropriate level of Council Tax, residential properties are given bandings (from A to H) that determine the level of Council Tax due for each property. Band D is regarded as the mid-point, or average property valuation band.
<b>COUNCIL TAX BASE</b>	The number of Band D equivalent dwellings in a local authority area. The tax base is used to determine the level of council tax an authority charges each dwelling.
<b>CREDITOR</b>	This refers to amounts owed by the Council at the Balance Sheet date in respect of goods and services received before the end of the financial year. It may also refer to an individual or organisation to whom, at the Balance Sheet date, the council owes money.
<b>CURRENT ASSET</b>	An asset that the council expects to consume, realise or dispose of within less than one year.
<b>CURRENT LIABILITY</b>	A liability or obligation that is due to be settled within one year.
<b>CURRENT SERVICE COST</b>	The increase in pensions liabilities arising from employee service in the current year.
<b>DEBTOR</b>	This refers to amounts owed to the Council but unpaid at the Balance Sheet date (31 March each year). It may also refer to an individual or organisation that owes money to the council.
<b>DEFINED BENEFIT SCHEME (PENSIONS)</b>	A pension scheme where the future benefits receivable by pensioners are guaranteed and sufficient contributions must be paid into the fund to ensure that payments will be affordable.

<b>DEPRECIATED REPLACEMENT COST (DRC)</b>	A valuation method for items of property, plant and equipment based on the current cost of replacing an asset with a modern equivalent, less deductions for the physical deterioration of the asset.
<b>DEPRECIATION</b>	This is the measure of the wearing out, consumption, or other reduction in the useful economic life of a long-term asset, whether arising from use, passage of time, obsolescence or other changes.
<b>DIRECT REVENUE FINANCING</b>	The financing of capital expenditure from revenue rather than from capital resources.
<b>DOUBTFUL DEBT</b>	This is a debt that the council is unlikely to recover. An allowance is made in the accounts for doubtful debts each year based on how long debts have been outstanding.
<b>EARMARKED REVENUE RESERVES</b>	Usable reserves consisting of amounts set aside from revenue (General Fund) to fund specific future planned expenditure or held as a contingency to provide funds for unforeseen events.
<b>EFFECTIVE INTEREST RATE</b>	The implied rate of interest in a financial instrument, calculated by reference to the cash flows within the arrangement as opposed to quoted rates of interest.
<b>EMPLOYEE BENEFITS</b>	All the forms of remuneration given to the Council's officers in return for the services they render (including salaries, allowances, pensions benefits and awards on the termination of their employment).
<b>ESTIMATED MARKET VALUE</b>	See FAIR VALUE, below
<b>EXISTING SATISFACTORY PURCHASES SCHEME</b>	Loans to housing associations to partly-fund the purchase and conversion of existing properties for use as temporary accommodation.
<b>EXISTING USE VALUE</b>	A basis for valuing property, plant and equipment that estimates a sale price for an asset disregarding potential alternative uses and any other characteristics of the asset that would make its market value different from the expenditure needed to replace the remaining service potential at least cost.
<b>EXPECTED CREDIT LOSSES (ECLs)</b>	The weighted average of credit losses (i.e., bad debts) with the respective risks of a default occurring in line with those weights. ECL has superseded the term 'bad debt provision.'
<b>FAIR VALUE</b> (or <b>ESTIMATED MARKET VALUE</b> )	This is an accounting measurement of the amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an orderly market wherein the parties had each acted knowledgeably, prudently and without compulsion.
<b>FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL INSTRUMENTS</b>	A category of financial instrument under IFRS 9 of which the cash flows are not solely payments of principal and interest. These are valued at fair market value. Pooled investment funds are included in this category.
<b>FINANCE LEASE</b>	A leasing agreement where the potential risks or rewards of the future resale value are transferred and/ or shared between the parties of a lease contract.
<b>FINANCIAL INSTRUMENTS</b>	A contract that gives one party a financial asset and the other party a financial liability (or an equity instrument), such as a loan, credit terms for the purchase of goods or services or a share in a company).

<b>FINANCIAL INSTRUMENTS REVALUATION RESERVE</b>	An unusable reserve that contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The Council might benefit in the future from the gains when the investments mature or are sold or they might be lost in falls in value.
<b>GENERAL FUND</b>	The General Fund is the primary account through which the council's transactions pass relating to its cost of services. The balance at year-end is not earmarked for any specific purpose. It is maintained at a prudent level sufficient to absorb a reasonable level of unforeseen expenditure pressure or variation.
<b>GILTS</b>	These are financial instruments issued by the UK government in order to finance public expenditure.
<b>GOING CONCERN</b>	The assumption made when preparing the financial statements that the functions of the Council will continue in operational existence for the foreseeable future.
<b>GOVERNMENT GRANTS</b>	This is where government provides assistance to the council in the form of cash or transfers of assets. If the council needs to comply with certain conditions, these are referred to as ring-fenced grants.
<b>GRANTS UNAPPLIED RESERVE</b>	This is a usable reserve consisting of capital grants and contributions that have been received but have yet to be used or applied to finance capital expenditure.
<b>GRANTS AND CONTRIBUTIONS (RECEIPTS IN ADVANCE)</b>	These are grants and contributions receivable that have conditions on their use that might require the council to return them to the contributor. Examples include time-limited developer contributions.
<b>HERITAGE ASSETS</b>	Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (such as historic buildings, museum collections and public art).
<b>IFRS</b>	International Financial Reporting Standards (IFRS) are accounting standards issued by the International Accounting Standards Board. The council's accounts conform to IFRS's where they are applicable to local authorities.
<b>IMPAIRMENT</b>	This is a reduction in the value of a long-term asset below its carrying amount in the Balance Sheet. For example, a reduction in value of physical non-current assets may be the result of physical damage, dilapidation, or obsolescence; for a long-term debtor or investment, an impairment may reflect the risk of non-repayment.
<b>INFRASTRUCTURE ASSETS</b>	Fixed assets that, by their nature, cannot be sold and therefore expenditure is only recoverable by continued use of that asset. Examples of infrastructure assets are highways and footpaths.
<b>INTANGIBLE ASSETS</b>	Assets that do not have physical substance, such as computer software, licences and websites supporting the Council's services.
<b>INTEREST COST (PENSIONS)</b>	For a defined benefit pension scheme, the expected accumulated increase in the present value of pension liabilities.

<b>INVESTMENT PROPERTY</b>	Properties held by the Council solely to earn rentals, or for capital appreciation, or for both.
<b>LEASE</b>	An arrangement under which a lessor conveys the right to use an asset to a lessee in return for a payment or series of payments
<b>LONG-TERM ASSETS</b>	An asset that the Council does not expect to realise or consume in the provision of services within the next twelve months.
<b>LONG-TERM BORROWING</b>	This is a loan that is due for repayment in more than one year from the Balance Sheet date.
<b>LONG-TERM DEBTOR</b>	An individual or organisation that owes money to the council where the full balance is due for repayment in more than one year from the Balance Sheet date.
<b>LONG-TERM INVESTMENTS</b>	Financial instruments with maturity dates that are longer than 365 days at the time of making the investment.
<b>MATERIALITY</b>	A measure of the significance of information potentially to be included in the financial statements, whereby its omission, misstatement or obscuration could be expected to influence decisions that the primary users make on the basis of those financial statements. Materiality is important for influencing which figures should be included in the financial statements, how precise those figures need to be, and how much additional information needs to be provided about them.
<b>MONEY MARKET FUNDS</b>	This is an externally managed liquid investment in high-quality, short-term debt instruments, cash, and cash equivalents, and is designed to reduce uncertainty and control risk.
<b>NET ASSETS</b>	This is the amount by which assets in the Balance Sheet exceed liabilities
<b>NET BOOK VALUE</b>	The amount at which fixed assets are included in the Balance Sheet, equating to their historical cost or current value less accumulated depreciation.
<b>NON-DISTRIBUTED COSTS</b>	These are overheads for which there are no direct service benefits, and which are therefore not apportioned to services (e.g., past service pension costs).
<b>OPERATING LEASES</b>	Similar to renting, this is a lease where the risks and rewards of ownership of the asset remain with the lessor (being the owner/ provider of the asset being leased).
<b>OTHER LONG-TERM ASSETS</b>	This is a grouping of long-term assets and includes Heritage Assets, Intangible Assets and Other Long-Term Debtors.
<b>PAST SERVICE COST (PENSIONS)</b>	The change in pensions liabilities relating to employee service in previous years as result of changes to the pension scheme or the ending of the Council's responsibility for employees transferred to another organisation.
<b>PENSIONS RESERVE</b>	An unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. For instance, a debit balance on the Reserve shows that the Council has made commitments to fund pensions that the Government has permitted it to fund from contributions to be made in future years.

<b>POOLED FUND INVESTMENTS</b>	Collective investment schemes in which a number of investors pool their money, which is then invested in a portfolio of assets.
<b>POST BALANCE SHEET EVENTS</b>	These are events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the responsible financial officer signs the Statement of Accounts.
<b>PRECEPTS/ PRECEPTORS</b>	Amounts levied on the council by other local authorities (preceptors) that the council is required to collect on their behalf as Council Tax distribute to those preceptors.
<b>PRIOR PERIOD ADJUSTMENTS</b>	The correction of an error or the effect of a change in accounting policies that involves amending the numbers in the financial statements for prior years as if the error had not been made or the policy had always applied.
<b>PROPERTY, PLANT AND EQUIPMENT (PPE)</b>	A class of assets with physical substance that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes (and expected to be used for more than one year).
<b>PROVISIONS</b>	Estimated amounts set aside to meet liabilities that are known to exist, but where there is uncertainty about when they will be settled and/ or how much the Council will have to pay. The estimated amount that will be required to settle these liabilities is charged as an expense when the Council recognises the obligation.
<b>PRUDENTIAL CODE</b>	The Code of Practice for capital financing issued by CIPFA. The Council is required by law to have regard to the Code when taking decisions about incurring capital expenditure and taking out borrowing.
<b>RELATED PARTIES</b>	This term applies to persons or entities with which the Council has a relationship, such as a company in which the Council has an interest or an organisation that is controlled by a member or chief officer.
<b>RELATED PARTY TRANSACTION</b>	A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.
<b>REMUNERATION</b>	Amounts paid to or receivable by an employee and amounts due by way of expenses allowances (as far as those amounts are chargeable to UK income tax) and the money value of any other benefits received other than in cash.
<b>RETIREMENT BENEFITS</b>	The benefits that employees earn during their period of employment, but which are not paid to them until after they retire (mainly pensions).
<b>REVALUATION RESERVE</b>	An unusable reserve that accumulates the gains made by the Council from increases in the value of its Property, Plant and Equipment assets. The Council might benefit from these gains in the future from the continued use of the assets or from their sale.
<b>REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)</b>	Expenditure that would normally be charged to revenue resources, but which Government regulations allows to be treated as capital expenditure (e.g., renovation grants) and funded from capital resources.
<b>REVENUE EXPENDITURE/ INCOME</b>	Costs and income relating to the day-to-day running of council services e.g., salaries and wages, supplies and services, transport and fees from service-related income.

<b>SCHEME LIABILITIES (PENSIONS)</b>	The liabilities of a defined benefits pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.
<b>SHORT-TERM BORROWING</b>	This refers to loans repayable in less than one year from the Balance Sheet date.
<b>SHORT-TERM CREDITOR</b>	An individual or entity to which the council owes money that is due for payment within one year from the Balance Sheet date.
<b>SHORT-TERM DEBTORS</b>	An individual or entity that owes money to the council that is due for payment within one year from the Balance Sheet date.
<b>SHORT-TERM INVESTMENTS</b>	These are financial instruments with maturity dates not more than 365 days after the date of the initial investment.
<b>STATUTORY ADJUSTMENT ACCOUNTS (RESERVES)</b>	Unusable reserves relating to statutory adjustments made in the accounts (e.g., Accumulated Absences Adjustment Account, Collection Fund Adjustment Account and Financial Instruments Adjustment Account).
<b>SUPRANATIONAL BONDS</b>	These are similar in nature to gilts except that, rather than being issued by the UK Government, they are issued by supranational bodies supported by more than one national government such as the European Investment Bank, which is supported by all of the EU member states.
<b>TERMINATION BENEFITS</b>	Amounts paid to employees on termination of their contract with the council usually in the form of redundancy payments.
<b>TRUE AND FAIR</b>	The standard against which local authority accounts are prepared, requiring compliance with statutory requirements and the Accounting Code, the absence of material misstatements and bias in the presentation of information, and faithful representation of transactions and events.
<b>UNUSABLE RESERVES</b>	Amounts set aside that the council is not able to use to fund expenditure because they are unrealised or notional (i.e., they are not cash backed) and are held for accounting purposes prescribed by the Accounting Code of Practice, backed by regulations.
<b>USABLE RESERVES</b>	Amounts set aside that the council may use to fund expenditure.
<b>USEFUL LIFE</b>	This is the period over which the local authority will derive benefits from the use of a long-term asset.

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