

# Supplementary Papers for Audit and Governance Committee

Date: Thursday, 26 February 2026



---

## 6. External Audit Finding Report and Statement of Accounts 2024/25

3 - 144

This supplement includes a briefing note of changes required to the Statement of Accounts 2024/25 as well as a revised set of accounts presented to the Committee for approval.

Published: 26 February 2026

This page is intentionally left blank

## Change required to the Statement of Accounts 2024/25

The statement of accounts 2024/25 submitted to the Audit and Governance Committee 26<sup>th</sup> February 2026 requires a material change, The change is in relation to a IFRIC14 pension adjustment which was applied to an incorrect line in the Income and Expenditure statement. The value was £128m and requires the following changes to the accounts. A revised set of accounts have been also submitted alongside this document.

## Revised Income and Expenditure Statement 2024/25

2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
317,850	(184,012)	133,838	Wellbeing	340,412	(203,802)	136,610
285,228	(156,373)	128,855	Children's Services	312,494	(163,644)	148,850
235,575	(131,731)	103,844	Operations	238,410	(128,023)	110,387
46,985	(13,029)	33,956	Resources	51,018	(12,865)	38,153
43,488	(54,812)	(11,323)	Housing Revenue Account	37,770	(59,094)	(21,324)
112,149	(98,173)	13,976	Corporate Items	104,895	(100,538)	4,357
<b>1,041,275</b>	<b>(638,129)</b>	<b>403,145</b>	<b>Cost of Services</b>	<b>1,084,999</b>	<b>(667,966)</b>	<b>417,033</b>
2,078	-	2,078	Other Operating Expenditure (see Note 9)	42,085	-	42,085
79,866	(70,580)	9,285	Financing and Investment Income and Expenditure (see Note 10)	<b>86,365</b>	(73,041)	13,324
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income (see Note 11)	-	(400,911)	(400,911)
<b>1,123,218</b>	<b>(1,072,350)</b>	<b>50,868</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,213,449</b>	<b>(1,141,918)</b>	<b>71,531</b>
		(59,475)	(Surplus) / Deficit on Revaluation of Non-Current Assets			(97,040)
		(105,779)	Re-measurement of the Net Defined Benefit Liability			<b>(88,366)</b>
		<b>(165,254)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(185,406)</b>
		<b>(114,386)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(113,875)</b>

## Revised Movement in Reserves Statement 2024/25

### MOVEMENT IN RESERVES STATEMENT 2024/25

	General Fund Unearmarked Reserves	General Fund Earmarked Reserves	Total General Fund Reserve	Housing Revenue Account Unearmarked	HRA Major Repairs Allowance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2024	(26,114)	(45,403)	(71,517)	(5,503)	0	(9,295)	(48,708)	(135,023)	(1,383,192)	(1,518,215)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	<b>97,673</b>	-	97,673	(26,142)	-	-	-	71,531	-	71,531
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	<b>(185,406)</b>	(185,406)
<b>Total Comprehensive Income and Expenditure</b>	<b>97,673</b>	-	<b>97,673</b>	<b>(26,142)</b>	-	-	-	<b>71,531</b>	<b>(185,406)</b>	<b>(113,874)</b>
Adjustments Between Accounting Basis and Funding Basis under Regulations (See Note 7)	(113,409)	-	(113,409)	21,201	(1,939)	(2,603)	(3,264)	(100,014)	100,014	-
<b>Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves</b>	<b>(15,736)</b>	-	<b>(15,736)</b>	<b>(4,941)</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(28,483)</b>	<b>(85,392)</b>	<b>(113,874)</b>
Transfers (to) / from Earmarked Reserves (See Note 8)	14,524	(14,524)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>(1,211)</b>	<b>(14,524)</b>	<b>(15,736)</b>	<b>(4,941)</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(28,483)</b>	<b>(85,392)</b>	<b>(113,874)</b>
Balance at 31 March 2025	(27,326)	(59,927)	(87,253)	(10,444)	(1,939)	(11,898)	(51,973)	(163,506)	(1,468,583)	(1,632,090)

## Revised Cash Flow Statement 2024/25

### CASH FLOW STATEMENT 2024/25

	Note	2023/24 £'000	2024/25 £'000
Net surplus or (deficit) on the provision of services		(50,868)	(71,531)
Adjustment to surplus or deficit on the provision of services for noncash movements	21	141,607	121,498
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	(56,100)	(88,406)
<b>Net Cash flows from operating activities</b>		<b>34,639</b>	<b>(38,439)</b>
Net Cash flows from Investing Activities	22	(24,906)	(43,999)
Net Cash flows from Financing Activities	23	21,070	57,291
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>30,803</b>	<b>(25,147)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>(9,824)</b>	<b>20,979</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>20,979</b>	<b>(4,168)</b>

#### 7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2024/25 – (Cont'd.)

	General Fund £'000	Housing Revenue Account £'000	Major Repair Reserve £'000	Capital receipts reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Sub Total Bfwd from previous page</b>	(35,879)	21,029	-	(2,603)	(3,264)	(20,718)	20,718	-
<b>Adjustments Primarily Involving the Major Repairs Reserve:</b>								
Transfer of HRA Depreciation to Major Repairs Reserve	-	-	(15,141)	-	-	(15,141)	15,141	-
Use of Major Repairs Reserve to repay debt	-	-	-	-	-	-	-	-
Use of Major Repairs Reserve to finance new Capital Expenditure	-	-	13,201	-	-	13,201	(13,201)	-
<b>Adjustments Primarily involving the Deferred Capital Receipts Reserve:</b>								
Transfer of Deferred Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
<b>Adjustments Primarily involving the Financial Instruments Adjustment Account:</b>								
Amount by which Finance Costs charged to the Comprehensive Income and Expenditure Statement are different from the Finance Costs chargeable in the year in accordance with statutory requirements	5	-	-	-	-	5	(5)	-
<b>Adjustments Primarily involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(38,308)	170	-	-	-	(38,138)	38,138	-
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	35,647	-	-	-	-	35,647	(35,647)	-
<b>Sub Total Carried overleaf</b>	<b>(38,536)</b>	<b>21,199</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(25,143)</b>	<b>25,143</b>	<b>-</b>

## 10. Financing and Investment Income and Expenditure

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	9,255	11,922
Net interest on the net defined benefit liability/asset	8,290	6,460
Interest receivable and similar income	(4,766)	(2,751)
Income and expenditure in relation to investment properties	(5,069)	(3,868)
Changes in their fair value of investment properties	1,575	1,561
<b>Total</b>	<b>9,285</b>	<b>13,324</b>

## 21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Interest Received	4,450	2,313
Interest Paid	(9,255)	(11,801)
Dividends	310	311
	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation	56,752	65,111
Impairment and downward valuations	14,321	1,464
Amortisation	165	126
Movements in pension liabilities	(177)	2,491
Increase / (decrease) in creditors	(4,199)	(3,067)
(Increase) / decrease in debtors	34,415	2,548
(Increase) / decrease in inventories	289	229
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	8,226	50,737
Movement in Investment Property Values	1,575	1,561
Other non-cash items charged to the net surplus or deficit on the provision of services	30,240	298
	<b>141,607</b>	<b>121,498</b>

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure 2023/24 £'000	Gross Income 2023/24 £'000	Net Expenditure 2023/24 £'000		Gross Expenditure 2024/25 £'000	Gross Income 2024/25 £'000	Net Expenditure 2024/25 £'000
317,850	(184,012)	133,838	Wellbeing	339,790	(202,638)	137,152
285,228	(156,373)	128,855	Children's Services	312,494	(163,644)	148,850
239,196	(134,407)	104,789	Operations	241,910	(130,578)	111,332
46,985	(13,029)	33,956	Resources	51,018	(12,865)	38,153
43,488	(54,812)	(11,324)	Housing Revenue Account	37,770	(59,094)	(21,324)
112,149	(98,173)	13,976	Corporate Items	104,895	(100,538)	4,357
<b>1,044,896</b>	<b>(640,806)</b>	<b>404,090</b>	<b>COST OF SERVICES</b>	<b>1,087,877</b>	<b>(669,357)</b>	<b>418,520</b>
2,078	(3,264)	(1,186)	Other Operating Expenditure	42,085	(3,800)	38,285
79,866	(70,580)	9,286	Financing and Investment Income and Expenditure	86,715	(73,185)	13,530
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income	(18)	(400,911)	(400,929)
<b>1,126,840</b>	<b>(1,078,290)</b>	<b>48,550</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,216,659</b>	<b>(1,147,253)</b>	<b>69,406</b>
		(59,475)	(Surplus) / Deficit on Revaluation of Non-current Assets			(97,040)
		(105,779)	Re-measurement of Net Defined Benefit Liability			(88,366)
		<b>(165,254)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(185,406)</b>
		<b>(116,704)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(116,000)</b>

### GROUP MOVEMENT IN RESERVES STATEMENT 2024/25

	General Fund Unearmarked	GF Earmarked Reserves	Total General Fund	Housing Revenue Account Unearmarked	HRA Major Repairs Allowance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of subsidiaries	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	(26,114)	(45,404)	(71,518)	(5,503)	0	(9,295)	(48,708)	(135,025)	(1,383,192)	(1,518,216)	(95,238)	(1,613,454)
Adjusted Balance at 1 April 2024 for Titico	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Balance at 1 April 2024	(26,114)	(45,404)	(71,518)	(5,503)	0	(9,295)	(48,708)	(135,025)	(1,383,192)	(1,518,216)	(97,689)	(1,615,905)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	97,673	-	97,673	(26,142)	-	-	-	71,531	-	71,531	(2,125)	69,406
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(185,406)	(185,406)	-	(185,406)
<b>Total Comprehensive Income and Expenditure</b>	<b>97,673</b>	<b>-</b>	<b>97,673</b>	<b>(26,142)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,531</b>	<b>(185,406)</b>	<b>(113,875)</b>	<b>(2,125)</b>	<b>(116,000)</b>
Adjustments Between Group Accounts and Authority Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments Between Accounting Basis and Funding Basis under Regulations	(241,477)	-	(241,477)	21,201	(1,939)	(2,603)	(3,264)	(228,082)	228,082	-	-	-
<b>Net (Increase) / Decrease before Transfers to/from Earmarked Reserves</b>	<b>(143,804)</b>	<b>-</b>	<b>(143,804)</b>	<b>(4,941)</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(156,551)</b>	<b>42,676</b>	<b>(113,875)</b>	<b>(2,125)</b>	<b>(116,000)</b>
Transfers (to) / from Earmarked Reserves	14,524	(14,524)	0.00	-	-	-	-	0.00	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>(129,280)</b>	<b>(14,524)</b>	<b>(143,804)</b>	<b>(4,941)</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(156,551)</b>	<b>42,676</b>	<b>(113,875)</b>	<b>(2,125)</b>	<b>(116,000)</b>
Balance at 31 March 2025	(155,394)	(59,928)	(215,322)	(10,444)	(1,939)	(11,898)	(51,972)	(291,576)	(1,340,516)	(1,632,091)	(99,814)	(1,731,905)

## GROUP CASH FLOW STATEMENT

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net (Deficit)/Surplus on the provision of services</b>	<b>(48,549)</b>	<b>(69,406)</b>
Adjust net Deficit on the Provision of Services for Non Cash Movements	139,288	119,373
Adjust for Items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	(56,048)	(89,880)
<b>Net Cash Flows from Operating Activities</b>	<b>34,691</b>	<b>(39,913)</b>
Investing Activities	(24,906)	(44,161)
Financing Activities	21,070	57,291
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>30,855</b>	<b>(26,783)</b>
Cash and Cash Equivalents at Beginning of the Reporting Period	(9,369)	27,917
<b>Cash and Cash Equivalents at End of the Reporting Period</b>	<b>21,486</b>	<b>1,134</b>

This page is intentionally left blank





**BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL**

# **STATEMENT OF ACCOUNTS 2024/25**

## CONTENTS

	<b>Page</b>
<b>Narrative Report</b>	<b>3</b>
<b>The Statement of Responsibilities for the Statement of Accounts</b>	<b>14</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>15</b>
<b>Movement in Reserves Statement</b>	<b>16</b>
<b>Balance Sheet</b>	<b>18</b>
<b>Cash Flow Statement</b>	<b>19</b>
<b>Notes to the Core Financial Statements</b>	<b>20</b>
<b>Housing Revenue Account Income and Expenditure Statement</b>	<b>99</b>
<b>The Collection Fund</b>	<b>104</b>
<b>Group Accounts</b>	<b>107</b>
<b>Annual Governance Statement</b>	<b>121</b>
<b>Independent Auditor's Report to the Members of BCP Council</b>	<b>129</b>
<b>Glossary</b>	<b>134</b>

# NARRATIVE REPORT

## Introduction

The purpose of this publication is to provide the Statutory Financial Statements for Bournemouth, Christchurch and Poole (BCP) Council for the period from 1 April 2024 to 31 March 2025. The Council provides a wide range of services for the citizens of BCP, including education, social services, housing, transport, planning, trading standards and libraries. Decisions relating to these services are made by the Elected Councillors of the Council, each Councillor representing a particular part of the conurbation.

The accounts summarise the council's transactions and financial position for the year ended 31 March 2025. The council is required to prepare an annual statement of accounts in accordance with the Accounts and Audit Regulations 2015, supported by International Financial Reporting Standards (IFRS), statutory guidance, and proper accounting practices.

These proper practices primarily comprise of CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

## Bournemouth, Christchurch and Poole Council

The Council was established on 1 April 2019 as part of local government reorganisation in Dorset. BCP Council replaced the previous borough councils, Bournemouth Borough Council, Christchurch Borough Council and the Borough of Poole. BCP Council is home to around 409,000 residents, comprising of three distinct towns, the local authority has areas of natural beauty, scientific interest and opportunities for all residents.

Like many places the BCP area has areas of contrast, including some of the most affluent and most deprived areas in the country. The residents base comprises 22% of whom are aged 65 and older (compared to 18.6% in England and Wales). Over 80 languages are spoken in the BCP area with 18% ethnicity of residents from ethnic minority backgrounds. Population growth is expected to be 4.2% between 2022-2032. BCP area is unique for its natural beauty which in 2022 attracted 10.3 million visitors including day and staying visitors.

## Corporate Strategy

BCP Council has developed a clear vision to be a modern, forward-thinking council that is ambitious for the communities and towns of Bournemouth, Christchurch and Poole. Our transformation programme has given us the opportunity to design our organisation to meet the future needs of our residents, business, and partners.

We are committed to being a transparent, inclusive and open council based on our priorities that we will:

- put people at the heart of what we do.
- be open, transparent and accountable.
- seek, listen to, and act on feedback.
- work with partners to make the most of all our strengths.

A new BCP Corporate Strategy was developed following a change in administration after local elections in May 2023. This was adopted by the Council in January 2024. The new Corporate Strategy replaces the Big Plan and previous Corporate Strategy and provides a simplified strategic framework, establishing a single set of key priorities and ambitions for the Bournemouth, Christchurch, and Poole (BCP) area.

The Corporate Strategy creates a vital component for policy development, service planning and performance management, enhancing good governance and transparency in decision-making.

As set out in the Corporate Strategy, the new vision for the area is "where people, nature, coast and towns come together in sustainable, safe and healthy communities" with two key priorities and a set of ambitions for each:

- a) Our People and Communities – everyone leads a fulfilled life, maximising opportunity for all.
- b) Our Place and Environment – vibrant places where people and nature flourish, with a thriving economy in a healthy, natural environment.

These priorities are underpinned by our approach as a council, to be "an open, transparent and accountable council, putting our people at the heart of our services" with a set of guiding principles by which the council will work, this is shown in figure 1 below.

The Corporate Strategy will be supported by delivery plans which will set out high level actions and SMART objectives to work towards the ambitions. Key performance indicators, published in a Delivery Plan, will help the council to monitor progress and identify trends.

Over the current financial year, despite a continuing challenging financial environment, the council has made an impact on residents and businesses in pursuit of key priorities. For example:

- 99.8% of all children in care have an identified plan for permanence by their 2nd review.
- Additional funding has been secured for the Holiday Activities and Food Fund, enabling families to provide hot meals for their children when schools are closed.
- 272 businesses have registered for the council's UK Shared Prosperity Fund business support scheme, and 81 grants have been issued totalling £239,605 which has been matched by private sector funding of £442,347. This is expected to deliver and safeguard 331 jobs.
- Since the launch of the Community Engagement and Consultation Strategy, the council has taken part in over 32 initiatives and projects with external partners. This has included providing advice and guidance, training, delivering events and activities, building relationships with community representatives and groups, identifying new partnerships and communities to work with.
- Funding from the Big Lottery has been secured for the next 5 years for a cross-sector partnership project to support ethnically diverse community groups and representatives to develop and become more sustainable.
- The Partnership Co-ordination Group continues to monitor anti-social behaviour hotspot areas and focus interventions with partners accordingly. There has been a 17.1% reduction in the number of anti-social behaviour reports to the police.

Figure 1: BCP Corporate Strategy



## **Governance Arrangements**

The BCP Council area comprises 33 wards with 76 elected councillors to represent residents. The council operates on a Cabinet model where the Leader appoints up to ten councillors to form the Cabinet. Members of the Cabinet take lead responsibility for specific service areas in their role as Portfolio Holders. The Cabinet is responsible for most day to day decision making and can make decisions that are in line with the council's key policy framework and budget.

The Council Constitution sets out the rules and procedures that govern how council business is conducted and decisions are made.

Supporting the work of the elected councillors in delivering the corporate priorities of the council is the organisational structure of officers headed by the Chief Executive. The Chief Executive is supported by a corporate management board, comprising of the following officers:

- Chief Operations Officer
- Corporate Director for Wellbeing
- Corporate Director for Children's Services
- Director of People and Culture
- Director of Marketing, Comms and Policy
- Director of IT and Programmes
- Director of Finance / Statutory S151 Officer
- Director of Law & Governance / Monitoring Officer

The annual statement of accounts includes an annual governance statement (AGS). The AGS describes in detail the council's governance framework which comprises the systems, processes and culture by which the council is directed and controlled. The AGS provides commentary on the effectiveness of these arrangements, identifying significant governance issues which need to be addressed.

## **CIPFA Financial Resilience Review**

On 3 August 2023 the council was issued with a non-statutory Best Value Notice from Ministry of Housing, Communities and Local Government (MHCLG) in response to concerns highlighted in an external assurance review it had commissioned. MHCLG is the new department which replaced the Department for Levelling Up, Housing and Communities (DLUHC). This external assurance review, which is an independent review into the council's governance arrangements, was undertaken by Leslie Seary the former Chief Executive of the London Borough of Islington and built on an Assurance Review carried out by the Councils Chief Executive.

A Best Value Notice is issued to "facilitate engagement with that authority and to obtain assurance of the steps it is taking to secure compliance with the Best Value Duty, as required by the Local Government Act 1999".

As an exercise in continuous improvement, the council welcomed both the external assurance review and Best Value Notice. In response, an action plan was developed and is regularly being reviewed by MHCLG and Cabinet. This monitoring report also picks up on the actions of the council's Chief Executive's internal assurance review carried out over a similar timescale.

One of the actions was for the council to commission a CIPFA financial resilience review. Such reviews can be requested in tandem to the one for external assurance of governance however, due to the assessment of our issues being particularly governance-related, the CIPFA review was only requested following the outcome of the governance review.

CIPFA undertook the necessary detailed work in September 2023, however their final report was significantly delayed due to their resource constraints and other priorities taking precedence. Their final report and the associated action plan were presented to Cabinet in July 2024. It is important to highlight that their findings highlighted that BCP Council had taken positive steps to improve its financial resilience since the BV Notice was issued and there were no critical recommendations.

As an outcome, in September 2024, the council received a letter from the Ministry of Housing, Communities and Local Government ((MHCLG) which set out that they would not be renewing the Best Value Notice. The letter thanked the council for its constructive engagement and the positively way it

had worked with government to implement a range of improvement measures to address their identified concerns. BCP Council was one of the first councils not to have a BV Notice renewed.

### 2025/26 provisional local government finance settlement

On 18 December 2024, Jim McMahon, the Minister of State for Local Government and English Devolution, announced the 2025/26 provisional local government (LG) finance settlement. This was preceded on the 28 November 2024 by a local government finance policy statement which set out some detailed assumptions in advance of the settlement.

Figure 3 below sets out the impact of the provisional 2025/26 local government finance settlement on the unringfenced grant allocations as it pertains to BCP Council.

**Figure 2: Provisional LG 2025/26 Finance Settlement - Unringfenced grants**

	2024/25 £m	2025/26 £m	Change £m
<b>Unringfenced Grants</b>			
Revenue Support Grant (RSG)	4.2	4.4	+0.2
- Specific Grants rolled in RSG	0.1	0.0	-0.1
Service Grant	0.4	0.0	-0.4
New Homes Bonus	0.1	0.3	+0.2
Recovery Grant	0.0	0.0	-
	<b>4.8</b>	<b>4.7</b>	<b>-0.1</b>

### Dedicated Schools Grant (DSG)

The most significant risk to the council's financial sustainability continues to be the current and growing deficit on the Dedicated Schools Grant (DSG) specifically regarding the annual revenue expenditure on the high needs block being more than the annual government grant. The funding gap is £49.7m 2024/25, with a forecast annual funding gap of £57.5m (92%) in 2025/26.

**Figure 3: Forecast High Needs Revenue Expenditure 2024/25 and 2025/26**

Revenue Expenditure	Original Government Grant 2024/25 £m	Original Budget 2024/25 £m	Latest Estimate 2024/25 £m	Original Government Grant 2025/26 £m	Original Budget 2025/26 £m
	DSG - Grant Funded Expenditure	62.3	62.3	62.0	64.5
Additional Budgeted Expenditure		28.0	28.0		57.5
Further Additional Expenditure			16.6		
<b>Total Estimated Expenditure</b>	<b>62.3</b>	<b>90.3</b>	<b>106.6</b>	<b>64.5</b>	<b>122.0</b>
Dedicated Schools Grant (DSG) Funding	-62.3	-62.3	-62.0	-64.5	-64.5
<b>Total DSG Grant Funding</b>	<b>-62.3</b>	<b>-62.3</b>	<b>-62.0</b>	<b>-64.5</b>	<b>-64.5</b>
<b>Net Overspend / Unfunded</b>	<b>0.0</b>	<b>28.0</b>	<b>44.6</b>	<b>0.0</b>	<b>57.5</b>

Once a small adjustment on the other elements of the DSG is taken into account, it means the accumulated annual DSG deficit is forecast to grow from £63.5m on 31 March 2024 to £113m on the 31 March 2025 and £165.5m on the 31 March 2026. This means that from the 1 April 2025 onwards the council will technically be insolvent as the DSG deficit is greater than the council's total general fund reserves. Ordinarily any council in such a position would be required to issue what is referred to as a s114 report which would put the council into effective administration and in turn lead to further government intervention. However, this action is currently not necessary as the government have put in place, to 31 March 2026, a statutory override which enables the council to ignore the DSG deficit for the purposes of a s114 assessment.

Despite not having the government grant to fund these SEND bills they still need to be paid, and all councils are prohibited from borrowing to fund the day-to-day operational/revenue expenditure. Up until 2025/26 the council has been using what is referred to as its “treasury management headroom” to enable the relevant invoices to be settled. Generally, this headroom is the timing difference between receipts for council tax or business rates arriving and the date when the actual bills they fund are paid, alongside any cash-backed balance sheet items such as reserves and provisions. Forecasting indicates this headroom will be exhausted in the first quarter of the 2025/26 financial year.

It should be recognised that if the council did not have to cover this deficit this cash would be earning interest or would enable a lower level of external debt to be held. Therefore, cash flowing the DSG deficit is estimated to cost the council in the region of £4.7m in 2024/25, and a further £7.5m in 2025/26, a cost incurred due to mostly external factors beyond the council's control and one that the council has had limited power to tackle.

The consequence of being unable to cashflow the DSG deficit in 2025/26 means the Council would have been unable to set a legally balanced budget for 2025/26. Therefore, as part of the precursor to a formal s114 report the council's Director of Finance wrote to MHCLG on the 22 May 2024 to seek its advice, guidance and support on how a legally balanced budget for 2025/26 could be set.

The statutory override is in place to avoid some of the serious consequences of having such a large and growing deficit but has now itself become a threat to council's financial stability as it is a debt the council is not permitted to tackle proactively, and it is one that the government are not providing an effective long term financial solution to manage. This is an impossible situation where the council cannot pay off the deficit, but the increase of the deficit threatens the financial sustainability of the council and puts services at risk.

The letter from the Director of Finance was supplemented by correspondence from the Council Leader and Local MPs which highlighted the precarious position the council is in and encouraged government to find a solution. Full details of the issue and all the correspondence was set out in report to Cabinet on the 10 December 2024.

In response, representatives of the MHCLG and DfE met with the Council's Chief Executive and Director of Finance on both the 19 December 2024 and 23 January 2024. The negotiations remaining ongoing. Currently they are focused on the fact that as part of its treasury management headroom councils can exceed its borrowing limits provided it is only temporary. The government's view is that any such borrow would be temporary as they are committed to act to deliver a solution which addresses this issue and returns the SEND system to financial sustainability. A capitalisation direction (permission to borrow) may though be sought to cover the £12.2m impact on the general fund from lost investment income / additional borrowing costs.

The only other real option open to the council to set a legally balanced budget for 2025/26 would be to reduce the SEND expenditure to be in line with the government's High Needs grant allocation.

Focusing on the service aspects, the number of Education, Health and Care Plans (EHCPs) continues to rise to 4,343 in November 2024 compared to 3,683 in November 2023, representing a percentage increase of 17.9% across the calendar year. This is having an impact on our ability to maintain timeliness and service the annual requirements of the volume of plans in the system due to the available budget. Improvement work continues to focus on the process and pathways in use to streamline processes and make efficiencies where possible.

When comparing to the demand in the Southwest region and England nationally, BCP is broadly in line with rates per 10k and new assessment request levels.

Six week and 20-week timeliness for new assessments (ECHNA) remains strong as it has been for the last 12 months, however the increase in service demand for new ECHNAs does mean that the 100% position achieved and held for most of the last 12 months will now deteriorate. A potential forecast for timeliness given the current level of demand against the budget for education psychologists and associated SEND case officer roles for quarter four will result in 55%-70% completion at 6 weeks and 20 weeks and the creation of a new backlog. Arrangements will be made to prioritise and protect the most vulnerable children i.e. those with an elective home education or known to social care. Whilst there will be a reduction in timeliness this will still be broadly in line (or ahead of) the national average for timeliness. Furthermore, it should be noted that the SEND service's caseload is now 18% higher than this point last year. This creates pressure on the ability to manage new requests and service the plans already in the service; this is the case for the SEND assessment and review service and the SEND strategic service area; particularly the educational psychology service and appeals and mediation processes and service area.

## Medium Term Financial Plan (MTFP)

The Council set the 2025/26 budget and approved an updated MTFP in February 2025. The Council has a legal responsibility to set an annual balanced budget (Local Government Finance Act 1992) presenting the plan for how its financial resources are to be allocated and utilised. In that context the budget for 2025/26, and the MTFP, should be seen in the context of a rolling, evolving process structured to enable the ongoing proactive management and prioritisation of the council's resources. It is therefore an evolving document which will be constantly changing, and which will require constant monitoring with actions taken to mitigate variations as they occur. As such Cabinet have been clear that work will remain ongoing in relation to efforts to materially improve the council's financial sustainability and resilience.

Key features of the 2025/26 proposed budget as presented include;

- £49.0m planned increase in council spending across all services. This is not drawn out in Figure 5 on the basis the numbers are presented net of any specific government grants.
- £14.4m (11.5% increase) to cover demand and inflationary cost pressures in wellbeing services including adult social care and homelessness services.
- £6.5m (7% increase) to cover demand and inflationary cost pressures in children's services.
- £7.8m of savings, efficiencies, service reductions, and additional fees and charges across services including £1.7m which has been established as transformation related all of which is supported with a detailed delivery plan.
- 2.8% assumed pay award for 2025/26.
- 4.99% increase in council tax for 2025/26 made up off 2.99% for the basic amount and 2% for the social care precept. Subject to necessary directions the social care precept will no longer be shown as a separate line on the council tax bills. The financial planning assumption for future years is also 4.99% in line with the OBR forecasts.
- Continuation of the utilisation of the one-off business rates collection fund surplus as per the 2024/25 approved budget. In 2025/26 these resources are being used to continue to facilitate the delivery of council regeneration activity and the externalisation of the Russell Cotes Museum ambitions, as well as assisting with the one-off costs associated with Pay and Reward, and steps to improve the robustness of the budget proposal.



**Figure 4: Medium Term Financial Plan to 31 March 2028**

Service Pressures (net of any specific grant changes)	Revised Budget 2024/25 £m	Jan 2025 MTFP Position (updated from February 2024)			
		25/26 £m	26/27 £m	27/28 £m	Total £m
Wellbeing Directorate	125.5	14.4	6.0	6.2	26.6
Children's Directorate	92.3	6.5	5.3	5.3	17.0
Operations Directorate	31.7	7.1	(0.1)	2.3	9.3
- Operations Directorate: Waste & Extended Producer Responsibility	29.5	(8.7)	1.9	0.8	(6.0)
Resources Directorate	41.4	2.4	0.2	0.0	2.6
<b>Service Pressures (net of any specific grant changes)</b>	<b>320.4</b>	<b>21.7</b>	<b>13.3</b>	<b>14.5</b>	<b>49.5</b>
Savings, Efficiencies, Fees & Charges					
Wellbeing Directorate		(2.8)	(0.9)	(0.8)	(4.5)
Children's Directorate		0.0	0.0	0.0	0.0
Operations Directorate		(2.7)	(3.3)	(2.0)	(8.0)
Resources Directorate		(0.7)	(0.1)	(0.1)	(0.9)
Transformation		(1.7)	(3.5)	(5.2)	(10.4)
Reversal of one off savings in 2024/25		3.7	0.0	0.0	3.7
		(4.1)	(7.9)	(8.1)	(20.1)
Corporate Items - Cost Pressures	21.7	4.8	7.1	6.2	18.2
Funding - Changes	(338.7)	(23.0)	(10.4)	(17.6)	(50.9)
Annual – Net Funding Gap	3.4	(0.6)	2.1	(4.9)	(3.4)
Application of one-off business rates resources to MTFP	(3.4)	0.6	2.8	0.0	3.4
Annual – Net Funding Gap	0.0	0.0	4.9	(4.9)	0.0
Cumulative MTFP – Net Funding Gap		0.0	4.9	0.0	

**Outturn 2024/25**

The final revenue outturn for 2024/25 is a £1.2m surplus after allowing for additional provisions and reserves in central budgets to reflect an updated assessment of expected commitments. A summary of the outturn is below in Figure 5:

**Figure 5: Summary General Fund Outturn 2024/25**

Quarter 3	Budget Area	Outturn Budget Position						
		Total Variances £000's	Gross Budget £000's	Net Budget £000's	Outturn £000's	Total Variance £000's	Savings undelivered £000's	Other Variance s £000's
423	Wellbeing		304,013	125,143	124,237	(906)	2,680	(3,586)
3,398	Children		122,095	92,285	95,204	2,919	2,233	686
158	Operations		173,968	61,115	60,221	(894)	225	(1,119)
548	Resources		30,223	42,811	43,806	995	326	669
(4,485)	Central		52,284	37,439	37,095	(344)	(5,463)	5,119
(41)	Funding		0	(358,795)	(361,811)	(3,016)	0	(3,016)
<b>0</b>	<b>Total</b>		<b>682,583</b>	<b>0</b>	<b>(1,247)</b>	<b>(1,247)</b>	<b>0</b>	<b>(1,247)</b>

Wellbeing directorate's £0.9m net surplus is largely due to employee savings with additional service demand and related costs covered by NHS contributions and other grants.

Children's service overspent largely due to undelivered savings as mobilisation of the transformation programme and staff restructure were delayed. The focus in the year has been to move the performance

of the social care services to a good Ofsted rating and to improve the timeliness of the SEND service, both of which were achieved.

Operations services achieved a small net surplus. Commercial operations delivered a broadly balanced position with reduced expenditure particularly within seafront services, mitigating the £2m overspend in parking services, the latter largely due to the expenditure on card payments and parking app usage exceeding budget. Other overspent budgets are within customer, arts, and property (mainly engineering and facilities management), and income was below budget in the planning service. These variances were offset by savings across environment services in areas such as bereavement, transport, and waste.

Resources overspent largely due to additional provisions made at the yearend following a review of uncertainties including insurance risks across the council.

Central budgets are showing a small net surplus. This budget area includes the contingency to offset undelivered savings and once this has been accounted for there is a variance of £5.1m on the remaining budgets. This is from movements to earmarked reserves £3.2m plus additional spend on interest payments, housing benefits and investment properties with some covered by the release of the remaining contingency and surplus budget in other areas.

### Reserves 2024/25

Earmarked reserves are those set aside for specific purposes, and these were reconsidered in quarter one to release funding to support the children’s services business case to improve the service. Figure 6 below summarises the movement in reserves during the financial year.

**Figure 6: Summary of movements in reserves**

	Balance 1 April 2024	Balance 31 March 2025	Movement
	£m	£m	£m
Un-earmarked reserves	26.1	27.3	1.2
Earmarked reserves	39.0	55.7	16.7
<b>Total reserves</b>	<b>65.1</b>	<b>83.0</b>	<b>17.9</b>

These reserves do not include revenue reserves earmarked for capital, school balances or the negative DSG reserve. The reserves for March 2025 include the proposed Cabinet recommendations included in this report.

### Dedicated Schools Grant (DSG)

The DSG in 2024/25 totals £363m and is provided to fund early years providers, schools, a small range of central services and provision for pupils with high needs. High needs funding within this total is £61m.

Consistent with many councils nationally, the growing demand and rising placement costs continues to outstrip funding growth for pupils with high needs. The high needs funding gap for 2024/25 was budgeted at £28m. This is net of a funding transfer of £1.3m from schools as agreed by the Department for Education in late February 2024.

The accumulated deficit reflecting the 2024/25 funding shortfall was budgeted to increase from £63.5m on 1 April 2024 to £91.5m by March 2025.

The historic trajectory of expenditure growth was budgeted to be curtailed for 2024/25. This was based on the slowdown in demand being experienced over autumn 2023 and the initiatives being planned through the development of the 15-year deficit recovery plan. In the event, the slowdown in demand was short lived, and the development of the inclusion fund and wider children’s services improvements took longer than expected with no financial benefit in the year.

A greater proportion than previously of the new demand was accommodated in mainstream provision with payments to mainstream schools ahead of budget. However, the surge in demand also meant

greater use of independent schools, alternative provision, and bespoke therapies due to capacity constraints in the state sector. This undermined the key assumptions in the budget. There was some offset from low spend charged to the inclusion fund (invest-to-save) budget due to the delayed timescale of implementation. The year end position is in figure 7 below:

**Figure 7: Summary position for dedicated school's grant**

Dedicated Schools Grant	£m
<b>Accumulated deficit 1 April 2024</b>	<b>63.5</b>
Budgeted high needs funding shortfall 2024/25	28.1
High needs overspend 2024/25	21.8
Underspend across other areas	(0.1)
<b>Accumulated deficit 31 March 2025</b>	<b>113.3</b>

### Going Concern Assessment

Local authority financial statements must be prepared on a going concern basis. This is because local authorities cannot be created or dissolved without statutory prescription and so they have no ability to cease being a going concern.

Fourteen years of austerity, the impact of Covid-19 and high inflation have had a significant effect on the financial position of the council. The council has set a balanced budget for 2025/26, but the financial effects of inflationary pressures are continuing to bite.

However as set out above the Council has a balance 3-year Medium Term Financial Plan with the continuing to keep this in balance.

Although there are a number of external and internal challenges for the Council to face the assessment of the council is that despite these, its financial position is compatible with the status of a going concern.

### Group Accounts

The council owns or jointly owns several subsidiary companies, charities and joint ventures. Where the council exerts sufficient control over these entities and they are material to the BCP Council annual statement of accounts, they are consolidated into the BCP Council group accounts.

Included within the BCP Council group accounts are the following entities:

#### Five Parks Charity

The Five Parks Charity consists of King's Park, Queen's Park, Meyrick Park, Redhill Parks and Seafield Gardens. The Trust was created under a number of Conveyances and Deeds of Exchange dated 1883 to 1906.

Under the Bournemouth Borough Council Act 1985 s.28 makes provision for the council to manage and control the parks. This power transferred to BCP Council upon local government reorganisation. This includes the provision of facilities for sports and recreations for the benefit of the public at large.

#### Lower Central Gardens Trust

The Trust was created in 1873 under an Indenture between BCP Council's predecessor body and Sir George Eliot Meyrick Tapps Gervis.

The day-to-day control and management of the Lower Central Gardens and hence the charity, was varied by s.29 Bournemouth Borough Council Act 1985. This vested in the council the general power to use, control and manage the Lower Central Gardens. This power transferred to BCP Council upon local government reorganisation.

#### Russell Cotes Art Gallery and Museum Charitable Trust

The Trust was created under Indentures of 1908, 1918 and 1920 between BCP Council's predecessor body and Sir Merton and Lady Russell-Cotes.

The original Indentures were varied by s.57 Bournemouth Borough Council Act 1985. This requires that the council manage, regulate, control and deal with the Trust, premises and property by means of a management committee appointed by them in accordance with the Local Government Act 1972. This power transferred to BCP Council upon local government reorganisation.

### Tricuro Limited

Tricuro Ltd is a group of two companies established under local authority trading company principles to undertake a range of adult social care services. Previously it was owned by BCP Council and Dorset Council but from 7<sup>th</sup> August 2024 this Council is the only provider. Now, Council owns 100% of the equity for Tricuro Ltd.

It is structured as a care company (Tricuro Ltd) and a company providing support services (Tricuro Support Ltd), with management through a joint Board. Tricuro Support Ltd holds the contractual relationships with this Council, as well as the property leases and support services agreements.

### **Asset Valuations**

Property, plant and equipment (PPE) assets, for the group saw a year-on-year movement of £107.1 million, with a total value of £2.137 million as at 31 March 2025.

Where valuations are undertaken that include build cost information there may be some degree of uncertainty caused by inflation in materials cost that the build cost indices will not reflect due to the time lag in reported data. The present cost of living crisis in the UK does not appear to have affected property values yet.

Investment properties were revalued downwards by £1.561 million, with a total value of £71.7 million at the balance sheet date. Investment property valuations are made on the basis of fair value and use income projections to inform the valuation of these assets.

### **Statement of Accounts**

The annual Statement of Accounts is made up of the following primary statements:

**Comprehensive Income and Expenditure Statement** – This statement is fundamental to understanding the council's activities. It brings together all of the functions of Bournemouth, Christchurch and Poole Council and summarises all of the resources that the council has generated, used or set aside in carrying out its activities during the year.

**Movement in Reserves Statement** – This statement shows the movement in the year for 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 (i.e. those reserves that the council is not able to use to provide services). The surplus or deficit on the provision of services line shows the true economic cost of providing the council's services. More detail is shown in the comprehensive income and expenditure statement.

**Balance Sheet** – This statement is fundamental to understanding the council's financial position as at 31 March 2025. It shows the balances and reserves at the council's disposal and available to fund future expenditure. The balance sheet also shows the council's long and short-term liabilities, and also the fixed and current assets at its disposal.

**Cash Flow Statement** – This statement summarises the cash inflows and outflows incurred by the council in delivering services during the year. Cash is defined for the purpose of this statement as cash in hand and cash equivalents.

These primary statements are further supported by notes and other financial information, including:

**Housing Revenue Account (HRA) Statements** – the HRA reflects the council's statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989.

The HRA financial statements are presented in three sections:

- HRA income and expenditure statement which shows the economic cost of providing housing services for the financial year rather than the amount to be funded from rents and government grants;

- Movement on the HRA statement which reconciles the increase or decrease on the HRA in the year (which includes the statutory amounts required to be charged to the HRA for dwelling rent setting purposes) to the HRA income and expenditure statement (which shows the true economic cost of providing the HRA service);
- Notes to the HRA financial statements which provide further financial information to enhance understanding of the HRA.

**The Collection Fund Statement** – This statement reflects the council’s statutory obligation as the billing authority to maintain a separate collection fund. The collection fund is used to account for business rate and council tax income collected on behalf of preceptors such as central government, the fire and police authorities, local parish councils and BCP Council. The precepts paid to these organisations are accounted for as expenditure in the collection fund along with statutory charges such as provisions for bad debts or appeals.

**The Statement of Responsibilities for the Statement of Accounts** – These statements set out the respective responsibilities of the Council and the Director of Finance as the Council’s S151 Officer.

**Group Accounts** – The Code of Practice on Local Authority Accounting defines the tests for determining which entities the council exercises control over and the degree of control that is exercised. Based on this assessment of control these entities may be included in the council’s group accounts.

The aim of the group accounts is to show the overall picture of the council’s activities, including the activities of entities over which it exercises control. The group accounts comprise:

- Group movement in reserves statement;
- Group comprehensive income and expenditure statement;
- Group balance sheet;
- Group cash flow statement.

In accordance with the Code of Practice, where group accounts figures are not materially different from those of the single entity council accounts, no additional disclosure is required in the notes to the group financial statements.

**The Annual Governance Statement** – This statement describes the council’s governance framework with reference to the six principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. It comments on the effectiveness of these arrangements and identifies any significant governance issues which the council needs to address going forward. The governance framework comprises the systems, processes, culture and values by which the council is directed and controlled and by which it is accountable to, engages with, and leads the community.

**Adam Richens FCCA CPFA**

Chief Finance Officer and Director of Finance  
Bournemouth, Christchurch and Poole Council

## **THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **1. 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 S151 Officer;
- to manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets;
- to approve the Statement of Accounts.

### **2. Chief Financial Officer Responsibilities**

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

In preparing this Statement of Accounts, the S151 Officer has:

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

The S151 Officer has also:

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

### **3. S151 Officer's Certificate**

I certify that the Statement of Accounts provides a true and fair view of the financial position of BCP Council and its income and expenditure for the year ended 31 March 2025.

**Adam Richens**  
**S151 Officer**

**Date: 26 February 2026**

### **4. Certification by the Chairman of the Audit and Governance Committee**

**Councillor Eleanor Connolly**  
**Chair of Audit and Governance Committee**

**Date: 26 February 2026**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24			2024/25			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
317,850	(184,012)	133,838	Wellbeing	340,412	(203,802)	136,610
285,228	(156,373)	128,855	Children's Services	312,494	(163,644)	148,850
235,575	(131,731)	103,844	Operations	238,410	(128,023)	110,387
46,985	(13,029)	33,956	Resources	51,018	(12,865)	38,153
43,488	(54,812)	(11,323)	Housing Revenue Account	37,770	(59,094)	(21,324)
112,149	(98,173)	13,976	Corporate Items	104,895	(100,538)	4,357
<b>1,041,275</b>	<b>(638,129)</b>	<b>403,145</b>	<b>Cost of Services</b>	<b>1,084,999</b>	<b>(667,966)</b>	<b>417,033</b>
2,078	-	2,078	Other Operating Expenditure (see Note 9)	42,085	-	42,085
79,866	(70,580)	9,285	Financing and Investment Income and Expenditure (see Note 10)	86,365	(73,041)	13,324
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income (see Note 11)	-	(400,911)	(400,911)
<b>1,123,218</b>	<b>(1,072,350)</b>	<b>50,868</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,213,449</b>	<b>(1,141,918)</b>	<b>71,531</b>
		(59,475)	(Surplus) / Deficit on Revaluation of Non-Current Assets			(97,040)
		(105,779)	Re-measurement of the Net Defined Benefit Liability			(88,366)
		<b>(165,254)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(185,406)</b>
		<b>(114,386)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(113,875)</b>

## MOVEMENT IN RESERVES STATEMENT 2024/25

	General Fund Unearmarked Reserves	General Fund Earmarked Reserves	Total General Fund Reserve	Housing Revenue Account Unearmarked	HRA Major Repairs Allowance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2024</b>	(26,114)	(45,403)	(71,517)	(5,503)	0	(9,295)	(48,708)	(135,023)	(1,383,192)	(1,518,215)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	97,673	-	97,673	(26,142)	-	-	-	71,531	-	71,531
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(185,406)	(185,406)
<b>Total Comprehensive Income and Expenditure</b>	97,673	-	97,673	(26,142)	-	-	-	71,531	(185,406)	(113,874)
Adjustments Between Accounting Basis and Funding Basis under Regulations (See Note 7)	(113,409)	-	(113,409)	21,201	(1,939)	(2,603)	(3,264)	(100,014)	100,014	-
<b>Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves</b>	(15,736)	-	(15,736)	(4,941)	(1,939)	(2,603)	(3,264)	(28,483)	(85,392)	(113,874)
Transfers (to) / from Earmarked Reserves (See Note 8)	14,524	(14,524)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	(1,211)	(14,524)	(15,736)	(4,941)	(1,939)	(2,603)	(3,264)	(28,483)	(85,392)	(113,874)
<b>Balance at 31 March 2025</b>	(27,326)	(59,927)	(87,253)	(10,444)	(1,939)	(11,898)	(51,973)	(163,506)	(1,468,583)	(1,632,090)



## MOVEMENT IN RESERVES STATEMENT 2023/24

	General Fund Unearmarked Reserves £'000	General Fund Earmarked Reserves £'000	Total General Fund Reserve £'000	Housing Revenue Account Unearmarked £'000	HRA Major Repairs Allowance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance as at 1 April 2023</b>	(17,903)	(75,977)	(93,881)	(4,521)	(0)	(16,488)	(40,661)	(155,550)	(1,248,279)	(1,403,829)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	60,618	-	60,618	(9,750)	-	-	-	50,868	-	50,868
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(165,254)	(165,254)
<b>Total Comprehensive Income and Expenditure</b>	60,618	-	60,618	(9,750)	-	-	-	50,868	(165,254)	(114,385)
Adjustments Between Accounting Basis and Funding Basis under Regulations (See Note 7)	(38,254)	-	(38,254)	8,767	-	7,193	(8,047)	(30,341)	30,341	-
<b>Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves</b>	22,364	-	22,364	(982)	-	7,193	(8,047)	20,527	(134,913)	(114,385)
Transfers (to)/ from Earmarked Reserves (See Note 8)	(30,575)	30,575	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	(8,211)	30,575	22,364	(982)	-	7,193	(8,047)	20,527	(134,913)	(114,385)
<b>Balance at 31 March 2024</b>	(26,114)	(45,403)	(71,517)	(5,503)	-	(9,295)	(48,708)	(135,023)	(1,383,192)	(1,518,215)

## BALANCE SHEET

	Note	31/03/24 £'000	31/03/25 £'000
Property, Plant and Equipment	12	1,981,933	2,086,713
Heritage Assets		578	563
Investment Property	13	73,870	71,714
Intangible Assets		373	241
Long-Term Investments		4	4
Long-Term Debtors	14	25,606	25,127
<b>Long-Term Assets</b>		<b>2,082,364</b>	<b>2,184,362</b>
Short-Term Investments	14	-	-
Assets Held for Sale		625	4,384
Inventories		1,028	799
Short-Term Debtors	15	102,263	103,105
Cash and Cash Equivalents	16	70,503	17,261
<b>Current Assets</b>		<b>174,419</b>	<b>125,549</b>
Bank Overdraft	16	(49,524)	(21,429)
PFI Current Obligation	14	(642)	(842)
Lease Liabilities	33	-	(754)
Short-Term Borrowing	14	(45,164)	(123,885)
Short-Term Creditors	17	(131,278)	(116,801)
Grants Receipts in Advance - Revenue	30	(4,565)	(1,424)
Grants Receipts in Advance - Capital	30	(76,311)	(66,927)
<b>Current Liabilities</b>		<b>(307,484)</b>	<b>(332,062)</b>
Provisions	18	(26,335)	(26,633)
Long-Term Borrowing	14	(249,962)	(247,075)
PFI Capital Obligation	14	(6,027)	(5,238)
Lease Liabilities	33	-	(3,928)
Pensions Liability	35	(148,760)	(62,885)
<b>Long-Term Liabilities</b>		<b>(431,084)</b>	<b>(345,759)</b>
<b>Net Assets</b>		<b>1,518,215</b>	<b>1,632,090</b>
<b>Usable Reserves</b>	19		
General Fund		(26,114)	(27,326)
Housing Revenue Account		(5,503)	(10,444)
Earmarked Reserves		(45,403)	(59,927)
Major Repairs Reserve		-	(1,939)
Capital Receipts Reserve		(9,295)	(11,898)
Capital Grants Unapplied Account		(48,708)	(51,973)
		<b>(135,023)</b>	<b>(163,507)</b>
<b>Unusable Reserves</b>	20		
Revaluation Reserve		(633,039)	(692,955)
Capital Adjustment Account		(928,498)	(943,087)
Deferred Capital Receipts Reserve		(1,429)	(1,306)
Financial Instrument Adjustment Account		(10)	(15)
Pensions Reserve		148,760	62,885
Accumulated Absences Account		5,045	4,539
Collection Fund Adjustment Account		(37,533)	(11,901)
Dedicated School Grant Adjustment Account		63,512	113,257
		<b>(1,383,192)</b>	<b>(1,468,583)</b>
<b>Reserves</b>		<b>(1,518,215)</b>	<b>(1,632,090)</b>

**The unaudited accounts were issued on the 30 June 2025 by the S151 Officer and the final accounts were authorised by the S151 Officer on 26 February 2026.**

## CASH FLOW STATEMENT 2024/25

	<u>Note</u>	<u>2023/24</u> <u>£'000</u>	<u>2024/25</u> <u>£'000</u>
Net surplus or (deficit) on the provision of services		(50,868)	(71,531)
Adjustment to surplus or deficit on the provision of services for noncash movements	21	141,607	121,498
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	(56,100)	(88,406)
Net Cash flows from operating activities		<u>34,639</u>	<u>(38,439)</u>
Net Cash flows from Investing Activities	22	(24,906)	(43,999)
Net Cash flows from Financing Activities	23	21,070	57,291
Net increase or (decrease) in cash and cash equivalents		<u>30,803</u>	<u>(25,147)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>(9,824)</b>	<b>20,979</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>20,979</b>	<b>(4,168)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1a. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2024/25 (i.e. government grants, rents, Council Tax and Business Rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

#### 2024/25

	Management Accounts Report General Fund & HRA	Adjustments	Net Expenditure Chargeable to the General Fund Unearmarked	Net Expenditure Chargeable HRA Unearmarked	2024/25 General Fund Earmarked Reserves	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wellbeing	124,237	(870)	125,107	-	-	11,503	136,610
Children's Services	95,204	(55,764)	150,968	-	-	(2,118)	148,850
Operations	60,221	(302)	60,523	-	-	49,863	110,387
Resources	43,807	556	43,251	-	-	(5,097)	38,153
Housing Revenue Account	(8,065)	4,345	-	(12,410)	-	(8,915)	(21,324)
Corporate Items	37,093	28,837	8,256	-	-	(3,899)	4,357
<b>Net Cost of Services</b>	<b>352,497</b>	<b>(23,198)</b>	<b>388,105</b>	<b>(12,410)</b>	<b>-</b>	<b>41,337</b>	<b>417,032</b>
Other Operating Expenditure			2,032		-	40,054	42,085
Financing and Investment Income and Expenditure			1,052	4,378	-	135,962	141,392
Taxation and Non-Specific Grant Income			(363,179)		-	(37,731)	(400,911)
Other Income and Expenditure			<b>(360,095)</b>	<b>4,378</b>	<b>-</b>	<b>138,285</b>	<b>(217,433)</b>
Statutory provision for the financing of capital investment			10,598	-	-	(10,598)	-
Capital expenditure charged to balances			799	3,122	-	(3,921)	-
Renewable Energy Projects			-	-	-	-	-
Transfer of Deferred Capital Receipts			(54)	-	-	54	-
Disposal Costs Chargeable to Capital Receipts			(175)	(31)	-	206	-
Flexible use of capital receipts			(5,169)	-	-	5,169	-
Dedicated Schools Grants Deficit			(49,744)	-	-	49,744	-
Movements to/from reserves			14,524	-	(14,524)	-	-
<b>(Surplus) or Deficit</b>			<b>(1,210)</b>	<b>(4,941)</b>	<b>(14,524)</b>	<b>220,276</b>	<b>199,599</b>
<b>Opening General Fund &amp; HRA Balance</b>			<b>(26,114)</b>	<b>(5,503)</b>	<b>(45,403)</b>	<b>-</b>	<b>-</b>
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(1,210)	(4,941)	(14,524)	-	-
<b>Closing General Fund &amp; HRA Balance at 31 March</b>			<b>(27,326)</b>	<b>(10,444)</b>	<b>(59,927)</b>	<b>-</b>	<b>-</b>

**2023/24**

	Management Accounts Report General Fund & HRA	Adjustments	Net Expenditure Chargeable to the General Fund Unearmarked	Net Expenditure Chargeable HRA Unearmarked	2023/24 General Fund Earmarked Reserves	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wellbeing	122,270	(4,760)	127,029	-	-	6,808	133,838
Children's Services	91,433	(29,015)	120,448	-	-	8,407	128,855
Operations	63,268	2,910	60,358	-	-	43,486	103,844
Resources	38,956	294	38,662	-	-	(4,706)	33,956
Housing Revenue Account	6,402	6,402	-	(10,668)	-	(655)	(11,323)
Corporate Items	(12,992)	(30,074)	17,082	-	-	(3,106)	13,976
<b>Net Cost of Services</b>	<b>309,337</b>	<b>(54,243)</b>	<b>363,580</b>	<b>(10,668)</b>	<b>-</b>	<b>50,233</b>	<b>403,145</b>
Other Operating Expenditure			1,601	-	-	476	2,078
Financing and Investment Income and Expenditure			(4,758)	4,193	-	9,849	9,285
Taxation and Non-Specific Grant Income			(311,633)	-	-	(52,007)	(363,640)
Other Income and Expenditure			<b>(314,788)</b>	<b>4,193</b>	<b>-</b>	<b>(41,681)</b>	<b>(352,277)</b>
Statutory provision for the financing of capital investment			10,856	-	-	(10,856)	-
Capital expenditure charged to balances			1,943	5,515	-	(7,458)	-
Renewable Energy Projects			-	-	-	-	-
Transfer of Deferred Capital Receipts			(4)	-	-	4	-
Disposal Costs Chargeable to Capital Receipts			-	(23)	-	23	-
Flexible use of capital receipts			(11,557)	-	-	11,557	-
Dedicated Schools Grants Deficit			(27,667)	-	-	27,667	-
Movements to/from reserves			(30,575)	-	30,575	-	-
<b>(Surplus) or Deficit</b>			<b>(8,212)</b>	<b>(982)</b>	<b>30,575</b>	<b>29,489</b>	<b>50,868</b>
<b>Opening General Fund &amp; HRA Balance</b>			<b>(17,903)</b>	<b>(4,521)</b>	<b>(75,977)</b>	<b>-</b>	<b>-</b>
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(8,212)	(982)	30,575	-	-
<b>Closing General Fund &amp; HRA Balance at 31 March</b>			<b>(26,114)</b>	<b>(5,503)</b>	<b>(45,403)</b>	<b>-</b>	<b>-</b>

## 1b. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund and HRA balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

### 2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (i)	Net change for the Pensions Adjustments (ii)	Other Differences (Note iii)	Total Adjustments
	£'000	£'000	£'000	£'000
Wellbeing	6,976	4,472	55	11,503
Children's Services	(733)	(991)	(395)	(2,118)
Operations	52,000	(2,001)	(137)	49,863
Resources	1,805	(6,876)	(26)	(5,097)
Housing Revenue Account	(8,636)	(277)	(2)	(8,915)
Corporate Items	(5,603)	1,704	0	(3,899)
<b>Net Cost of Services</b>	<b>45,811</b>	<b>(3,969)</b>	<b>(504)</b>	<b>41,337</b>
Other Operating Expenditure	40,054	-	-	40,054
Financing and Investment Income and Expenditure	1,441	134,528	(6)	135,962
Taxation and Non-Specific Grant Income	(63,364)	-	25,633	(37,731)
Other Income and Expenditure from the Funding Analysis	(21,870)	134,528	25,627	138,284
Statutory provision for the financing of capital investment	(10,598)	-	-	(10,598)
Capital expenditure charged to balances	(3,921)	-	-	(3,921)
Renewable Energy Projects	-	-	-	-
Transfer of Deferred Capital Receipts	54	-	-	54
Disposal Costs Chargeable to Capital Receipts	206	-	-	206
Flexible use of capital receipts	5,169	-	-	5,169
Dedicated Schools Grants Deficit	49,744	-	-	49,744
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>64,595</b>	<b>130,559</b>	<b>25,122</b>	<b>220,275</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (i)	Net change for the Pensions Adjustments (ii)	Other Differences (Note iii)	Total Adjustments
	£'000	£'000	£'000	£'000
Wellbeing	2,474	4,349	(14)	<b>6,808</b>
Children's Services	9,293	(1,066)	180	<b>8,407</b>
Operations	45,191	(1,705)	-	<b>43,486</b>
Resources	1,622	(6,335)	7	<b>(4,706)</b>
Housing Revenue Account	(478)	(274)	97	<b>(655)</b>
Corporate Items	-	(3,110)	4	<b>(3,106)</b>
<b>Net Cost of Services</b>	<b>58,102</b>	<b>(8,142)</b>	<b>273</b>	<b>50,233</b>
Other Income and Expenditure from the Funding Analysis	(36,917)	8,290	(13,054)	<b>(41,681)</b>
Statutory provision for the financing of capital investment	(10,856)	-	-	<b>(10,856)</b>
Capital expenditure charged to balances	(7,458)	-	-	<b>(7,458)</b>
Renewable Energy Projects	-	-	-	-
Transfer of Deferred Capital Receipts	4	-	-	<b>4</b>
Disposal Costs Chargeable to Capital Receipts	23	-	-	<b>23</b>
Flexible use of capital receipts	11,557	-	-	<b>11,557</b>
Dedicated Schools Grants Deficit	27,667	-	-	<b>27,667</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit</b>	<b>42,122</b>	<b>148</b>	<b>(12,781)</b>	<b>29,489</b>

### **(i) - Adjustments for Capital Purposes**

Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services. In addition,

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- Finance and investment income and expenditure – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP)
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivables during the year to those receivables without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

### **(ii) - Net Change for Pension Adjustments**

The removal of pension contributions and the addition of the IAS 19 Employee Benefits pension related expenditure and income are reflected as follows.

- For the net cost of services – the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES)

### **(iii) - Other Differences**

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- For financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For taxation and non-specific grant income - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

### **1c. Expenditure and Income Analysed by Nature**

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee benefits expenses	342,958	475,118
Other services expenses	679,055	729,852
Capital Charges*	71,237	66,698
Movement on Investment Properties	1,575	1,561
Interest payments	9,255	11,922
Precepts and levies	1,601	2,032
(Gain) / Loss on the disposal of assets	476	40,053
REFCUS	10,648	9,347
Pension Backfunding	3,970	4,130
Apprentice Levy	778	804
<b>Total expenditure</b>	<b>1,119,979</b>	<b>1,341,517</b>
<b>Income</b>		
Fees, charges and other service income	(204,354)	(217,751)
Corporate Income	(3,439)	(2,500)
Interest and investment income	(71,839)	(72,730)
Income from council tax, non-domestic rates	(288,285)	(301,364)
Government grants and contributions	(502,768)	(547,573)
<b>Total income</b>	<b>(1,069,111)</b>	<b>(1,141,919)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>50,868</b>	<b>199,598</b>

\*Capital charges include depreciation and amortisation of intangible assets.



2. Included within the Council's income from fees charges and other income of £217.7m, the amounts attributable to revenue derived from contracts with service recipients in accordance with accounting standard IFRS 15 was £132.9 million (£177.0m 2023/24).

Where HRA housing revenue account tenancy rents have been included the Council has followed 4.2 of the code and IPSAS 9 'Revenue from exchange transactions', all other income from contracts with service recipients follows 2.7 of the CIPFA code of practice. This is to include tenancy rental agreements for social housing whereby a contract form exists.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
HRA Housing Rents	(47,929)	(54,171)
Car Parks	(27,015)	(27,906)
Housing Services	(4,962)	(3,238)
Other	(4,488)	(5,662)
Waste & Environmental Services	(9,767)	(9,960)
Beaches	(8,112)	(7,459)
Beach Huts	(6,740)	(7,197)
Bereavement and Crematorium	(4,227)	(4,747)
Adult Social Care	(376)	(641)
Growth & Infrastructure	(3,101)	(2,867)
Parks & Buildings	(2,424)	(2,229)
Leisure and Recreational	(4,021)	(5,916)
Children Social Care	(143)	(133)
Hire of premises	(538)	(803)
<b>Total Income from Contracts with Service Recipients</b>	<b>(123,842)</b>	<b>(132,929)</b>

Material volumes of income that relate to contracts with service recipients relate to car park charges, seafront services on Bournemouth beaches, beach huts licence fees and HRA rental income. The performance obligation relating to HRA rental, car parks and seafront services are fulfilled when the payment is made and so there are no performance obligations unsatisfied at the balance sheet date. Beach hut licences and garden waste are billed yearly for an annual licence, and so again there are no performance obligations unsatisfied at the balance sheet date.

### 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 36 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

#### **Wholly Owned Subsidiaries of the Council**

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council. An entity could be material but still not consolidated if all of its business is with the Council and eliminated on consolidation – i.e., the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk. Any further subsidiary acquisitions during the year will be assessed for materiality and demonstrated that by their exclusion it would not materially impact on the Council's group accounts.

The Council has assessed its group boundary for 2024/25. The Council has produced Group Accounts for subsidiaries which it controls and whose assets are material. It has been deemed that the Lower Central Gardens Trust, Five Parks Charity and Russell-Cotes Art Gallery and Museum Charitable Trust and Tricuro Ltd meet these requirements. The Council considers that the other subsidiaries and entities that have not been consolidated are not material from both a qualitative and quantitative perspective to the user of the accounts. Further details are set out in the Group Accounts note.

#### 4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains 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 complete certainty, actual results could be materially different from the assumptions and estimates.

Further details on the impact to the Council's Balance Sheet regarding the impact of uncertainty are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<p><b>Other Land and Buildings – Valuation of Assets, Asset life and Valuer Assumptions</b></p>	<p>The carrying value of Land and building Assets and its remaining useful lives (RUL) are assessed by the Council's Valuers.</p> <p>Valuations contain estimates and assumptions made by qualified and experienced valuers including nationally derived building cost indices and income and yield estimates.</p> <p>Council dwellings are subject to less uncertainty as an active market exists for housing providing reliable price movement data.</p> <p>The value of the Group's General Fund - Other Land and Buildings as at 31 March 2025 was £908 million net book value (NBV)</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's Land and Buildings were to reduce by 10% that would equate to £90.8 million movement on Property, Plant and Equipment in the statement of accounts.</p>
<p><b>Pensions Liability/Asset</b></p>	<p>Estimation of the net liability/asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pension's liability/asset of changes in individual assumptions can be measured. For instance, an increase in the discount rate</p>	<p>The effects on the net pension liability/asset of changes in individual assumptions can be measured. For instance, a 0.1% increase in the Rate for Discount Scheme Liabilities would result in an increase in the pension asset of £6.61 million.</p> <p>The Sensitivity Analysis is provided in Note 35 in a table outlining the impact on the Defined Benefit Obligation in the Scheme.</p> <p>If the pension asset ceiling were not accounted for, the balance sheet would have</p>

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>assumption would result in a decrease in the pension liability (increase in the pension asset). Where a surplus is recognised in the actuary's report, an asset ceiling is applied to limit the future benefits that could be recognised from the pension fund, based on the assessment of economic benefits available to the Council. Initially the report showed an asset of £66.2m, and after the asset ceiling was applied the Council reported a net liability of £62.9m.</p>	<p>show a pension surplus of £66.2m.</p>
<p><b>Investment Properties</b></p>	<p>Investment Properties are measured initially at cost and subsequently at fair value in accordance with IFRS 13 'Fair Value Measurement' and in line with the Council's Accounting policies in Note 37. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the entity uses the assumptions that market participants would use when pricing the asset under current market conditions, including assumptions about risk. As investment properties under IAS 40 are held solely to earn rentals and/or for capital appreciation, market yields may be subject to volatility or estimation uncertainties and are therefore an assumption considered by the Valuer.</p> <p>BCP's Investment properties have been valued by RICS registered Valuers 'Lambert Smith Hampton' during the year and the value of properties held in the investment property portfolio as at 31 March 2025 was £71.714 million.</p>	<p>A variation in the annual estimated valuations could result in a movement being recorded inappropriately in the Comprehensive Income and Expenditure Statement.</p> <p>A reduction in value of investment property of 10% would result in a reduction of £7.17 million.</p>

## 5. Events after the Balance Sheet Date

The draft Statement of Accounts was authorised for issue by the S151 Officer on 30 June 2025. There were no significant events at the time of publishing these accounts.

## **6. Adjustments between Accounting Basis and Funding Basis under Regulation**

The following tables detail the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or, where in deficit, that is required to be recovered from tenants in future years.

### **Major Repairs Reserve**

The Council is required to maintain a Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historic capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year-end.

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied Account**

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

## 7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2024/25

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Adjustments Primarily Involving the Capital Adjustment Account</u></b>								
<b><u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>								
Depreciation and Impairment of Non-Current Assets	(49,971)	8,636	-	-	-	(41,335)	41,335	-
Revaluation Losses on Property, Plant and Equipment	(10,095)	-	-	-	-	(10,095)	10,095	-
Movement in the Market Value of Investment Property	(1,561)	-	-	-	-	(1,561)	1,561	-
Amortisation of Intangible Assets	(127)	-	-	-	-	(127)	127	-
Capital Grants and Contributions Applied	51,142	7,763	-	-	-	58,905	(58,905)	-
Revenue Expenditure Funded from Capital under Statute	(9,347)	-	-	-	-	(9,347)	9,347	-
Grant Finance of Revenue Expenditure Funded from Capital	8,411	-	-	-	379	8,790	(8,790)	-
Amounts of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	(48,424)	(2,314)	-	-	-	(50,737)	50,737	-
<b><u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>								
Amounts of Deferred Capital Receipts written off in year	-	-	-	-	-	-	-	-
Statutory Provision for the Financing of Capital Investment	11,418	-	-	-	-	11,417	(11,417)	-
Capital Expenditure charged against General Fund and HRA Balances	799	3,122	-	-	-	3,920	(3,920)	-
<b>Sub Total Carried overleaf</b>	<b>(47,754)</b>	<b>17,207</b>	<b>-</b>	<b>-</b>	<b>379</b>	<b>(30,167)</b>	<b>30,167</b>	<b>-</b>

7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2024/25 – (Cont'd.)

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Sub Total Bfwd from previous page</b>	<b>(47,754)</b>	<b>17,207</b>	<b>-</b>	<b>-</b>	<b>379</b>	<b>(30,167)</b>	<b>30,167</b>	<b>-</b>
<b><u>Adjustments Primarily Involving the Capital Grants Unapplied Account</u></b>								
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	10,407	-	-	-	(10,407)	-	-	-
Application of Grants to Capital Financing transferred to the Capital Adjustment Account	-	-	-	-	6,763	6,763	(6,763)	-
<b><u>Adjustments Primarily Involving the Capital Receipts Reserve</u></b>								
Transfer of Cash Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,831	3,853	-	(10,683)	-	-	-	-
Other Capital Income credited to the Comprehensive Income and Expenditure Statement	(20)	-	-	(69)	-	(89)	89	-
Use of Capital Receipts Reserve to finance new Capital Expenditure	-	-	-	2,774	-	2,774	(2,774)	-
Capital Receipts Reserve set aside in relation to debt on sold HRA properties	-	-	-	-	-	-	-	-
Contribution from Capital Receipts Reserve towards administrative costs of Non-Current Asset disposal	(175)	-	-	175	-	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(31)	-	31	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	-	-
Flexible use of capital receipts funding transformation	(5,169)	-	-	5,169	-	-	-	-
<b>Sub Total Carried overleaf</b>	<b>(35,879)</b>	<b>21,029</b>	<b>-</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(20,718)</b>	<b>20,718</b>	<b>-</b>

7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2024/25 – (Cont'd.)

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Sub Total Bfwd from previous page</b>	<b>(35,879)</b>	<b>21,029</b>	<b>-</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(20,718)</b>	<b>20,718</b>	<b>-</b>
<b><u>Adjustments Primarily Involving the Major Repairs Reserve:</u></b>								
Transfer of HRA Depreciation to Major Repairs Reserve	-	-	(15,141)	-	-	(15,141)	15,141	-
Use of Major Repairs Reserve to repay debt	-	-	-	-	-	-	-	-
Use of Major Repairs Reserve to finance new Capital Expenditure	-	-	13,201	-	-	13,201	(13,201)	-
<b><u>Adjustments Primarily involving the Deferred Capital Receipts Reserve:</u></b>								
Transfer of Deferred Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
<b><u>Adjustments Primarily involving the Financial Instruments Adjustment Account:</u></b>								
Amount by which Finance Costs charged to the Comprehensive Income and Expenditure Statement are different from the Finance Costs chargeable in the year in accordance with statutory requirements	5	-	-	-	-	5	(5)	-
<b><u>Adjustments Primarily involving the Pensions Reserve:</u></b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(38,308)	170	-	-	-	(38,138)	38,138	-
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	35,647	-	-	-	-	35,647	(35,647)	-
<b>Sub Total Carried overleaf</b>	<b>(38,536)</b>	<b>21,199</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(25,143)</b>	<b>25,143</b>	<b>-</b>

7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2024/25 – (Cont'd.)

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Sub Total Bfwd from previous page</b>	<b>(38,536)</b>	<b>21,199</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(25,143)</b>	<b>25,143</b>	<b>-</b>
<b><u>Adjustments Primarily Involving the Collection Fund</u></b>								
<b><u>Adjustment Account:</u></b>								
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax Income calculated for the year in accordance with statutory requirements	(25,633)	-	-	-	-	(25,633)	25,633	-
<b><u>Adjustments Primarily Involving the Accumulated Absences Account:</u></b>								
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from Remuneration Chargeable in the year in accordance with statutory requirements	504	2	-	-	-	506	(506)	-
<b><u>Adjustments Primarily Involving the Dedicated School Grants Deficit:</u></b>								
Amount transferred in year to the Dedicated School Grant Deficit reserve	(49,744)	-	-	-	-	(49,744)	49,744	-
<b>Total of Adjustments Between Accounting Basis and Funding Basis under Regulations</b>	<b>(113,409)</b>	<b>21,201</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(100,014)</b>	<b>100,014</b>	<b>-</b>



## 7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2023/24

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Adjustments Primarily Involving the Capital Adjustment Account</u></b>								
<b><u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>								
Depreciation and Impairment of Non-Current Assets	(41,956)	478	-	-	-	(41,479)	41,479	-
Revaluation Losses on Property, Plant and Equipment	(14,799)	0	-	-	-	(14,799)	14,799	-
Movement in the Market Value of Investment Property	(1,575)	-	-	-	-	(1,575)	1,575	-
Amortisation of Intangible Assets	(164)	-	-	-	-	(164)	164	-
Capital Grants and Contributions Applied	24,171	603	-	-	-	24,774	(24,774)	-
Revenue Expenditure Funded from Capital under Statute	(10,648)	-	-	-	-	(10,648)	10,648	-
Grant Finance of Revenue Expenditure Funded from Capital	8,988	-	-	-	1,226	10,214	(10,214)	-
Amounts of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	(6,202)	(2,024)	-	-	-	(8,226)	8,226	-
<b><u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>								
Amounts of Deferred Capital Receipts written off in year	-	-	-	-	-	-	-	-
Statutory Provision for the Financing of Capital Investment	10,856	-	-	-	-	10,855	(10,855)	-
Capital Expenditure charged against General Fund and HRA Balances	1,943	5,515	-	-	-	7,457	(7,457)	-
<b>Sub Total Carried overleaf</b>	<b>(29,387)</b>	<b>4,573</b>	<b>-</b>	<b>-</b>	<b>1,226</b>	<b>(23,588)</b>	<b>23,588</b>	<b>-</b>

7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2023/24 – (Cont'd.)

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Sub Total Bfwd from previous page</b>	<b>(29,387)</b>	<b>4,573</b>	<b>-</b>	<b>-</b>	<b>1,226</b>	<b>(23,588)</b>	<b>23,588</b>	<b>-</b>
<b><u>Adjustments Primarily Involving the Capital Grants Unapplied Account</u></b>								
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	13,576	619	-	-	(14,195)	-	-	-
Application of Grants to Capital Financing transferred to the Capital Adjustment Account	-	-	-	-	4,921	4,921	(4,921)	-
<b><u>Adjustments Primarily Involving the Capital Receipts Reserve</u></b>								
Transfer of Cash Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,218	3,532	-	(7,749)	-	-	-	-
Other Capital Income credited to the Comprehensive Income and Expenditure Statement	(4)	-	-	-	-	(4)	4	-
Use of Capital Receipts Reserve to finance new Capital Expenditure	-	-	-	3,361	-	3,361	(3,361)	-
Capital Receipts Reserve set aside in relation to debt on sold HRA properties	-	-	-	-	-	-	-	-
Contribution from Capital Receipts Reserve towards administrative costs of Non-Current Asset disposal	-	-	-	-	-	-	-	-
Contribution from Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	-	(23)	-	23	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-	-	-	-	-
Flexible use of capital receipts funding transformation	(11,557)	-	-	11,557	-	-	-	-
<b>Sub Total Carried overleaf</b>	<b>(23,154)</b>	<b>8,699</b>	<b>-</b>	<b>7,193</b>	<b>(8,047)</b>	<b>(15,309)</b>	<b>15,309</b>	<b>-</b>

7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2023/24 – (Cont'd.)

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Sub Total Bfwd from previous page</b>	(23,154)	8,699	-	7,193	(8,047)	(15,309)	15,309	-
<b><u>Adjustments Primarily Involving the Major Repairs Reserve:</u></b>								
Transfer of HRA Depreciation to Major Repairs Reserve	-	-	(14,796)	-	-	(14,796)	14,796	-
Use of Major Repairs Reserve to repay debt	-	-	-	-	-	-	-	-
Use of Major Repairs Reserve to finance new Capital Expenditure	-	-	14,795	-	-	14,795	(14,795)	-
<b><u>Adjustments Primarily involving the Deferred Capital Receipts Reserve:</u></b>								
Transfer of Deferred Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
<b><u>Adjustments Primarily involving the Financial Instruments Adjustment Account:</u></b>								
Amount by which Finance Costs charged to the Comprehensive Income and Expenditure Statement are different from the Finance Costs chargeable in the year in accordance with statutory requirements	14	-	-	-	-	14	(14)	-
<b><u>Adjustments Primarily involving the Pensions Reserve:</u></b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(33,583)	165	-	-	-	(33,418)	33,418	-
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	33,595	-	-	-	-	33,595	(33,595)	-
<b>Sub Total Carried overleaf</b>	<b>(23,128)</b>	<b>8,864</b>	<b>0</b>	<b>7,193</b>	<b>(8,047)</b>	<b>(15,118)</b>	<b>15,118</b>	<b>-</b>

7. Analysis of Adjustments Between Accounting Basis and Funding Basis under Regulations 2023/24 – (Cont'd.)

	General Fund	Housing Revenue Account	Major Repair Reserve	Capital receipts reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sub Total Bfwd from previous page	(23,128)	8,864	0	7,193	(8,047)	(15,118)	15,118	-
<b><u>Adjustments Primarily involving the Collection Fund</u></b>								
<b><u>Adjustment Account:</u></b>								
Amount by which Council Tax Income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax Income calculated for the year in accordance with statutory requirements	13,038	-	-	-	-	13,038	(13,038)	-
<b><u>Adjustments Primarily Involving the Accumulated Absences Account:</u></b>								
Amount by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from Remuneration Chargeable in the year in accordance with statutory requirements	(498)	(97)	-	-	-	(595)	595	-
<b><u>Adjustments Primarily Involving the Dedicated School Grants Deficit:</u></b>								
Amount transferred in year to the Dedicated School Grant Deficit reserve	(27,667)	-	-	-	-	(27,667)	27,667	-
<b>Total of Adjustments Between Accounting Basis and Funding Basis under Regulations</b>	<b>(38,254)</b>	<b>8,767</b>	<b>0</b>	<b>7,193</b>	<b>(8,047)</b>	<b>(30,341)</b>	<b>30,341</b>	<b>-</b>

## 8. Transfers to/from Earmarked Reserves

	Balance as at 31 March 2023 £'000	Net Movement £'000	Balance as at 31 March 2024 £'000	Net Movement £'000	Balance as at 31 March 2025 £'000
Financial Resilience Reserves	(31,903)	31,903	-	(2,790)	(2,790)
Transition and Transformation Reserves	(185)	(2,017)	(2,202)	(924)	(3,126)
Insurance Reserve	(5,000)	(115)	(5,115)	97	(5,018)
Held in Partnership for External Organisations	(3,133)	23	(3,110)	(357)	(3,467)
Required by Statute or Legislation	(883)	120	(763)	(32)	(795)
Planning Related	(510)	(118)	(628)	274	(354)
Government Grants	(18,197)	2,077	(16,121)	(2,837)	(18,958)
Maintenance	(1,500)	(47)	(1,547)	(1,684)	(3,231)
ICT Development & Improvement	(1,570)	(1,310)	(2,880)	(757)	(3,637)
Corporate Priorities & Improvements	(5,614)	(1,061)	(6,675)	(7,643)	(14,318)
Balances held by schools under a scheme of delegation	(4,741)	(172)	(4,913)	3,725	(1,188)
Earmarked for Capital	(2,741)	1,292	(1,449)	(1,596)	(3,045)
<b>Earmarked Reserves</b>	<b>(75,977)</b>	<b>30,575</b>	<b>(45,403)</b>	<b>(14,524)</b>	<b>(59,927)</b>
<b><u>Housing Revenue Account</u></b>					
Housing Revenue Account	-	-	-	-	-
<b>Housing Revenue Account Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Fund and HRA Reserves</b>	<b>(75,977)</b>	<b>30,575</b>	<b>(45,403)</b>	<b>(14,524)</b>	<b>(59,927)</b>

## 9. Other Operating Expenditure

	2023/24	2024/25
	£'000	£'000
Levies & Parish Precept	1,601	2,032
Payments to the government housing capital receipts pool	-	-
Net loss of disposal	476	40,053
<b>Total</b>	<b>2,077</b>	<b>42,085</b>

## 10. Financing and Investment Income and Expenditure

	2023/24	2024/25
	£'000	£'000
Interest payable and similar charges	9,255	11,922
Net interest on the net defined benefit liability/asset	8,290	6,460
Interest receivable and similar income	(4,766)	(2,751)
Income and expenditure in relation to investment properties	(5,069)	(3,868)
Changes in their fair value of investment properties	1,575	1,561
<b>Total</b>	<b>9,285</b>	<b>13,324</b>

## 11. Taxation and Non-Specific Grant Income

	2023/24	2024/25
	£'000	£'000
Income from council tax	(243,634)	(263,041)
Business rates income and expenditure	(44,651)	(38,323)
Non-ring-fenced government grants	(7,756)	(6,006)
NNDR S31 Grant	(28,630)	(30,177)
Capital grants and contributions	(38,969)	(63,364)
<b>Total</b>	<b>(363,640)</b>	<b>(400,911)</b>

## 12. Property, Plant and Equipment

### Depreciation

The following have been used in the determination of depreciation charges: -

Classification	Depreciation Method
Council dwellings	Straight Line
Other buildings	Straight Line
Vehicles, plant and equipment	Straight Line
Infrastructure	Straight Line
Community assets	Straight Line
Right of Use	Straight Line
Donated	Straight Line
Assets under construction	None
Surplus assets	None
Newly acquired assets	If applicable to apply following year

Following consultation with services the following lives have been applied for depreciation:

Buildings (including Right of Use and Donated)	50 years
Land	No depreciation, due to indefinite life
Highways infrastructure	20-50 years
Bridges	125 years
Coast protection infrastructure	25-50 years
Plant and equipment	5-20 years
Vehicles	5-10 years
Intangibles	1-3 years
Council Dwellings	10-50 years

### Capital Commitments

At 31st March 2025, the Council has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years. The major commitments are as follows:

	2023/24	2024/25
	£'000	£'000
Poole Bay Beach Management	9,344	1,164
Council Housing Improvements	2,130	21,827
Infrastructure	1,470	14,081
Schools	1,186	1,295
<b>Total Significant Capital Commitments</b>	<b>14,130</b>	<b>38,367</b>

### Revaluations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. The valuations are carried out using the Council's Estates Services section who hold the Fellow of the Royal Institute of Chartered Surveyors (FRICS) qualification and the external company Lambert Smith Hampton. The valuations are as at 31st March 2025. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic prices.

The significant assumptions applied in estimating the current values of property, plant and equipment are outlined in Note 4, and Note 13 for estimating the fair value of Investment and Surplus Assets.

	HRA Council Dwellings	HRA Other Land & Buildings, Vehicles & Equipment	Other Land & Buildings (incl PFI)	Vehicles, Plant & Equipment	Infrastructure	Community Asset	Surplus Asset	Assets Under Construction	Right Of Use	Donated	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Historic Cost		26,142		35,419	352,837	18,377		1,088			433,863
Valued at current value :											
2024/25	762,670	11,407	536,654				17,201		3,532	461	1,331,925
2023/24			145,327								145,327
2022/23			58,503								58,503
2021/22			73,248								73,248
2020/21			39,273								39,273
2019/20			4,574								4,574
	762,670	37,549	857,579	35,419	352,837	18,377	17,201	1,088	3,532	461	2,086,713

All Housing Revenue Account council dwellings are re-valued annually as at the balance sheet date. The Valuer is Lambert Smith Hampton.

Vehicles, Plant and Equipment, Infrastructure, Community Assets and Assets Under Construction are all valued at Historic Cost within the above table.

## 12. Property, Plant and Equipment

	HRA Council Dwellings	HRA Other Land & Buildings, Vehicles & Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets under Construction	Right of Use Assets	Donated Assets	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>											
<b>Brought at 1 April 2024</b>	<b>754,583</b>	<b>22,760</b>	<b>823,827</b>	<b>68,782</b>	<b>24,470</b>	<b>17,582</b>	<b>1,971</b>	-	-	<b>1,713,974</b>	<b>8,452</b>
Additions	13,495	15,634	44,875	8,960	975	-	690	-	-	84,629	-
Recognition of Right of Use Asset	-	-	222	-	-	-	-	5,502	34	5,758	221
Revaluation Increase/(decrease) recognised in Revaluation Reserve	(14,881)	4,549	75,479	-	-	2,136	-	-	-	67,283	(645)
Revaluation increase/(decrease) recognised in Surplus/Deficit Provision of	1,458	30	(12,773)	-	-	(21)	-	-	-	(11,306)	-
Derecognition - disposals	(2,314)	-	(225)	-	-	(2,774)	-	(18)	-	(5,331)	-
Derecognition - other	-	(162)	(44,970)	(4,304)	-	-	-	-	-	(49,436)	-
Reclassification – within PPE	10,329	(2,966)	(5,463)	152	-	(962)	(1,573)	18	464	0	-
Reclassification – outside PPE	-	-	(4,466)	-	-	1,240	-	-	-	(3,226)	-
<b>Balance at 31 March 2025</b>	<b>762,670</b>	<b>39,845</b>	<b>876,506</b>	<b>73,590</b>	<b>25,445</b>	<b>17,201</b>	<b>1,088</b>	<b>5,502</b>	<b>498</b>	<b>1,802,345</b>	<b>8,028</b>
<b>Accumulated Depreciation &amp; Impairment</b>											
<b>Brought at 1 April 2024</b>	-	<b>(2,034)</b>	<b>(20,286)</b>	<b>(34,535)</b>	<b>(6,551)</b>	-	-	-	-	<b>(63,406)</b>	-
Depreciation for year	(14,639)	(502)	(25,289)	(7,729)	(518)	-	-	(164)	-	(48,841)	(276)
Recognition of Right of Use Asset	-	-	-	-	-	-	-	(1,806)	-	(1,806)	-
Depreciation written out to Revaluation Reserve	7,501	75	22,168	-	-	-	-	-	-	29,744	276
Depreciation written to Surplus/ Deficit on Provision of Services	-	0	1,619	-	-	-	-	-	-	1,619	-
Impairment losses / reversals recognised in the Revaluation Reserve	-	-	-	-	-	15	-	-	-	15	-
Impairment losses / reversals recognised in Surplus / Deficit on Provision of Services	7,144	4	1,081	-	-	-	-	-	-	8,229	-
Derecognition - disposals	-	-	-	-	-	-	-	-	-	-	-
Derecognition - other	-	162	1,643	4,090	-	-	-	-	-	5,895	-
Reclassification - within PPE	(6)	-	58	-	-	(15)	-	-	(37)	-	-
Reclassification - outside PPE	-	-	82	-	-	-	-	-	-	82	-
<b>Balance at 31 March 2025</b>	<b>0</b>	<b>(2,295)</b>	<b>(18,924)</b>	<b>(38,174)</b>	<b>(7,069)</b>	<b>-</b>	<b>-</b>	<b>(1,971)</b>	<b>(37)</b>	<b>(68,469)</b>	<b>-</b>
<b>Brought at 1 April 2024</b>	<b>754,583</b>	<b>20,726</b>	<b>803,541</b>	<b>34,247</b>	<b>17,920</b>	<b>17,582</b>	<b>1,971</b>	-	-	<b>1,650,570</b>	<b>8,452</b>
<b>Balance at 31 March 2025</b>	<b>762,670</b>	<b>37,550</b>	<b>857,582</b>	<b>35,416</b>	<b>18,377</b>	<b>17,201</b>	<b>1,088</b>	<b>3,532</b>	<b>461</b>	<b>1,733,876</b>	<b>8,028</b>

\* See note 2 in HRA section for a breakdown of assets

See Note 12.1 for Infrastructure Note



## 12. Property, Plant and Equipment – (Cont'd)

	HRA Council Dwellings	HRA Other Land & Buildings, Vehicles & Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>Brought at 1 April 2023</b>	<b>736,864</b>	<b>26,784</b>	<b>776,749</b>	<b>62,671</b>	<b>23,456</b>	<b>10,608</b>	<b>6,540</b>	<b>1,643,673</b>	<b>8,624</b>
Additions	18,324	6,093	31,766	9,134	1,014	2	159	66,492	-
Revaluation Increase/(decrease) recognised in Revaluation Reserve	(8,103)	41	34,814	-	-	(3,675)	-	23,077	(172)
Revaluation increase/(decrease) recognised in Surplus/Deficit Provision of Service	(645)	19	(17,525)	-	-	(87)	-	(18,239)	-
Derecognition - disposals	(2,024)	(3)	(148)	-	-	-	(105)	(2,281)	-
Derecognition - other	-	(48)	(1,055)	(4,189)	-	-	-	(5,292)	-
Reclassification – within PPE	10,166	(10,126)	(702)	1,165	-	5,285	(4,623)	1,165	-
Reclassification – outside PPE	-	-	(70)	-	-	5,450	-	5,380	-
<b>Balance at 31 March 2024</b>	<b>754,582</b>	<b>22,760</b>	<b>823,828</b>	<b>68,782</b>	<b>24,470</b>	<b>17,582</b>	<b>1,971</b>	<b>1,713,975</b>	<b>8,452</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>Brought at 1 April 2023</b>	-	<b>(1,662)</b>	<b>(25,881)</b>	<b>(30,496)</b>	<b>(6,083)</b>	-	-	(64,122)	-
Depreciation for year	(14,295)	(500)	(19,845)	(7,154)	(467)	-	-	(42,261)	(276)
Depreciation written out to Revaluation Reserve	13,194	75	22,547	-	-	26	-	35,841	276
Depreciation written to Surplus/ Deficit on Provision of Services	-	1	1,879	-	-	-	-	1,880	-
Impairment losses / reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses / reversals recognised in Surplus / Deficit on Provision of Services	1,101	1	935	-	-	-	-	2,037	-
Derecognition - disposals	-	3	-	-	-	-	-	3	-
Derecognition - other	-	48	51	3,574	-	-	-	3,673	-
Reclassification - within PPE	-	-	26	(460)	-	(26)	-	(460)	-
Reclassification - outside PPE	-	-	3	-	-	-	-	3	-
<b>Balance at 31 March 2024</b>	<b>-</b>	<b>(2,034)</b>	<b>(20,286)</b>	<b>(34,535)</b>	<b>(6,551)</b>	<b>-</b>	<b>-</b>	<b>(63,405)</b>	<b>-</b>
<b>Brought at 1 April 2023</b>	<b>736,864</b>	<b>25,122</b>	<b>750,868</b>	<b>32,176</b>	<b>17,373</b>	<b>10,608</b>	<b>6,540</b>	<b>1,579,552</b>	<b>8,624</b>
<b>Balance at 31 March 2024</b>	<b>754,582</b>	<b>20,726</b>	<b>803,542</b>	<b>34,247</b>	<b>17,920</b>	<b>17,582</b>	<b>1,971</b>	<b>1,650,570</b>	<b>8,452</b>

\* See note 2 in HRA section for a breakdown of assets

## 12. Property, Plant and Equipment – (Cont'd)

### Infrastructure Assets - Movements on Balances

In accordance with the temporary relief granted by the Code relating to Infrastructure assets this note does not include disclosure of Gross Book Value and Accumulated Depreciation for Infrastructure Assets because historical data and information deficits held by the Authority means that data would not faithfully represent the asset position of the Financial Statements. The Authority has opted not to disclose such information as the previously reported practices and resultant information deficits implies that Gross Book Value and Accumulated depreciation are not measured accurately and would not enable users of the Financial Statements to make informed decisions relating to Infrastructure Assets.

<b>Infrastructure Assets</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Net Book Value (Modified Historic Cost) At 1 April	<b>322,990</b>	<b>331,363</b>
Additions	25,652	37,786
Derecognition - other	(2,099)	(1,864)
Reclassifications within PPE	(704)	1
Depreciation	(14,476)	(14,449)
<b>Net Book Value at 31 March</b>	<b>331,363</b>	<b>352,837</b>

<b>Reconciling Note PPE Assets</b>	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2025</b>
	<b>£'000</b>	<b>£'000</b>
Infrastructure Assets	331,363	352,837
Other PPE Assets	1,650,570	1,733,876
<b>Total PPE Assets</b>	<b>1,981,933</b>	<b>2,086,713</b>

The authority has determined in accordance with the temporary relief and Regulation in conjunction with the Capital Finance and Accounting 2022 amendments to the regulations, that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## 13. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Rental Income from investment property	(6,193)	(5,689)
Direct operating expenses arising from investment property	1,125	1,821
(Increase)/reduction in fair value of investment property	1,575	1,561
<b>Net (gain) / loss</b>	<b>(3,493)</b>	<b>(2,307)</b>

The following table summarises the movement in the fair value of investment property:

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at the start of the year</b>	77,589	73,870
Additions	-	20
Transfers from/(to) property, plant & equipment	-	(615)
Assets sold	(2,144)	-
Fair Value Adjustment	(1,575)	(1,561)
<b>Balance at the end of the year</b>	<b>73,870</b>	<b>71,714</b>

All Investment Properties have been valued as at 31 March 2025.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the authority's right to the remittance of income and the proceeds of disposal. The Council's has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement other than those disclosed in the capital commitment note. In 2024/25 the former park and ride site at Branksome Triangle has been moved to surplus asset as vacant.

## VALUATION INFORMATION INVESTMENT PROPERTY

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 followed by the comparative data for the period ending 31 March 2024 are as follows:

2024/25 Fair Value Hierarchy	Levels (no. of properties)			Fair Value
	1	2	3	£'000
Residential (market rental) properties	-	20	-	4,118
Office units	-	3	-	1,524
Commercial Units	-	68	-	66,072
	-	91	-	71,714

2023/24 Fair Value Hierarchy	Levels (no. of properties)			Fair Value
	1	2	3	£'000
Residential (market rental) properties	-	21	-	2,825
Office units	-	3	-	1,635
Commercial Units	-	71	-	69,410
	-	95	-	73,870

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

The Council has used observable and unobservable inputs within a valuation hierarchy to determine the values for surplus assets and for investment properties.

Observable inputs: inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset.

Unobservable inputs: inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset.

These inputs are categorised into three levels termed a fair value hierarchy as outlined in accounting policy (j). The fair value hierarchy table above shows that there were no transfers between fair value levels during the year from Level 3 to Level 2.

### Valuation techniques used to determine level 2 fair values

Ninety one sites made up of commercial properties and other properties held for their rental income and/or capital appreciation have been categorised as Level 2 in the fair value hierarchy, with their fair value being measured using a combination of the market approach and the income approach. The market approach uses comparable market evidence in arriving at values, whilst the income approach uses an all-risk yield to capitalise the income, to arrive at the value. This yield is based on comparable market yields. These investment properties are categories as Level 2 in the fair value hierarchy as the measurement technique uses input that are observable for the asset, either directly or indirectly, and there is no reasonably available information that indicates the market participants would use different assumptions. There has been no change in valuation techniques used during the year for Investment Properties.

## 14. Financial Instruments

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments are made up as follows:

	31st March 2024 Surplus or Deficit on the Provision of Services	31st March 2025 Surplus or Deficit on the Provision of Services
	£'000	£'000
<b>Net (gains)/losses on :-</b>		
Financial assets at fair value through profit and loss	(2)	(2)
Financial assets at amortised cost	-	-
Investments in equity instruments designated at fair value through other comprehensive income	-	-
Financial assets at fair value through other comprehensive income	-	-
Financial liabilities at amortised cost	-	-
<b>Total net (gains)/losses</b>	<b>(2)</b>	<b>(2)</b>
<b>Interest revenue</b>		
Financial assets at amortised cost	(3,824)	(2,630)
Other financial assets at fair value through other comprehensive income	-	-
<b>Total interest revenue</b>	<b>(3,824)</b>	<b>(2,630)</b>
<b>Interest expense</b>	<b>9,255</b>	<b>11,801</b>

### Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by borrowings, long-term debtors and investments are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

- The fair value of the Public Work Loans Board loans has been calculated at 31 March by reference to the new loan rate.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values shown in the tables within Note 14 can be observed using one of these fair value hierarchies:

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

For all the tables within Note 14, Level 2 was applied.

The Fair Value of Financial Assets and Liabilities are calculated as follows:

#### 14. Financial Instruments Continued

	Non-current				Totals	
	Investments		Debtors		As at 31 March 2024	As at 31 March 2025
	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025		
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial Assets</b>						
Amortised Cost	4	4	6,506	5,981	6,510	5,985
Fair Value through other comprehensive income	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>4</b>	<b>4</b>	<b>6,506</b>	<b>5,981</b>	<b>6,510</b>	<b>5,985</b>
Assets not defined as Financial Instruments	-	-	19,100	19,146	19,100	19,146
<b>Total Assets</b>	<b>4</b>	<b>4</b>	<b>25,606</b>	<b>25,127</b>	<b>25,610</b>	<b>25,131</b>

#### Financial Assets

	Current				Totals	
	Investments		Debtors		As at 31 March 2024	As at 31 March 2025
	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025		
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial Assets</b>						
Amortised Cost	-	-	72,055	63,300	72,055	63,300
Fair Value through other comprehensive income	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>72,055</b>	<b>63,300</b>	<b>72,055</b>	<b>63,300</b>
Assets not defined as Financial Instruments	-	-	30,208	39,805	30,208	39,805
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>102,263</b>	<b>103,105</b>	<b>102,263</b>	<b>103,105</b>

#### Financial Liabilities

	Creditors				Totals	
	Non-current		Current		As at 31 March 2024	As at 31 March 2025
	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025		
<b>Financial Liabilities</b>						
Amortised Cost	(255,989)	(256,241)	(158,075)	(222,628)	(414,064)	(478,869)
<b>Total Liabilities</b>	<b>(255,989)</b>	<b>(256,241)</b>	<b>(158,075)</b>	<b>(222,628)</b>	<b>(414,064)</b>	<b>(478,869)</b>

## Fair Values of Financial Assets and Liabilities

Fair Value disclosures Financial Assets	As at 31 March 2024		As at 31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial Assets held at amortised cost:</b>				
Short Term Debtors	102,263	-	103,105	-
Long Term Debtors	25,605	-	25,127	-
Short Term Investments	-	-	-	-
Long Term investments	4	-	4	-
Long Term investments in shareholding companies	-	-	-	-
Cash & Cash Equivalents	20,979	-	(4,168)	-
<b>Total Financial Assets</b>	<b>148,851</b>	<b>-</b>	<b>124,068</b>	<b>-</b>

	As at 31 March 2024		As at 31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial Liabilities held at amortised cost:</b>				
Short Term Borrowing *	(45,164)	(45,164)	(123,885)	(123,885)
Long Term Borrowing **	(249,962)	(180,872)	(247,075)	(170,571)
Short Term Creditors	(62,745)	-	(75,771)	-
Long Term Creditors	-	-	-	-
Cash & Cash Equivalents-Bank overdraft	(49,524)	-	(21,429)	-
PFI and Finance lease liabilities	(6,669)	-	(10,762)	-
<b>Total Financial Liabilities</b>	<b>(414,064)</b>	<b>(226,036)</b>	<b>(478,922)</b>	<b>(294,456)</b>

See below for breakdown of \* and \*\*.

The Council's loan portfolio at year end consisted of PWLB loans, loans from a commercial lender, short-term loans from other local authorities and a small balance of interest free Salix loans. The Council also utilises a bank overdraft facility as part of its daily treasury management activity.

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable, plus accrued interest and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

## Long and Short term borrowing

	As at 31 March 2024		As at 31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Long Term Borrowing **</b>				
PWLB Loans	(188,896)	(133,033)	(188,896)	(120,262)
Commercial Loans	(61,066)	(47,839)	(58,179)	(50,309)
	<u>(249,962)</u>	<u>(180,872)</u>	<u>(247,075)</u>	<u>(170,571)</u>
<b>Short Term Borrowing *</b>				
PWLB Loans	-	-	-	-
Local Authority loans ***	(43,807)	(43,807)	(121,500)	(121,500)
Commercial Loans	(1,357)	(1,357)	(2,385)	(2,385)
	<u>(45,164)</u>	<u>(45,164)</u>	<u>(123,885)</u>	<u>(123,885)</u>
<b>Total Borrowing</b>	<b>(295,126)</b>	<b>(226,036)</b>	<b>(370,960)</b>	<b>(294,456)</b>

\*\*\* Short term borrowing carried on the Balance sheet at £123.885m includes Local Authority loans which are at lower than market loan rates.

Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans. For loans from the Public Works Loan Board (PWLB) and commercial loans, transfer values (new loan rates) from the PWLB have been applied to provide the fair value under PWLB debt redemption procedure.

The fair value of the financial liabilities is less than the carrying amount because the Council's portfolio of borrowing because the New Loan Rate which is lower than the fixed interest rate of those loans. This commitment to pay interest above current market rates increases the amount the Council would have to pay if the lender requested or agreed to early repayment of the loans.

The fair value is shown as the same as the carrying value, if not materially different. This is because a number of the loans are at a variable interest rate which corresponds with the current market rate. The remainder fall within the soft loan category and have had their amortised value reassessed to the market rate at the balance sheet date and are thus also at fair value. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Financial assets held at amortised cost include deferred payments for services granted under The Health and Social Care Act. These items are required to be classed as 'soft loans' by the Council, the write down arising from valuing loans at fair value to the income and expenditure account. This amount can then be reversed out to the Financial Instruments Adjustment Account through the Movement in Reserves Fund Balances. The Code allows authorities to apply de minimis levels in assessing whether there is a need to action the adjustments.

### Nature and Extent of Risks Arising from Financial Instruments

The Council's activities can be exposed to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in interest rates.

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and it has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

The Treasury Management function is carried out in accordance with the Annual Treasury Management Strategy which is approved each year by Cabinet.

## Credit Risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they are rated independently, with a minimum Fitch Rating of Short Term F1, Long Term A-. In the case of building societies, the short-term rating is F2, Long Term A-. The Council has a specific policy of not lending more than 20% to 25% of its surplus balances to one institution depending on the category and risk rating of that institution. There are no geographical limitations on where the investments are made provided, they meet the rating requirements.

These requirements have been relaxed where the UK government has become a major shareholder of the institution.

Historically the Council has never suffered a loss of deposits with banks and financial institutions.

- short-term Rating 'F1' Indicates the strongest capacity for timely payment of financial commitments;
- short-term Rating 'F2' indicates a good capacity for timely payment of financial commitments, however the margin of safety is not as great as in the case of the higher ratings;
- long-Term Rating 'A' denotes expectations of a low credit risk. The capacity for payment of financial commitments is considered strong.

No breaches of the Council's counterparty criteria occurred during the reporting period. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Investment	Principal £'000	Historic Risk of Default	Expected Credit Loss £'000
Local Government	4	-	-
	4		-

The credit risk associated with the loans with other public bodies and those secured against property is minimal, however, the unsecured loans are at risk of non-payment. However, the credit risk associated with these amounts is reflected in the impairment allowance.

	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
<b>Long-Term Debtors:</b>		
- with other Public Bodies	230	180
- secured against property	5,395	4,944
- unsecured	19,980	20,003
	25,605	25,127

### Impairment Losses in accordance with the Expected Credit Loss Model

The following input, assumptions and estimation techniques have been used in calculating impairment loss allowances:

The expected credit loss (ECL) model applies only to contractual financial assets measured at amortised cost in respect of this Council (or Fair value at Other Comprehensive Income if applicable). For loans and investments, the loss allowance is equal to 12 months expected credit losses unless credit loss has increased significantly in which case it is equal to lifetime ECL's. There are no significant impairment losses expected within the Council's model for managing impairment, therefore a provision for losses has not been made during the year due to the low materiality. The following table shows that the Council's ECL model has calculated expected credit losses for the year to be £0.



	<b>Balance as at 31 March 2024</b>	<b>Balance as at 31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>
Investment measured at Amortised Costs :		
AAA	-	-
AA-	-	-
A+	-	-
A	-	-
A-	-	-
N/A	4	4
	<u>4</u>	<u>4</u>

\* Please note the Code does not recognise a loss allowance where the counterparty is central government or a local Authority since relevant statutory provisions prevent default. For these instruments, the expected credit loss will be nil.

For financial assets, the Council recognises an allowance for expected credit losses, as they are subject to non-payment. To calculate the impairment allowances, the Council adopts an approach based on the historic experience of levels of default. Expected credit losses are charged to operating expenditure within the Comprehensive Income & Expenditure Statement and reduces the net carrying value of the financial assets in the Balance Sheet, see Debtor note 15.

Debts due to the Council are recorded as they become due and the item "debtors" in the Balance Sheet represents the amounts due during the year which remain unpaid at the year end, from which a sum is deducted as credit loss. This provision is calculated by analysing the age of the debts and setting aside an amount dependent on the age of those debts outstanding. The credit loss is calculated as follows:

- Sundry Debtors – calculated as 10% to 90% of debtors outstanding depending upon age based on historic analysis.

	<b>2023/24</b>	<b>2024/25</b>		
	%	%		
Less than one month	27	24		
More than one month less than two months	7	19		
More than two month less than a year	26	20		
More than a year	40	37		
	<u>100</u>	<u>100</u>		
	<b>2024/25</b>	<b>2024/25</b>	<b>2024/25</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
	Sundry Debtors	Other Receivables	Total	
Receivables outstanding	44,130	42,789	86,919	
Less impairment	(18,743)	(4,876)	(23,619)	
	<u>25,387</u>	<u>37,913</u>	<u>63,300</u>	

- Housing Benefits – calculated as 100% of total inhibited debt outstanding, 50% for accounts in payment

By including these allowances within the accounts, the credit risk is recognised in the accounts.

## Liquidity Risk

The Council has a comprehensive cash flow management system, to ensure that cash is available as needed. If unexpected movement happens, the Council has ready access to borrowings from the Public Works Loans Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments under financial instruments, or to ensure it provides a balanced budget through the Local Government Finance Act 1992, by raising sufficient monies to cover annual expenditure.

It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring loans mature at different times. The Council's strategy is to maintain a balanced maturity portfolio such that debt repayable in any one year is not excessive. The Council also holds significant deposits with approved financial institutions which would allow flexibility when any replacement borrowings need to be taken out.

The maturity analysis of the financial liabilities held is as follows:

	<b>Balance as at 31 March 2024</b>	<b>Balance as at 31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>
less than one year	(157,715)	(221,927)
between one and two years	(5,913)	(12,257)
between two and five years	(7,432)	(9,886)
between five and ten years	(34,341)	(37,767)
in ten years or more	(208,303)	(197,084)
<b>Total Financial Liabilities</b>	<b>(413,704)</b>	<b>(478,921)</b>

## Market Risk

### Interest Rate Changes

The Council is exposed to risk in terms of its exposure to interest rate movement on its borrowings and investment. Movements in interest rates have a complex impact on the authority. A rise in interest rates would have the following impact on the Council's accounts:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.
- Private Finance Initiative (PFI) contract payments are not subject to variations in interest rates but the payments are subject to adjustments based on the Retail Price Index (RPI).

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

The Council has a number of strategies for managing interest rate risk. The Strategy is to have no borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

If interest rates had been 1% higher, with all other variables held constant, the financial impact on the accounts would be:

<b>Comprehensive Income and Expenditure statement :</b>		
	<b>Balance as at 31 March 2024 £'000</b>	<b>Balance as at 31 March 2025 £'000</b>
Increase in interest payable on variable rate borrowing		
Temporary Borrowing	105	642
Short-Term Investments	(828)	(421)
Long-Term Debtors	-	-
Impact on Surplus or Deficit on the provision of services	<u>(723)</u>	<u>221</u>
Increase/(Decrease) in fair value of fixed rate long term borrowing	(22,997)	(18,898)
Impact on other comprehensive income and expenditure	14	5
Increase/(Decrease) in fair value of fixed rate borrowing liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	<u>(23,706)</u>	<u>(18,672)</u>
The impact of a 1% fall in interest rates would be as above but with the movement being reversed.		

#### Price Risk

The Council does not invest in equity shares and has no exposure to losses arising from fluctuations in share prices. When looking at the Group Accounts, the Council does have interest in a number of companies and joint ventures, however the Council is not exposed to losses that could arise to movement of shares prices.

#### Foreign Exchange Risk

The Council has no assets or liabilities denominated in foreign currencies and thus has no exposures arising from movements in exchange rates.

### **15. Debtors**

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Trade receivables outstanding **	26,460	44,921
Other receivables amounts outstanding **	66,296	41,998
less impairment	(20,701)	(23,619)
Net receivables outstanding	<u>72,055</u>	<u>63,300</u>
Prepayment	10,722	17,217
Local Taxation receivables outstanding	38,895	46,156
Less impairment	(19,409)	(23,568)
Net Local Taxation receivables outstanding	<u>19,486</u>	<u>22,588</u>
Total	102,263	103,105

\*\* these are Financial Assets, as disclosed in note 14

## Net Local Taxation receivable outstanding

2024/25	Council Tax	NDR	Total
	£'000	£'000	£'000
Not later than one year	(2,763)	(832)	(3,595)
Later than one year and not later than five years	(9,395)	(571)	(9,966)
Later than five years	(8,471)	(556)	(9,027)
	(20,629)	(1,959)	(22,588)

## Impairment allowance for doubtful debts

For 2024/25 the Council has the following impairments against the services:

	2023/24	2024/25
	£'000	£'000
Wellbeing	(7,225)	(7,841)
Children's Services	(436)	(488)
Operations	(4,374)	(5,648)
Resources	(6,321)	(6,814)
Housing Revenue Account	(2,345)	(2,828)
	(20,701)	(23,619)

## 16. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2023/24	2024/25
	£'000	£'000
Cash held by the authority	41,828	14,711
Bank current account	(49,524)	(21,429)
Short-term deposits with investors	28,675	2,550
	20,979	(4,168)

## 17. Creditors

	2023/24	2024/25
	£'000	£'000
Trade payables due	(39,186)	(49,082)
Other payables due	(23,560)	(26,636)
Deputyship monies due	-	(53)
<b>Total **</b>	<b>(62,745)</b>	<b>(75,771)</b>
Receipts in Advance	(8,661)	(9,464)
Local Taxation payables due	(59,871)	(31,566)
	(131,278)	(116,801)

**\*\* these are Financial Liabilities, as disclosed in note 14**

## 18. Provisions

	Balance 1 April 2023	Additional provisions made	Amounts used	Unused amounts reversed	Balance 1 April 2024	Additional provisions made	Amounts used	Unused amounts reversed	Balance 31 March 2025
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Insurance Provisions	(4,068)	-	-	-	(4,068)	(458)	-	-	(4,526)
Business Rates	(7,369)	-	455	-	(6,914)	(7,632)	4,412	-	(10,134)
Property Provisions	(4,104)	(2,748)	18	1,450	(5,384)	(837)	-	2,592	(3,629)
Adult Social Care Service Provision	(828)	(751)	-	-	(1,579)	(490)	-	-	(2,069)
Winter Gardens	(4,200)	-	-	-	(4,200)	-	-	-	(4,200)
Future Places	(4,000)	-	2,400	1,600	0	-	-	-	0
Other provisions	(2,705)	(2,360)	375	500	(4,190)	(60)	1,213	962	(2,075)
<b>Total</b>	<b>(27,274)</b>	<b>(5,859)</b>	<b>3,248</b>	<b>3,550</b>	<b>(26,335)</b>	<b>(9,477)</b>	<b>5,625</b>	<b>3,554</b>	<b>(26,633)</b>

### Insurance Provisions

The insurance arrangements for the legacy councils were varied including a significant degree of self-insurance. In order to manage claims falling within the self-insured limits the councils adopted varying practices including the creation of insurance provisions and funds.

For each of the legacy councils, historically Municipal Mutual Insurance (MMI) provided insurance cover prior to 1992. MMI is an insurer in run-off and subject to a Court approved Scheme of Arrangement. As a result of Local Government Reorganisation on 1 April 2019, BCP Council became the successor to the existing Scheme Creditor bodies of the legacy councils. BCP Council is responsible for the liabilities under the scheme. Details of the Scheme of Arrangement for MMI can be found at [www.mminsurace.co.uk](http://www.mminsurace.co.uk).

### Business Rate Appeals

Provision in relation to backdated appeals on business rate payers' valuations for the 2017 and 2023 rating years. Amounts shown are the Council share of the total appeals provision.

### Property Provisions

Provision set aside in relation to the Council's property where there is a liability for dilapidation costs to pay to landlords or refund overpaid rental income.

### Adult Social Care Service

The provision is set aside for Accommodation Plus. This refers to aftercare accommodation for individual with mental health needs under Section 117 of the Mental Health Act 1983 and provides structured, tailored environment and support to address these needs. The requirement to provide such support by local authorities, jointly funded with Health, emerged from the Local Government and Social Care Ombudsman guidance. The total liability within six year statutory limit for costs is in the region of £2.4 million and this provision addresses potential backpay dated back to Nov 2023 in line with financial capability of the department.

### Ordinary residence liability

Ordinary residence is the mechanism that local authorities use to decide which local authority should fund an individual's care. This liability relates to ongoing ordinary residence disputes with other local authorities where social care for a number of clients has been funded by another local authority who are claiming that the clients' funding should be the responsibility of BCP. This provision allows for reimbursement to be made to others.

### Winter Gardens Provision

The Council has continued to set aside a provision of £4.2million provision for their 50% shareholding as a result of on-going viability demands relating to the Winter Gardens project and the potential losses attributable to Bournemouth Development Company LLP (BDC), a joint venture company of the Council. MUSE Developments Ltd, a joint venture partner has also recognised their share in their financial statements.

## 19. Usable Reserves

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
General Fund	(26,114)	(27,326)
Housing Revenue Account	(5,503)	(10,444)
Earmarked Reserves	(45,403)	(59,927)
Major Repairs Reserve	-	(1,939)
Capital Receipts Reserve	(9,295)	(11,898)
Capital Grants Unapplied Account	(48,708)	(51,973)
<b>Total Usable Reserves</b>	<b>(135,023)</b>	<b>(163,507)</b>

## 20. Unusable Reserves

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Revaluation Reserve	(633,039)	(692,955)
Capital Adjustment Account	(928,498)	(943,087)
Deferred Capital Receipts Reserve	(1,429)	(1,306)
Financial Instrument Adjustment Account	(10)	(15)
Pensions Reserve	148,760	62,885
Accumulated Absences Account	5,045	4,539
Collection Fund Adjustment Account	(37,533)	(11,901)
Dedicated School Grant Adjustment Account	63,512	113,257
<b>Total Unusable Reserves</b>	<b>(1,383,192)</b>	<b>(1,468,583)</b>

## Revaluation Reserve

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

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

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(586,664)</b>	<b>(633,039)</b>
Upward revaluation of assets	(91,421)	(154,389)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	31,946	57,349
<b>Surplus or Deficit on Reval of Non-current assets not posted to the Surplus or deficit on the provision of Services</b>	<b>(59,475)</b>	<b>(97,040)</b>
Difference between fair value depreciation and historic cost depreciation	12,343	17,202
Accumulated (gains) and losses on assets sold or scrapped	757	19,922
Amount Written off to the Capital Adjustment Account	13,100	37,124
<b>Balance at 31 March</b>	<b>(633,039)</b>	<b>(692,955)</b>

## Capital Adjustment Account

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(930,704)</b>	<b>(928,498)</b>
<b>Reversal of items relating to Capital expenditure debited or credited to the CI&amp;E :</b>		
Depreciation of General Fund	41,956	49,971
Impairment on Non-Current Assets	14,321	1,459
Depreciation of Housing Revenue Account	14,796	15,141
Amount set aside to repay debt	(1,074)	(667)
Donated Asset	-	(34)
Amortisation of Intangible Assets	165	127
Revenue Expenditure Funded from Capital under Statute	10,648	9,347
Amounts of Non-Current Assets written off on Disposal or Sale as part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	8,226	50,737
	89,038	126,081
Adjusting amounts written out of the Revaluation Reserve	(13,100)	(37,124)
<b>Net written out amount of the cost of Non-Current Assets consumed in the year</b>	<b>75,938</b>	<b>88,957</b>
<b>Capital Financing applied in year :</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,884)	(2,107)
Use of the Major Repairs Reserve to finance new capital expenditure	(14,796)	(13,202)
Capital grant and contribution credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(24,774)	(58,904)
Capital grant and contribution credited to the Comprehensive Income and Expenditure Statement that have been applied to Revenue Expenditure Funded from Capital under Statute	(10,214)	(8,790)
Application of Grants to capital financing from the Capital Grant Unapplied Account	(4,921)	(6,763)
Statutory Provision for the financing of Capital Investment charged against the General Fund and HRA Balances	(10,260)	(11,418)
Capital Expenditure charged against the General Fund and HRA balances	(7,458)	(3,923)
	<b>(75,307)</b>	<b>(105,107)</b>
Movements in the market value of Investment Properties debited or credited to Comprehensive Income and Expenditure Statement	1,575	1,561
<b>Balance at 31 March</b>	<b>(928,498)</b>	<b>(943,087)</b>



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

The Account contains the accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007 the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	(1,433)	(1,429)
Tfr of deferred sale proceeds credited as part of gain/loss on disposal to CI&E	-	-
Tfr to capital receipt reserve upon receipt of cash	-	-
W/off deferred capital receipt reserve to short term debtors	4	123
<b>Balance at 31 March</b>	(1,429)	(1,306)

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums and discounts are debited and credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to this account in the Movement in Reserves Statement. Over time, the amounts are posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

The Account is also used to manage the interest costs associated with the Council's soft loans.

	2023/24	2024/25
	£'000	£'000
<b>Balance at 1 April</b>		
Proportion of premiums and discounts incurred in previous financial years to be charged to the General Fund balance in accordance with statutory requirements	4	(10)
Cost of Soft loans charged to Comprehensive Income and Expenditure Statement in year	-	-
Proportion of cost of soft loans incurred in previous Financial Years to be credited to General Fund balance in accordance with statutory requirements	-	-
Comprehensive Income and Expenditure Statement are different from the amounts shown in accordance with statutory requirements	(14)	(5)
<b>Balance at 31 March</b>	(10)	(15)

### Pensions Reserve

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

	2023/24	2024/25
	£'000	£'000
<b>Balance at 1 April</b>	<b>254,716</b>	<b>148,760</b>
Remeasurements of the Net Defined Benefit	(105,779)	(216,434)
Reversal of items relating to Retirement Benefits debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	33,418	38,140
Employer's Pension Contributions and Direct Payments to Pensioners payable in the year	(33,595)	(35,649)
Impact on asset ceiling	-	128,068
<b>Balance at 31 March</b>	<b>148,760</b>	<b>62,885</b>

### Accumulated Absences Account

The accumulated absences account absorbs the difference that would otherwise arise on the General Fund balance from accruing compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory Arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>4,451</b>	<b>5,045</b>
Settlement of cancellation of accrual made at the end of the preceding year	(4,451)	(5,045)
Amounts accrued at end of current year	5,045	4,539
Amounts by which Officer Remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the Remuneration chargeable in the year in accordance with Statutory Requirements	594	(505)
<b>Amounts accrued at end of current year</b>	<b>5,045</b>	<b>4,539</b>

### Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(24,495)</b>	<b>(37,533)</b>
Amount by which council tax and business rates Income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(13,038)	25,632
<b>Balance at 31 March</b>	<b>(37,533)</b>	<b>(11,901)</b>

### Dedicated Schools Grant Adjustment Account

School funding for local authorities in England is provided by a ringfenced grant called the Dedicated Schools Grant (DSG). DSG can only be used to support the Schools Budget. New provisions have been put into regulation 8, paragraphs (7) and (8), and Schedule 2 Part 8 of the School and Early Years Finance (England) Regulations 2020. Local authorities are required to carry forward overspends of DSG to their schools' budget either in the following year or the year after.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>35,845</b>	<b>63,512</b>
In year deficit in respect of its schools' budget	27,667	49,745
<b>Balance at 31 March</b>	<b>63,512</b>	<b>113,257</b>

## 21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Interest Received	4,450	2,313
Interest Paid	(9,255)	(11,801)
Dividends	310	311
	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation	56,752	65,111
Impairment and downward valuations	14,321	1,464
Amortisation	165	126
Movements in pension liabilities	(177)	2,491
Increase / (decrease) in creditors	(4,199)	(3,067)
(Increase) / decrease in debtors	34,415	2,548
(Increase) / decrease in inventories	289	229
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	8,226	50,737
Movement in Investment Property Values	1,575	1,561
Other non-cash items charged to the net surplus or deficit on the provision of services	30,240	298
	<b>141,607</b>	<b>121,498</b>

Other non cash items are £298 thousand - Contributions to/(from) Provisions

The Surplus or Deficit on the Provision of Services line has been adjusted for the following items that are investing and financing activities:

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,144)	(10,683)
Any other items for which the cash effects are investing or financing cash flows	(47,956)	(77,723)
	<b>(56,100)</b>	<b>(88,406)</b>

## 22. Cash Flow Statement - Investing Activities

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of property, plant and equipment, investment property and intangible assets	(129,558)	(131,826)
Purchase of short-term and long-term investments	-	-
Other payments for investing activities	9,424	(46)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,212	10,843
Proceeds from short-term and long-term investments	26,000	-
Other receipts from investing activities	61,016	77,030
<b>Net cash flows from investing activities</b>	<b>(24,906)</b>	<b>(43,999)</b>

## 23. Cash Flow Statement - Financing Activities

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Cash receipts of short- and long-term borrowing	23,534	238,721
Other receipts from financing activities	-	-
Cash payments for the reduction of outstanding liabilities relating to leases and on-Balance-Sheet PFI contracts	(596)	(589)
Repayments of short- and long-term borrowing	(1,629)	(162,887)
Other payments for financing activities	(239)	(17,954)
<b>Net cash flows from financing activities</b>	<b>21,070</b>	<b>57,291</b>

## 24. Members' Allowances

In accordance with the Local Authorities (Members' Allowances) Regulations 2003 the Council publishes each year details of the total amount of basic allowance, special responsibility allowance, travel allowance, subsistence allowance, carer's allowance and co-optees allowance paid to Members of BCP Council.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Total Allowance paid	1,533	1,566

## 25. Officers' Remuneration

The number of directly employed employees whose gross remuneration, excluding employer pension contributions was £50,000 or more in bands of £5,000 were as below. The figures do include exit costs.

Remuneration Band in £'s	Number of employees		Number of employees	
	Non Schools	Schools	Non Schools	Schools
	2023/24	2023/24	2024/25	2024/25
50,000 - 54,999	155	63	170	55
55,000 - 59,999	97	19	98	25
60,000 - 64,999	48	10	78	17
65,000 - 69,999	22	12	36	5
70,000 - 74,999	26	9	14	9
75,000 - 79,999	20	2	17	5
80,000 - 84,999	5	3	18	6
85,000 - 89,999	2	3	3	2
90,000 - 94,999	2	2	2	2
95,000 - 99,999	2	-	2	-
100,000 - 104,999	3	-	2	1
105,000 - 109,999	-	-	3	-
110,000 - 114,999	1	-	3	-
115,000 - 119,999	3	3	-	1
120,000 - 124,999	-	-	4	-
125,000 - 129,999	-	1	-	1
130,000 - 134,999	1	-	-	-
135,000 - 139,999	-	-	-	1
140,000 - 144,999	1	-	-	-
145,000 - 149,999	-	-	1	-
	<b>388</b>	<b>127</b>	<b>451</b>	<b>130</b>

These figures do not contain the Council's Senior Officers that have been individually listed on overleaf.

## 26. Officers' Remuneration – Senior Officers

	Remuneration Salary (including supplements)	Expenses Allowances	Compensation for Loss of Office	Employers Pension Contributions	Total payment including Pension Contributions
	2024/25 £	2024/25 £	2024/25 £	2024/25 £	2024/25 £
Chief Executive - (G Farrant)	205,178	-	-	37,048	242,226
Corporate Director - Chief Operations Officer (1)	137,150	-	-	25,782	162,932
Corporate Director - Children's Services (C Hadley)	175,394	-	-	33,325	208,719
Corporate Director - Wellbeing (J Kay)	153,726	-	-	29,208	182,934
Director of IT and Programmes (2)	22,053	-	-	4,190	26,243
Director of IT and Programmes (3)	101,409	-	-	17,762	119,171
Director of Finance	126,642	-	-	24,062	150,704
Director of Law & Governance	126,951	-	-	24,121	151,072
Director of Marketing, Comms and Policy	112,189	-	-	21,316	133,505
Director of People and Culture	112,189	-	-	21,316	133,505
<b>Totals</b>	<b>1,272,881</b>	<b>-</b>	<b>-</b>	<b>238,130</b>	<b>1,511,011</b>

### Notes:

1. Corporate Director - Chief Operations Officer joined the authority 03/06/2024
2. Director of IT and Programmes left the authority 02/06/2024
3. New Director of IT and Programmes commenced 03/06/2024

## 26. Officers' Remuneration – Senior Officers

	Remuneration Salary (including supplements)	Expenses Allowances	Compensation for Loss of Office	Employers Pension Contributions	Total payment including Pension Contributions
	2023/24	2023/24	2023/24	2023/24	2023/24
	£	£	£	£	£
Chief Executive - (G Farrant)	200,174	-	-	18,692	218,866
Corporate Director - Chief Operations Officer (1)	145,007	-	-	25,924	170,931
Corporate Director - Children's Services (C Hadley)	171,116	-	-	32,512	203,628
Corporate Director - Wellbeing (2)	71,763	-	-	13,635	85,398
Director of Commissioning (5)	133,242	-	-	25,316	158,558
Director of IT and Programmes	128,372	-	-	24,391	152,763
Director of Finance	123,553	-	-	23,475	147,028
Director of Law & Governance (3)	67,755	-	37,500	12,873	118,128
Director of Law & Governance (4)	37,956	-	-	7,212	45,168
Director of Adult Social Care (5)	118,315	-	-	22,480	140,795
Director of Marketing, Comms and Policy	109,533	-	-	20,796	130,329
Director of People and Culture	109,453	-	-	20,796	130,249
<b>Totals</b>	<b>1,416,239</b>	<b>-</b>	<b>37,500</b>	<b>248,102</b>	<b>1,701,841</b>

### Notes:

1. Corporate Director - Chief Operations Officer left the council on the 17/03/2024
2. New Corporate Director - Wellbeing joined the council on the 09/10/2023
3. Director of Law & Governance left the council on the 18/10/2023
4. New Director of Law & Governance joined the council on the 11/12/2023
5. Prior to the appointment of Corporate Director - Wellbeing duties were split between Directors of Adult Social Care & Commissioning



## 27. Officers' Remuneration – Exit Package

<b>2024/25</b>	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in each Band £'000
£0 - £20,000	12	9	21	196
£20,001 - £40,000	2	3	5	128
£40,001 - £60,000	3	3	6	292
£60,001 - £80,000	1	2	3	203
£80,001 - £100,000	1	5	6	528
£120,001 - £140,000	-	1	1	131
£140,001 - £160,000	-	2	2	298
£160,001 - £180,000	-	2	2	332
£180,001 - £200,000	-	1	1	192
<b>Totals for 2024/25</b>	<b>19</b>	<b>28</b>	<b>47</b>	<b>2,300</b>

<b>2023/24</b>	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in each Band £'000
£0 - £20,000	10	27	37	374
£20,001 - £40,000	3	13	16	419
£40,001 - £60,000	5	9	14	737
£60,001 - £80,000	1	10	11	752
£80,001 - £100,000	2	1	3	264
£100,001 - £120,000	2	1	3	326
£120,001 - £140,000	0	1	1	132
£140,001 - £160,000	1	2	3	451
£180,001 - £200,000	1	0	1	185
<b>Totals for 2023/24</b>	<b>25</b>	<b>64</b>	<b>89</b>	<b>3,640</b>

## 28. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

	2023/24	2024/25
	£'000	£'000
Audit Fee	452	499
Additional fees paid to external auditors with regards to external audit services carried out by the appointed auditor for previous audit years	67	79
<b>Sub total</b>	<b>519</b>	<b>578</b>
Fee payable in respect of Grant Claims	23	23
<b>Total Fee payable in respect of other services</b>	<b>542</b>	<b>601</b>
Fee Payable in respect of other services	-	-

## 29. Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on a council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. The council can supplement the Schools Budget from its own resource.

	Central Expenditure Budget £'000	Individual Schools Budget £'000	Actual as at 31/03/25 £'000
<b>Final DSG for 2024/25 before Academy recoupment</b>			<b>365,830</b>
Academy and high needs figure recouped for 2024/25			246,676
Total DSG after academy and high needs recoupment for 2024/25			119,154
Plus :Balance brought forward from 2023/24			-
Deficit carry forward to 2025/26 agreed in advance			28,085
Agreed initial budgeted distribution in 2024/25	78,443	68,796	147,239
In year adjustments	-	(2,525)	(2,525)
Final budgeted distribution for 2024/25	78,443	66,271	144,714
Less : Actual Central Expenditure	100,019	-	100,019
Less : Actual ISB deployed to Schools	-	66,355	66,355
Plus : Local Authority contribution for 2024/25	-	-	-
<b>In Year Carry-forward to 2025/26</b>	<b>(21,576)</b>	<b>(84)</b>	<b>(21,660)</b>
Plus: Carry-forward to 2025/26 agreed in advance			(28,085)
Carry-forward to 2025/26			(49,745)
DSG unusable reserve at the end of 2023/24			(63,512)
Addition to DSG unusable reserve at the end of 2024/25			(49,745)
Total of DSG unusable reserve at the end of 2024/25			(113,257)
<b>Net DSG position at the end of 2024/25</b>			<b>(113,257)</b>

### 30. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Credited to Taxation and Non-Specific Grant Income</b>		
<b>Revenue Grants:</b>		
Revenue Support Grant	(3,937)	(4,198)
New Homes Bonus Grant	(344)	(55)
PFI Support Grant	(1,254)	(1,370)
NNDR Section 31 Grants	(28,630)	(30,177)
Local Government Services Grant	(2,221)	(383)
Sub-total	(36,386)	(36,183)
<b>Capital Grants and Contributions:</b>		
Miscellaneous Education Grants	(1,335)	(1,166)
Miscellaneous Transport Grants	(11,195)	(42,372)
Miscellaneous Government Grants	(4,142)	(22,107)
Other Contributions	(22,296)	(2,776)
Sub-total	(38,968)	(68,421)
<b>Total</b>	<b>(75,354)</b>	<b>(104,604)</b>

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Credited to Services</b>		
Dedicated Schools Grant	(109,329)	(116,812)
Pupil Premium Grant	(2,838)	(2,696)
Standards Fund		
Public Health Grant	(21,288)	(22,083)
Rent Allowances	(68,245)	(68,427)
Rent Rebates	(24,881)	(23,464)
Grants towards Revenue Expenditure Funded from Capital under Statute	(12,227)	(3,344)
Miscellaneous Grants	(167,637)	(126,112)
Miscellaneous Contributions	(83,581)	(128,386)
<b>Total</b>	<b>(490,026)</b>	<b>(491,324)</b>

Further breakdown of the miscellaneous items are:

### Miscellaneous Grants

	2023/24 £'000	2024/25 £'000
Better Care Fund	(13,516)	(14,281)
Department for Culture, Media & Sport	-	-
Department for MHCLG	(55,814)	(70,243)
Department for Education	(10,189)	(7,421)
Department for Transport	(2,440)	(3,736)
Department for Work & Pensions	(1,161)	(1,158)
Department of Health and Social Care	(6,042)	(3,981)
Funding for Sixth Form	(2,542)	(1,142)
Housing Benefit	(1,125)	(1,179)
Nursery Class Funding	-	(1,417)
Other Government	(74,808)	(19,905)
Admin Charged to Grant Income	-	(1,629)
Social Care	-	(20)
<b>Total</b>	<b>(167,637)</b>	<b>(126,112)</b>

The Council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at year-end are as follows:

	2023/24 £'000	2024/25 £'000
<b>Capital Grants Receipts in Advance</b>		
Government Grants	(60,531)	(45,827)
Other Contributions	(15,780)	(21,100)
	<b>(76,311)</b>	<b>(66,927)</b>

	2023/24 £'000	2024/25 £'000
<b>Revenue Grants Receipts in Advance</b>		
Government Grants	-	-
Other Contributions	(4,565)	(1,424)
	<b>(4,565)</b>	<b>(1,424)</b>

### 31. Related Parties

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

Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants, and prescribes the terms of many of the transactions the Council has with other parties, e.g. council tax bills, housing benefits.

Grants received from government departments are set out in Note 2 within the Expenditure and Funding Analysis. Grant receipts outstanding at 31 March are shown in Note 30.

## Members

As per IAS 24 – Related Party Disclosures defines related parties as those who have control over the reporting entity. As Members of the Council have direct control over the Council's financial and operating policies, they have been included in this note. Although some of these disclosures are not necessarily needed due to the low value as per accounting regulations, as a public organisation it was deemed to be as transparent as possible.

The total of Members' Allowances paid is shown in Note 24.

The amounts paid are as follows:

	2023/24	2024/25
	£'000	£'000
Dorset Healthcare University NHS Foundation Trust	2,680	1,123
Tricuro Support Ltd	20,166	19,381
Teach Poole Trust	506	795
Bournemouth Building & Maintenance Ltd	10,630	12,954
Dorset Community Foundation	565	725
BH Live	600	661

The amounts owing to and from these related parties are as follows:

	2023/24	2023/24	2024/25	2024/25
	Owing to	Owing from	Owing to	Owing from
	£'000	£'000	£'000	£'000
Dorset Healthcare University NHS Foundation Trust	(274)	69	(49)	217
Tricuro Support Ltd	-	904	(197)	643
Teach Poole Trust	-	-	(113)	-
Bournemouth Building & Maintenance Ltd	17	426	(618)	334
Dorset Community Foundation	-	-	(49)	2
BH Live	-	394	(47)	8

## Officers

The amounts paid to these related parties are as follows:

	2023/24	2024/25
	£'000	£'000
Bournemouth Town Centre BID	547	469

## Entities controlled or significantly influenced by the authority

The Council is a member of The Bournemouth Development Company LLP, where both Members and officers make decisions with regards to the transfer of Council assets, as a form of payment. In 2024/25 there was no asset transfer or no new loans made to the company. We recognise the potential conflict of interest and always advise Members and officers on the board to withdrawal from any negotiations and decisions made by the Council.

The Council acts as trustee for three charities. See the Group Accounts towards the end of the Statement of Accounts for more details. Amounts paid to the charities was:

	2023/24	2024/25
	£'000	£'000
Russell-Cotes Art Gallery & Museum	280	629
Five Parks Charity	494	361
Lower Central Garden Trust	469	374

The Council also has established companies, which the Officers and Members have been undertaking Directors roles on their boards. The companies are as follows (see group accounts for more information):

- Seascape South Ltd
- Bournemouth Building & Maintenance Ltd
- Seascape Group Ltd
- Tricuro Ltd
- Bournemouth Development Company LLP
- Seascape Homes & Property Ltd
- Poole Housing Partnership Ltd – dissolved 04/06/2024
- BCP FuturePlaces Ltd – dissolved 17/12/2024

The amounts paid to these companies are as follows:

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Seascape South Ltd	699	857
Bournemouth Building & Maintenance Ltd	10,630	12,954
Seascape Group Ltd	-	-
Tricuro Ltd	20,166	19,381
Seascape Homes & Property Ltd	41	75
BCP FuturePlaces Ltd	3,301	-

The amounts owing to and from these companies are as follows:

	<b>2023/24</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2024/25</b>
	<b>Owing to</b>	<b>Owing from</b>	<b>Owing to</b>	<b>Owing from</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Seascape South Ltd	-	-	(64)	164
Bournemouth Building & Maintenance Ltd	17	-	(618)	334
Seascape Group Ltd	-	-	-	2
Tricuro Ltd	-	904	(197)	643
Seascape Homes & Property Ltd	-	-	-	487
BCP FuturePlaces Ltd	-	-	-	-

See Group Accounts note 7 for details on the loan to Bournemouth Development Company LLP.

### 32. Capital Expenditure and Capital Financing

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>	490,633	517,257
<b>Capital investment:</b>		
- Property, Plant & Equipment	92,143	122,414
- Investment Property	-	21
- Assets Held for Sale	-	-
- Long term debtor	-	-
- Inventory	-	-
- Intangible Assets	51	-
- Deferred Debtors	163	-
Use of Flexible Capital Receipt	11,557	5,169
Revenue Expenditure Funded from Capital under Statute	10,648	9,347
<b>Source of Funding:</b>		
- Capital receipt	(2,884)	(2,107)
- Government Grant & Contributions	(39,909)	(74,459)
- Revenue Finance	(7,458)	(3,922)
- Major Repairs Reserve	(14,796)	(13,202)
- Use of Flexible Capital Receipt	(11,557)	(5,169)
<b>Other Sums set aside</b>		
- Minimum Revenue Provision	(3,697)	(5,737)
- Voluntary Revenue Provision	(7,159)	(5,681)
- HRA receipt set aside to repay borrowing	(478)	(667)
<b>Closing Capital Financing Requirement</b>	<b>517,257</b>	<b>543,264</b>
<b>Explanation of movement in year:</b>		
Decrease in underlying need to borrow (supported by Government financial assistance)	-	-
Increase in underlying need to borrow (unsupported by Government financial assistance)	26,624	26,007
Assets acquired under Finance Leases	-	-
<b>Increase in Capital Financing Requirement</b>	<b>26,624</b>	<b>26,007</b>

### 33. Leases

#### Council as Lessee

##### **Right of Use Assets**

The Council applied IFRS16 (as adopted by the CIPFA Code of Practice on Local Authority Accounting) from 1 April 2024. The new accounting standard requires recognised right of use assets on the balance sheet, a number of leases where the Council acts as lessee. Right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases, shown on the Balance Sheet at 1 April 2024. A weighted average incremental borrowing rate of 5.44% has been applied to lease liabilities as at 1 April 2024.

The Council has decided to apply exemptions to:

- short-term leases and has elected not to recognise right-of-use assets and
- lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets.

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

This table shows the impact of IFRS16 on the Property, Plant & Equipment figure on the Balance Sheet.

	Right of Use		PFI	2024/25
	Land & Buildings	Vehicle & Plant		TOTAL
	£'000	£'000	£'000	£'000
Value at 1 April	-	-	8,452	8,452
Adjustment for Right of Use Assets	3,423	273	221	3,917
Additions during the year	-	-	-	-
Revaluation adjustments	-	-	(369)	(369)
Depreciation charge for the year	(98)	(67)	(276)	(441)
Derecognition	(18)	-	-	(18)
Reclassification	18	-	-	18
<b>Value at 31 March</b>	<b>3,325</b>	<b>206</b>	<b>8,028</b>	<b>11,559</b>

This table shows the impact of IFRS16 on the Comprehensive Income and Expenditure Statement:

	2024/25
	£'000
<b>Comprehensive Income and Expenditure Statement</b>	
Interest expense on lease liabilities	553
Income from subletting right-of-use assets	-
Gains or losses arising from sale and leaseback transactions	-
Minimum Revenue Provision (MRP)	1,631
<b>Cash Flow Statement</b>	
Minimum lease payments	(1,596)

#### Donated Asset

When adopting IFRS16, a lease where the Council acts as lessee which has a peppercorn rent arrangement, has been recognised as a donated asset. This was applicable for one office accommodation property.

#### Public Finance Initiative

The Council holds Bournemouth Library as a Public Finance Initiative (PFI). Under IFRS 16, the PFI's payments are split between operating costs (unitary charge) and repayment of the liability and a finance charge based on the implicit interest rate in the contract, or where impracticable, the cost of capital rate including inflation has been used. The interest element has been charged to the surplus or deficit on provision of services, with the balance of the payment to reduce the liability on the Balance sheet.

Liabilities on the balance sheet are as:



	<b>2024/25</b>
	<b>£'000</b>
<b>Short Term Creditors</b>	
PFI library	(842)
Finance Leases	-
Right of Use Assets	(754)
	<u>(1,596)</u>
<b>Other Long Term liabilities</b>	
PFI library	(5,238)
Finance Leases	-
Right of Use Assets	(3,928)
	<u>(9,166)</u>

The liability is measured based on elements of the payment of the liability and a finance charge out of the scheduled payments using the measurement requirement for a lease liability in accordance with 4.2 of the Code and IFRS 16.

Under IFRS 16, where indexation or changes in a rate impact on future payments, the lease liability has been remeasured and the Net Present Value of future payments that comprise the liability and has been recalculated based on the revised level of payments. Increases or reductions in expenditure has been realised as increases/reductions in the amortisation charge are taken against the remeasured liability. Only indexation or rate changes has been applied which have already occurred and result in a change to the payment amount.

Future liabilities are shown as below:

	<b>2024/25</b>
	<b>£'000</b>
<b>Analysed by:</b>	
Current	(1,596)
Non Current	(6,924)
Finance costs payable in future years	(8,520)
	<u>(16,940)</u>
	<b>2024/25</b>
	<b>£'000</b>
<b>Finance Lease Liabilities</b>	
Within one year	(1,596)
Between 2 and 5 years	(6,696)
Over 5 years	(228)
Total liabilities	<u>(8,520)</u>

The Council's lease contracts comprise of operational land and buildings, plant and equipment and motor vehicles. Leases that do not meet the definition of a lease under IFRS16.

The rental payments, net of benefits received, are charged to the Net Cost of Service within the Comprehensive Income and Expenditure Statement during the year on a straight-line basis over the life of the lease. The future minimum lease payments due under these non-cancellable leases are shown in the table below:

	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	475	141
Later than one year and not later than five years	931	404
Later than five years	4,446	5,853
	<u><b>5,852</b></u>	<u><b>6,398</b></u>

Due to the implementation of IFRS16 on 01 April 2024, the minimum lease payments due in less than one year and between one and five years have reduced significantly.

The expenditure charged to the Net Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Minimum lease payments	868	145
Contingent Rents	19	290
	<b>887</b>	<b>435</b>

### Council as a lessor

The Council has leased out a number of properties on a finance leases. The lease is made up of minimum lease payments expected to be received over the remaining term and the residual value anticipated for the properties when the leases come to an end.

	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	57	58
Later than one year and not later than five years	224	195
Later than five years	121	91
	<b>402</b>	<b>344</b>

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

	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Minimum lease payments	56	57
Contingent Rents	56	72
	<b>112</b>	<b>129</b>

Rental income received is credited to the relevant service and presented in the Comprehensive Income and Expenditure Statement, in accordance with lease agreement terms.

The Council leases out for a number of reasons:

- For the provision of community services such as sports facilities and tourism services
- for economic development purposes, including regeneration and to provide suitable affordable accommodation for local businesses.

Rental income received is credited to the relevant service and presented in the Comprehensive Income and Expenditure Statement, in accordance with lease agreement terms.

	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	7,798	6,048
Later than one year and not later than five years	22,296	21,540
Later than five years	163,886	125,820
	<b>193,980</b>	<b>153,408</b>

The income received to the Net Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Minimum lease payments	10,807	10,055
Contingent Rents	713	1,000
	<b>11,520</b>	<b>11,055</b>

### 34. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme (TPS), administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The amount paid to the Teachers' Pension Scheme is recognised in the accounts as a charge to net cost of service.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employer's contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

	<b>2023/24</b>	<b>2024/25</b>
Amount paid to Teachers' Pensions Scheme	7,199,567.18	5,001,599.49
Percentage of pensionable pay :	23.68%	28.68%

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' Scheme. These costs are accounted for on a defined benefit basis and detailed in Note 35.

## **35. Defined Benefit Pension Schemes**

### **Participation in Pension Schemes**

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

The Council participates in two post-employment schemes:

- the Local Government Pension Scheme, administered locally by Dorset Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities. Teachers' pensions have now been combined with the Local Government Pension Scheme in the actuary information the Council receives.

The Dorset Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Dorset Pension Fund. Policy is determined in accordance with the Pensions Fund Regulations. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

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

### **Transactions Relating to Post-Employment Benefits**

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services :-</b>		
- Service Cost	23,896	28,035
- Current	231	2,654
- Past	1,001	992
- Administration expenses	<u>25,128</u>	<u>31,681</u>
<b>Financing and Investment Income and Expenditure :-</b>		
- Interest cost	<u>8,290</u>	<u>6,460</u>
<b>Total Post Employment Benefits charged to the Surplus or Deficit on the provision of Services</b>	<b><u>33,418</u></b>	<b><u>38,141</u></b>
<b>Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement :-</b>		
Remeasurement of the Net Defined Benefit Liability comprising:		
- Return on Plan Assets (excluding the amount included in the net interest expense)	(80,364)	1,244
- Actuarial (Gains) and Losses arising on changes in Demographic Assumptions	(19,712)	(3,748)
- Actuarial (Gains) and Losses arising on changes in Financial Assumptions	(10,275)	(209,770)
- Changes in effect of asset ceiling	-	128,068
- Other	4,572	(4,160)
	<u>(105,779)</u>	<u>(88,366)</u>
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b><u>(72,361)</u></b>	<b><u>(50,225)</u></b>
<b>Movement In Reserves Statement</b>		
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(33,418)	(38,142)
- Employers' Contributions payable to the Scheme	33,595	35,649
<b>Actual amount charged against the General Fund Balance for Pensions in the year</b>	<b><u>177</u></b>	<b><u>(2,493)</u></b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Present Value of the Defined Benefit Obligation	(1,485,115)	(1,305,131)
Fair Value of Plan Assets	1,336,355	1,370,315
Impact of asset ceiling *	-	(128,068)
<b>Net Liability arising from Defined Benefit Obligation</b>	<b>(148,760)</b>	<b>(62,884)</b>

\*\* As at 31 March 2025, the fair value of plan assets was measured at greater than the present value of the defined benefit obligation, resulting in a net pension asset. The accounting standard interpretation IFRIC 14 restricts the amount of the net pension asset that can be recognised on the balance sheet to the estimated economic benefit of the net asset arising from a reduction in future contributions, amending for any additional liabilities arising from past service contributions. This asset ceiling calculation has resulted in a credit to the balance sheet of £128million.

An asset ceiling calculation has been produced by the actuary on the Council's behalf and based on this assumption the net liability position is £62.9m.

#### Asset ceiling movement

	<b>2024/25</b>
	<b>£'000</b>
Opening impact of asset ceiling	-
Interest on impact of asset ceiling	-
Actuarial losses/ceiling	(128,068)
Closing impact of asset ceiling	(128,068)

#### Reconciliation of the Movements in the Fair Value of the Scheme Assets

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Fair Value of Scheme Assets at 1 April</b>	<b>1,212,496</b>	<b>1,336,355</b>
Interest Income	61,317	64,741
Remeasurement Gain/(Loss)		
- Return on Plan Assets (excluding the amount included in the net interest expense)	80,364	(1,244)
- Other Actuarial Gains/(Losses)	-	-
Administration Expenses	(1,001)	(992)
Contributions from Employer	33,595	35,649
Contributions from Employees into the Scheme	10,684	11,423
Benefits Paid (Net of transfers in)	(60,167)	(71,965)
Settlement prices received/(paid)	(933)	(3,652)
<b>Closing Fair Value of Scheme Assets at 31 March</b>	<b>1,336,355</b>	<b>1,370,315</b>

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>(1,467,212)</b>	<b>(1,485,115)</b>
Current Service Cost	(23,896)	(28,035)
Interest Cost	(69,607)	(71,200)
Contributions from Scheme Participants	(10,684)	(11,423)
Experience loss/ (gain) on defined benefit obligation	(4,572)	4,160
Remeasurement Gain/(Loss)		
- Actuarial Gains/(Losses) arising on changes in Demographic Assumptions	19,712	3,748
- Actuarial Gains/(Losses) arising on changes in Financial Assumptions	10,275	209,771
- Other	-	-
Past Service Cost, including Curtailments	(305)	(4,598)
Benefits Paid (Net of transfers in)	57,928	69,727
Liabilities assumed/(extinguished) on settlements	1,007	5,596
Unfunded Pension Payments	2,239	2,238
<b>Closing Balance at 31 March</b>	<b>(1,485,115)</b>	<b>(1,305,131)</b>

## Local Government Pension Scheme Assets Comprised:

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Cash & Cash Equivalents	28,182	29,901
Equity Instruments	836,395	859,453
Bonds & Gilts	87,439	89,900
Property	295,862	299,667
Other Investment Funds	88,477	91,394
	<b>1,336,355</b>	<b>1,370,315</b>

**The percentages of the total Fund held in each asset class:**

		31st March 2024		31st March 2025	
		% Quoted	% Unquoted	% Quoted	% Unquoted
Corporate Bonds	UK	7.0%	-	7.0%	-
	Overseas	-	-	-	-
Equities	UK	9.0%	-	11.0%	-
	Overseas	51.0%	-	48.0%	-
Property	All	-	6.0%	-	5.0%
Others	Private Equity	-	4.0%	-	3.0%
	Infrastructure	-	7.0%	-	8.0%
	Derivatives	-	0.0%	-	0.0%
	Diversified Growth Fund	-	7.0%	-	7.0%
	Liability Driven Investment	-	0.0%	-	0.0%
	Multi Asset Credit	-	7.0%	-	7.0%
	Property Pooled Funds	-	0.0%	-	2.0%
	Secured Income Funds	-	0.0%	-	0.0%
	Cash/Temporary Investments	-	2.0%	-	2.0%
	Net Current Assets	Debtors	-	-	-
Creditors		-	-	-	-
<b>Total</b>		<b>67.0%</b>	<b>33.0%</b>	<b>66.0%</b>	<b>34.0%</b>

**Basis for Estimating Assets and Liabilities**

**Local Government Pension Scheme**

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

The Dorset Council fund liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2025.

There have been some significant movements (updated as part of the triannual review) in regards to the net pension liability and associated movements within the pension fund. These movements are due to the differing assumptions that the actuaries have applied to the pension valuation.

The principal assumptions used by the actuary have been:

	2023/24 Restated	2024/25
	%	%
Expected rate of return on assets in the scheme	11.77 *	4.81
	<b>2023/24</b>	<b>2024/25</b>
	<b>Years</b>	<b>Years</b>
Mortality assumptions:		
Longevity at 65 for current pensioners :-		
- Men	21.8	21.8
- Women	23.9	24.0
Longevity at 65 for future pensioners :-		
- Men	23.1	23.1
- Women	25.4	25.4

(\* Restated as incorrect percentage figure disclosed in 2023/24)



	<b>2023/24</b>	<b>2024/25</b>
	<b>%</b>	<b>%</b>
Rate of Inflation (CPI)	2.95	2.90
Rate of Increase in Salaries	3.95	3.90
Rate of Increase in Pensions	2.95	2.90
Rate for Discounting Scheme Liabilities	4.90	5.80

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

	<b>Impact on the Defined Benefit Obligation in the Scheme</b>	
	<b>Increase in Assumption £ 000's</b>	<b>Decrease in £ 000's</b>
<b>Longevity (increase or decrease in 1 year)</b>	46,558	(44,771)
	1,303	(1,293)
Rate of increase in salaries (increase or decrease by 0.1%)	18,086	(17,666)
Rate of increase in Pensions (increase or decrease by 0.1%)		
Rate for Discounting Scheme Liabilities (increase or decrease by 0.1%)	(18,427)	18,870

There have been relatively significant movements with regards to the net pension liability, service cost and associated movements within the Pension fund. These movements are due to the differing assumptions that the actuaries have applied to the pension valuation. One notable change in the assumptions this year is in respect of the mortality projections where the actuary has indicated that it is now assumed that the improvements in mortality which have slowed in recent years is “a new trend rather than a blip”. This has an impact upon the overall liabilities of the scheme, which is reflected in the figures reported here and which will be factored into the next valuation in 2026.

### **Discretionary Benefits**

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

### **Impact on the Council's Cash Flows**

The objectives of the Local Government Pension Scheme are to keep employers' contributions at as constant a rate as possible. Dorset Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over a maximum of the next 25 years. Funding levels are monitored on an annual basis. Full valuation/triennial review of the Pension Fund was 31 March 2023. The next triennial valuation is due to be completed on 31 March 2026.

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

The Council anticipates paying £33.429 million in contributions to the scheme in 2025/26.

## **Court of Appeal judgement**

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation required by law. The judgement was upheld by the Court of Appeal on 25 July 2024.

The Council and administering authority (Dorset Council) are monitoring developments in terms of whether there is expected to be any impact on other UK defined benefit plans including the Local Government Pension Scheme, which will have implications for the Dorset Council Pension Fund. HM Treasury is currently assessing the implications for all public service pension schemes, and no further information is available at this stage. As a result, the Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its 2024/25 financial statements.

## **36. Accounting Policies**

### **a. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015, which states that the Statement of Accounts must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of assets and financial instruments. These accounts have been prepared on the basis the Council is a going concern but note the narrative statement which highlights the council's position for 2025/26.

### **b. Recognition of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The Council has adopted a materiality level of accruals greater than £25,000. In particular:

- Revenue from contracts with service recipients, is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- income from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and the probable economic benefits or service potential associated with the transaction will flow to the Council;
- supplies are recorded as expenditure when they are received. Where there is a gap between the date supplies are received and their use, they are carried as Inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **c. Cash and Cash Equivalents**

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

In the Cash Flow Statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

#### **d. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions, on the Council's financial position or performance.

Where a change in relation to an accounting policy is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

A change in Accounting Policy has been required to provide more reliable information about the way Infrastructure assets are being accounted for and this revised policy is contained within Policy 'n' Property, Plant and Equipment below.

#### **e. Employee Benefits**

##### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end and include wages and salaries, paid annual leave and sick leave, bonuses and non-monetary benefits for current employees. These are charged as an expense for services in the year in which employees work for the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which can be carried forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services line but reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

##### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Service line in the Comprehensive Income and Expenditure Statement when the Council is committed to the termination, or to making an offer of voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement transfers are required to and from the Pensions Reserve to remove the notional charges and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### **Post-employment Benefits**

Employees of the Council are members of two separate pension schemes:

- the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- the Local Government Pensions Scheme administered by Dorset Council.

Both schemes provide defined benefits i.e. a retirement lump sum and an annual pension, which are earned as employees work for the Council.

The arrangements for the teachers' pensions scheme mean that the Council's liabilities for these benefits cannot be separately identified. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the teachers' pensions scheme in the year.

##### **The Local Government Pension Scheme**

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

- the liabilities of the Dorset Council Pension Scheme 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 etc. and projections of earnings for current employees;
- liabilities are discounted to their value at current prices using a discount rate of 4.8% based on the indicative rate of return on high quality corporate bonds;
- the assets of Dorset Council Pension Scheme attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value;
  - the change in the net pensions liability is analysed into the following components:
    - I. service cost comprising:
      - current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
      - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the service in the Surplus or Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement;
      - net interest on the net defined liability i.e. net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
    - II. re-measurements comprising:
      - the net return on plan assets, excluding amounts included in net interest on the net defined liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
      - actuarial gains and losses which are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
      - contributions paid to the Dorset Pension Scheme is cash paid as an employer's contributions to the pension fund in settlement of liabilities not accounted for as an expense.

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

### **Discretionary Benefits**

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

#### **f. Events after the Balance Sheet Date**

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

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

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

#### **g. Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument.

##### **Financial Liabilities**

A Financial Liability is an obligation to transfer economic benefits controlled by the Council. It can be represented by a contractual obligation to deliver cash or financial assets or through an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council. The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount the Council will have to pay if the lender requested or agreed the early repayment of loans.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

##### **Financial Assets**

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

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

The balance sheet figures for 2024/25 are presented in line with IFRS9 classified into one of three categories:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

##### **Financial assets measured at amortised cost**

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and

Expenditure line in the CIES. Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

The Council has made a number of loans at less than market rates. These are called soft loans. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement, charged to the appropriate service, for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement with the difference increasing the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

When assets are identified as impaired because of a likelihood that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

One further exception to the expected credit losses model applies to investments with Government or other local authorities as there are statutory provisions in place to prevent default on these debts.

### **Expected Credit Loss Model**

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

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

**Financial Assets Measured at Fair Value through Profit or Loss** Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

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

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

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

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

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **h. Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been met. Conditions are stipulations that specify future economic benefits or service improvements required to be made using the grant or contribution without which the grant or contribution must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been met are carried in the Balance Sheet as creditors. When conditions are met, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the Capital Grants Unapplied Reserve. When it has been applied it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

**Community Infrastructure Levy** - The authority has elected to charge a community infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the comprehensive income and expenditure statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

#### **Acting as a principal or agent**

Grants are only recognised as income in the CIES, where the Council is acting as a principal. If the Council is acting as an intermediary, then the net balance of monies to either be repaid or due to the council, will be shown on the balance sheet.

It is deemed the Council is acting as a principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant.

#### **i. Intangible Assets**

Expenditure on intangible assets that have no physical substance but are controlled by the Council as a result of past events e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed, with adequate resources being available, and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase. Research expenditure cannot be capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired, any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

## **j. Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties in an arm's-length arrangement. Investment properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

## **k. Joint operations**

Joint operations are activities undertaken by the Council in conjunction with other organisations. These involve the use of the assets and resources of the organisations rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets and liabilities that it controls on its Balance Sheet and charges or credits the Comprehensive Income and Expenditure Statement with its share of income and expenditure in accordance with its interest in the venture.

## **l. Leases**

### **The Council as lessee**

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent measurement**

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:



- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

#### **Low value and short lease exemption**

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £0,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

#### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

#### **The Council as Lessor**

Leases are classified as finance leases where 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.

#### **Finance Leases**

Where the Council grants a finance lease over a property or an item of property, plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease the carrying amount of the asset in the Balance Sheet, whether property, plant and equipment or assets held for sale, is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal, matched by a lease, long-term debtor, asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, together with any premiums received; and
- finance income, credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

### **Operating Leases**

Where the Council grants an operating lease over an item of property, plant or equipment the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments e.g. there is a premium paid at the commencement of the lease.

### **m. Overheads and Support Services**

The costs of overheads and support services are charged to those services that benefit from the supply or service. Total absorption costing principle is used, and the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Non-Distributed Costs, the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on assets held for sale.

### **n. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

### **Recognition**

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

### **Measurement**

Assets are initially measured at cost, comprising:

- the purchase price 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 by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Where this is the case the gain is held in the Donated Assets Account until conditions are met. Where gains are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- community assets and assets under construction – depreciated historic cost;
- Infrastructure Assets – modified historic cost (see below for separate policy)
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use value (EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values, or both, depreciated historic cost is used as a proxy for current value.

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, this is at least every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains which arise from the reversal of a loss previously charged to a service are credited to the Comprehensive Income and Expenditure Statement where they were originally debited.

The de minimis for capitalisation is £10,000.

Decreases in value are accounted for in the following ways:

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

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.

### **Impairment**

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

Impairment losses are accounted for in the following ways:

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

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all 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 certain community assets, and assets that are not yet available for use i.e. assets under construction.

Depreciation is calculated on the following bases:

- dwellings and other buildings, straight-line allocation over the useful life of the property as estimated by a suitably qualified valuer;

- vehicles, plant, furniture and equipment, straight-line allocation over the useful life of the item as advised by a suitably qualified officer;
- infrastructure, straight-line allocation over 5 - 124 years. (\* see below)
- it is charged in the following year of expenditure being incurred

Where an item of property, plant and equipment has major components, whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This additional analysis is only required for assets that the Council deem 'significant'. The Council is required to set a materiality threshold to assist with the identification of such assets. This level has been set at £2 million for individual assets and a significance level for separate components of 20% of the whole asset's original cost. Consideration of componentisation is only required for assets that meet these two criteria. This is the minimum requirement, but services may choose to apply componentisation for assets below this threshold if it assists with asset planning.

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

### **Disposals and Assets Held for Sale**

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet, whether property, plant and equipment or assets held for sale, is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals, if any, are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal. Any revaluation gains previously accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals, 75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances, is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### **\* Infrastructure Assets**

The Authority holds highways infrastructure assets which includes carriageways, footways and cycle tracks, structures e.g. bridges, street lighting, street furniture, traffic management systems and land which together form a single integrated network. The Authority also holds other Infrastructure assets which include Coastal protection and sea defences.

## Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis in accordance with our de minimis levels of componentisation of £2m or as outlined in our depreciation policy above. This is provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

## Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

## Depreciation

Depreciation is provided on the parts of infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

Infrastructure Assets	Estimated useful asset life
Carriageways	20-50 years
Footways	20-50 years
Cycle Routes	20-50 years
Highway Structures	125 years
Street Lighting	25 years
Traffic Signals	20-25 years
Intelligent Transportation systems (ITS)	25 years
Drainage	25 years
Rights of Way	25 years
Vehicle Restraint Systems	25 years
Road Markings and Studs	25 years
Traffic signs, bollards and other street furniture	25 years
Coastal defences and water systems	20-75 years
Groynes	6-25 years

## Disposals and derecognition

When a component of an Infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

### **o. Private finance initiatives (PFI)**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the authority at the end of the contracts for no additional charge, the authority carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge of x% on the outstanding Balance Sheet liability, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

With effect from 1 April 2024, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £0.221m, with an equal increase in finance lease liabilities as at 31 March 2025.

## **p. Schools**

The Code confirms that the balance of control for local authority-maintained schools (ie those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

The accounting treatment of schools' assets is decided by the legal framework of the type of school.

Community and voluntary controlled schools' land and buildings are recorded on the Council's Balance Sheet and any capital expenditure is added to the balances.

Voluntary aided schools' land and buildings are not shown on the Council's Balance Sheet and any capital expenditure is reversed through Revenue Expenditure Funded from Capital under Statute under Children's and Education on the Comprehensive Income and Expenditure Statement. This treatment has been deemed relevant due to the Dioceses having control over the use and activities provided by these school assets. One foundation school (Poole High school) is included in the Council's Balance Sheet and any subsequent capital expenditure linked to it.

When schools become self-governing academies the ownership of the buildings is passed to the governing body either as a disposal or a long lease. For accounting purposes this is treated as a disposal for nil consideration resulting in a substantial loss on disposal in the Comprehensive Income and Expenditure Statement. Despite building work being undertaken, if the Academy has full legal control of the managing the asset, the asset will be removed from our accounts.

Individual schools' balances at 31 March, excluding academies which are not under Local Authority control are included in the Balance Sheet of the Council.

The Dedicated Schools Grant is allocated between central Council budget and budgets allocated to individual schools ("delegated school budgets"). Expenditure from central Council budgets and delegated schools budgets is charged to the Comprehensive Income and Expenditure Statement under Children's and Education services.

#### **q. Provisions, Contingent Liabilities and Contingent Assets**

##### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation to a third party, which is likely to require settlement by transferring economic benefit or service potential and the value can be reliably estimated. For instance, the Council may be involved in a court case that could eventually result in a settlement or the payment of compensation.

Provisions are charged as a cost to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. They are measured at the best estimate, at the balance sheet date, of the amount required to settle the obligation.

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

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

##### **Contingent Liabilities**

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

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

##### **Contingent Assets**

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

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

#### **r. Reserves**

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

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

#### **s. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of an asset for the Council has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a

transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

**t. Value Added Tax (VAT)**

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

**u. Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures require the authority to prepare Group Accounts.

**v. Collection Fund – Council tax and National Non-domestic rates (NNDR)**

The Council is a billing authority who collects money on behalf of the precepting authorities (police and fire authority).

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and business rates. The fund's key features relevant to accounting for council tax and business rates in the primary financial statements are:

- in its capacity as a billing authority an authority acts as an agent: it collects and distributes council tax and business rates income on behalf of Central Government, the major preceptors and itself.
- while the council tax and business rates income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to the major preceptors (and Central Government for business rates) and in turn credited to their General Fund.

Council tax and business rates included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year. 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.

Since the collection of council tax and business rates is in substance an agency arrangement, the cash collected by the billing authority from council tax debtors and business rate payers belongs proportionally to the billing authority and the major preceptors (and Central Government for business rates). There will therefore be a debtor / creditor position between the billing authority and each major preceptor and Central Government to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from council tax payers and business rate payers.

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

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

**w. Fair Value Movement of non-financial assets**

The Council measures some of its assets at fair value at the end of the reporting period, mainly; Surplus Assets and Investment Properties. Fair value is the price that would be received to sell an asset. The fair value measurement assumes that the transaction to sell the asset takes place either:



a) in the principal market for the asset, or

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

The Council's Estates Services valuers and External Valuers provide valuations of its assets in line with the highest and best use definition within the accounting standard. The highest and best use of the asset being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – unobservable inputs for the asset.

#### **x. Capital Commitment Disclosures**

For disclosure purposes the Council contracted capital commitments will only be disclosed when in excess of £1 million or more.

#### **y. Acquisitions and Discontinued Operations**

Activities are considered to be acquired only if they are acquired from outside the Public Sector. The Code does not include local government reorganisation since any 'machinery of government' changes are neither acquired nor discontinued operations. Similarly, activities are deemed to be discontinuing only if they are transferring outside of the Public Sector, or if they are ceasing completely.

#### **z. Charges to revenue for non-current assets**

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

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

The authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

### **37. Accounting Standards that have been issued but have not yet been adopted**

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

## HOUSING REVENUE ACCOUNT

### INCOME AND EXPENDITURE STATEMENT

The HRA income and expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account statement.

	2023/24	2024/25
	£'000	£'000
<b>EXPENDITURE</b>		
Repairs and Maintenance	13,301	14,334
Supervision and Management	15,011	15,709
Rent, rates, taxes and other charges	537	604
Bad or doubtful debts	404	526
Depreciation and Impairment of Non-current Assets	14,318	6,505
REFCUS	-	-
Debt Management Expense	191	368
<b>Total Expenditure</b>	<b>43,762</b>	<b>38,046</b>
<b>INCOME</b>		
Dwelling rents (gross)	(47,610)	(53,782)
Non-dwelling rents (gross)	(319)	(262)
Charges for services and facilities	(4,191)	(4,272)
Contributions towards expenditure	(819)	(778)
Gain on dissolution of Poole Housing Partnership Ltd	(1,873)	-
<b>Total Income</b>	<b>(54,812)</b>	<b>(59,094)</b>
<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account</b>	<b>(11,050)</b>	<b>(21,048)</b>
HRA share of Non-Distributed Costs	(274)	(276)
<b>Net Cost of HRA Services</b>	<b>(11,324)</b>	<b>(21,324)</b>
<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(Gain) or loss on disposal of HRA fixed assets	(1,508)	(1,539)
Interest payable and similar charges	5,135	5,352
Investment Income	(942)	(974)
Pensions Interest Cost and Expected Return on Pension Assets	110	107
Capital Grants and Contributions	(1,222)	(7,763)
<b>(Surplus) / Deficit for the year on HRA Services</b>	<b>(9,751)</b>	<b>(26,141)</b>

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	2023/24	2024/25
	£'000	£'000
<b>Balance at Beginning of Year</b>	<b>(4,521)</b>	<b>(5,504)</b>
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(9,750)	(26,141)
Adjustments between Accounting Basis and Funding Basis under Statute	8,767	21,232
<b>Net (Increase)/Decrease before transfers to or from Earmarked Reserves</b>	<b>(983)</b>	<b>(4,909)</b>
Transfers to/(from) Earmarked Reserves	-	-
<b>(Increase)/Decrease in Year on the HRA</b>	<b>(983)</b>	<b>(4,909)</b>
<b>Balance at End of Year</b>	<b>(5,504)</b>	<b>(10,413)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. Housing Stock

The Council was responsible for managing the following housing stock, including shared ownership :

	Bedroom	2023/24	2024/25
	No.	No.	No.
<b>Flats</b>	0	376	375
	1	3184	3,208
	2	1544	1,556
	3	146	146
	<b>Houses</b>	1	2
	2	1157	1,155
	3	2168	2,156
	4	276	276
	5+	12	12
<b>Bungalows</b>	0	8	8
	1	482	481
	2	160	162
	3	32	31
	4	3	3
	5+	1	1
<b>Shared-ownership</b>		39	39
		9,590	9,612

## 2. Balance Sheet Value of HRA Assets

	Council Dwellings	Other Land & Buildings	Asset under construction	Plant & Equipment	Development Land	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property, Plant &amp; Equipment</b>						
<b>Cost or Valuation</b>						
<b>Brought Forward 1 April 2024</b>	<b>754,583</b>	<b>5,276</b>	<b>13,089</b>	<b>2,824</b>	<b>1,571</b>	<b>777,343</b>
Additions	13,495	-	15,634	-	-	29,129
Revaluation Increase/(decrease) recognised in Revaluation Reserve	(14,881)	3,862	-	-	686	(10,333)
Revaluation increase/(decrease) recognised in Surplus/Deficit Provision of Service	1,458	30	-	-	-	1,488
Derecognition - disposals	(2,314)	-	-	-	-	(2,314)
Derecognition - other	-	-	-	(162)	-	(162)
Reclassification – within PPE	10,329	(18)	(2,947)	-	-	7,364
Reclassification – outside PPE	-	-	-	-	-	-
<b>Balance Carried Forward 31 March 2025</b>	<b>762,670</b>	<b>9,150</b>	<b>25,776</b>	<b>2,662</b>	<b>2,257</b>	<b>802,515</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>Brought Forward 1 April 2024</b>	-	-	-	(2,034)	-	(2,034)
Depreciation for year	(14,639)	(79)	-	(423)	-	(15,141)
Depreciation written out to Revaluation Reserve	7,501	75	-	-	-	7,576
Depreciation written to Surplus/ Deficit on Provision of Services	-	-	-	-	-	-
Impairment losses / reversals recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses / reversals recognised in Surplus / Deficit on Provision of Services	7,144	4	-	-	-	7,148
Derecognition - disposals	-	-	-	-	-	-
Derecognition - other	-	-	-	162	-	162
Reclassification - within PPE	( 6 )	-	-	-	-	( 6 )
Reclassification - outside PPE	-	-	-	-	-	-
	-	-	-	(2,295)	0	(2,295)
<b>Balance Carried Forward 31 March 2025</b>						
<b>Balance Sheet Amount 1 April 2024</b>	<b>754,583</b>	<b>5,276</b>	<b>13,089</b>	<b>790</b>	<b>1,571</b>	<b>775,309</b>
<b>Balance Sheet Amount 31 March 2025</b>	<b>762,670</b>	<b>9,150</b>	<b>25,776</b>	<b>367</b>	<b>2,257</b>	<b>800,220</b>

The valuation of the housing stock based on vacant possession at 31 March 2025 was £2,186 million (31 March 2024 £2,165 million). This assumes that the stock is unoccupied and could be sold. The carrying value of the stock on the Balance Sheet is based on existing use as social housing. The difference between the two methods reflects the economic cost of providing council housing at less than market rent.

## 3. Major Repairs Reserve

The Major Repairs Reserve (MRR) controls an element of capital resources required to be used on HRA assets or for capital purposes. Under self-financing arrangements there are regulations that require the MRR to be credited with an amount equal to the depreciation charge on all HRA assets. Under the adopted transitional arrangements this is abated to the notional Major Repairs Allowance (MRA). The balance is available to fund HRA capital expenditure.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	-	-
HRA Depreciation from CAA	(14,796)	(15,141)
Repayment of HRA debt	-	-
Financing of HRA capital expenditure - Council Housing	14,796	13,202
<b>Balance at 31 March</b>	-	(1,939)

#### 4. Summary of Capital Expenditure and Sources of Finance

	2023/24 £'000	2024/25 £'000
<b>Opening Capital Financing Requirement</b>	<b>132,703</b>	<b>131,474</b>
Appropriation of Property from the HRA	40	7,375
<b>Capital investment:</b>		
- Property, Plant & Equipment	24,417	29,129
<b>Source of Funding:</b>		
- Capital receipt	(2,884)	(2,107)
- Government Grant & Contributions	(1,222)	(10,698)
- Revenue Finance	(5,515)	(3,122)
- Major Repairs Reserve	(14,796)	(13,202)
Switch between HRA and General fund	(791)	(401)
Revenue contribution to the Repayment of Borrowing	(478)	(667)
<b>Closing Capital Financing Requirement</b>	<b>131,474</b>	<b>137,781</b>
<b>Explanation of movement in year:</b>		
Decrease in underlying need to borrow (supported by Government financial assistance)	(1,269)	(1,068)
Increase in underlying need to borrow (supported by Government financial assistance)	-	-
Appropriation of property to the HRA	40	7,375
<b>Increase in Capital Financing Requirement</b>	<b>(1,229)</b>	<b>6,307</b>

#### 5. Capital Receipts

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>(7,603)</b>	<b>(6,959)</b>
Capital receipts in year		
- sale of Council houses	(2,853)	(3,813)
- Other receipts	(678)	(39)
Pooled capital receipts	-	-
Admin costs for RTB	23	31
Repayment of borrowing from GF	477	667
Applied to finance capital expenditure		
- Housing (HRA)	2,884	2,107
- Housing (GF)	-	-
Transfer from HRA to GF	791	401
<b>Balance at 31 March</b>	<b>(6,959)</b>	<b>(7,605)</b>

## 6. Depreciation and Impairment of Non-Current Assets

	2023/24	2024/25
	£'000	£'000
<b>Depreciation is charged based on the useful life of assets as follows:</b>		
- Council dwellings	14,295	14,639
- Other land & bldgs	77	79
- Plant & equipment	423	423
	14,795	15,141
<b>Impairment resulting from the reduction in the valuation of non-current assets resulted in a charge to the Income and Expenditure account as follows:</b>		
- Council dwellings	(456)	(8,601)
- Other	(21)	(34)
	(477)	(8,635)
<b>Total charge to Income and Expenditure account</b>	<b>14,318</b>	<b>6,506</b>

## 7. Rent Arrears

	Balance	Balance
	31/03/2024	31/03/2025
	£'000	£'000
Cumulative Gross Arrears	2,301	3,069
Dwellings rents written off during the year	96	18
Provision for bad debt as at 31 March	1,913	2,458
Current Tenant rent arrears expressed as a % of gross rent income	4.72%	5.69%

## THE COLLECTION FUND STATEMENT 2024/25

This account reflects the statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing Authority in relation to National Non-Domestic Rates (NNDR) and Council Tax. It illustrates the way in which these have been distributed to precepting authorities and the Council's own General Fund. The introduction to Business Rate Retention requires local Authorities to maintain a separate Collection Fund Account for Business Rates and Council tax as follows:

Collection fund Statement	2023/24			2024/25		
	Business Rates £'000	Council Tax £'000	TOTALS £'000	Business Rates £'000	Council Tax £'000	TOTALS £'000
<b>Income</b>						
Council Tax receivable	-	(299,362)	(299,362)	-	(318,172)	(318,172)
Business Rates receivable	(125,208)	-	(125,208)	(139,507)	-	(139,507)
<b>Total Income</b>	<b>(125,208)</b>	<b>(299,362)</b>	<b>(424,570)</b>	<b>(139,507)</b>	<b>(318,172)</b>	<b>(457,679)</b>
<b>Charges to the Collection Fund:</b>						
Interest paid on refunds	60	-	60	273	-	273
Less (inc)/decrease in provision for bad debts	(609)	2,417	1,808	3,148	3,578	6,726
Less (inc)/decrease in provision for appeals	(929)	-	(929)	6,572	-	6,572
Less disregard amounts	385	-	385	411	-	411
Contribution towards the Collection fund surplus	-	36	36	-	-	-
<b>Total charges to the Collection Fund</b>	<b>(1,093)</b>	<b>2,453</b>	<b>1,360</b>	<b>10,404</b>	<b>3,578</b>	<b>13,982</b>
<b>Net Collectable</b>	<b>(126,301)</b>	<b>(296,909)</b>	<b>(423,210)</b>	<b>(129,103)</b>	<b>(314,594)</b>	<b>(443,697)</b>
<b>Less other charges:</b>						
Transitional Protection sums due from/to Authority	(9,627)	-	(9,627)	(2,115)	-	(2,115)
Cost of Collection Allowance	603	-	603	599	-	599,262
<b>Non-domestic rating (NNDR) and Council tax income for 2023/24</b>	<b>(135,325)</b>	<b>(296,909)</b>	<b>(432,234)</b>	<b>(130,619)</b>	<b>(314,594)</b>	<b>(445,213)</b>
<b>Demands, Precepts and Proportionate Shares:</b>						
Central Government/MHCLG	54,343	-	54,343	61,288	-	61,288
BCP Council	53,256	244,826	298,082	60,063	263,003	323,066
Dorset Police and Crime Commissioner	-	40,666	40,666	-	43,461	43,461
Dorset & Wiltshire Fire and Rescue	1,087	12,229	13,316	1,226	12,874	14,100
<b>Council Tax and NNDR expenditure at 31 March</b>	<b>108,686</b>	<b>297,721</b>	<b>406,407</b>	<b>122,577</b>	<b>319,339</b>	<b>441,916</b>
<b>Council Tax and NNDR net position at 31 March</b>	<b>26,639</b>	<b>(812)</b>	<b>25,827</b>	<b>8,042</b>	<b>(4,745)</b>	<b>3,297</b>
surplus (+)/deficit (-) b/f 1 April	41,172	5,307	<b>46,479</b>	69,055	4,495	<b>73,549</b>
surplus (+)/deficit (-) arising during year	-	-	-	-	-	-
Estimated surplus (+)/deficit (-) payable in year	1,244	-	1,244	(52,390)	-	(52,390)
<b>Collection fund Surplus/(Deficit) at 31 March</b>	<b>69,055</b>	<b>4,494</b>	<b>73,550</b>	<b>24,707</b>	<b>(250)</b>	<b>24,458</b>
<b>Collection Fund Surplus/(Deficit) c/f 31 March:</b>	<b>Business Rates £'000</b>	<b>Council Tax £'000</b>	<b>TOTALS £'000</b>	<b>Business Rates £'000</b>	<b>Council Tax £'000</b>	<b>TOTALS £'000</b>
Central Government/MHCLG	34,527	-	34,527	12,353	-	12,353
BCP Council	33,837	3,697	37,534	12,106	(206)	11,900
Dorset Police and Crime Commissioner	-	614	614	-	(34)	(34)
Dorset & Wiltshire Fire and Rescue	691	184	875	247	(10)	237
<b>Surplus/(Deficit) c/f 31 March</b>	<b>69,055</b>	<b>4,495</b>	<b>73,550</b>	<b>24,707</b>	<b>(250)</b>	<b>24,457</b>



## NOTES TO THE COLLECTION FUND

### 1. Income from Council Tax

The council tax is calculated and charged on domestic properties. For the purposes of identifying liability and determining the level of tax properties are placed in one of eight valuation bands by Her Majesty's Revenue and Customs. After accounting for discounts, exemptions etc, these are then converted to a Band D equivalent which is known as the Tax Base. There is a requirement to maintain three separate Council Tax bases for Bournemouth, Poole and Christchurch until the Council Tax Band D charge is harmonised for the new authority. The Tax Base for 2024/25 on which the tax was set was:

Valuation Band	No. Of Properties	No. Of Band D Equivalent Properties	Proportion to Band D Properties	Tax Base 2024/25
A* - disabled relief for Band A property	0	7.0	5/9	
A	27,016.0	10,509.0	6/9	
B	34,362.0	19,708.0	7/9	
C	54,207.0	39,483.0	8/9	
D	35,899.0	30,530.0	9/9	
E	21,750.0	24,169.0	11/9	
F	9,383.0	12,540.0	13/9	
G	5,763.0	9,080.0	15/9	
H	1,296.0	2382	18/9	
MOD Properties				159
<b>Total</b>	<b>189,676.0</b>	<b>148,408.0</b>		<b>148,567</b>
			<b>Expected Collection Rate</b>	<b>98.50%</b>
				<b>146,342</b>

### 2. Income from Business Rate Payers

	<u>2023/24</u>	<u>2024/25</u>
Total Rateable Value as 31 March (£)	398,768,342	398,095,901
The Standard Rate Multiplier (rate in the £) as set by Government (Pence)	51.20	54.60

### 3. Distribution of Estimated Balance on the Collection Fund

In accordance with regulations the balance on the Collection Fund has to be estimated on 15 January each year. This estimate is distributed the following year between the authorities.

The Estimated (Surplus) / Deficit on the Collection Fund was distributed as below:

#### Estimated Surplus/Deficit on the Collection Fund 2024/25

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Council Tax:</b>		
Bournemouth, Christchurch and Poole	3,697	(206)
Dorset Police and Crime Commissioner	614	(34)
Dorset & Wiltshire Fire and Rescue	184	(10)
<b>Business Rates:</b>		
Bournemouth, Christchurch and Poole	33,837	12,106
Central Government	34,527	12,353
Dorset & Wiltshire Fire and Rescue	691	247
<b>Total</b>	<b>73,550</b>	<b>24,456</b>

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure 2023/24 £'000	Gross Income 2023/24 £'000	Net Expenditure 2023/24 £'000		Gross Expenditure 2024/25 £'000	Gross Income 2024/25 £'000	Net Expenditure 2024/25 £'000
317,850	(184,012)	133,838	Wellbeing	339,790	(202,638)	137,152
285,228	(156,373)	128,855	Children's Services	312,494	(163,644)	148,850
239,196	(134,407)	104,789	Operations	241,910	(130,578)	111,332
46,985	(13,029)	33,956	Resources	51,018	(12,865)	38,153
43,488	(54,812)	(11,324)	Housing Revenue Account	37,770	(59,094)	(21,324)
112,149	(98,173)	13,976	Corporate Items	104,895	(100,538)	4,357
<b>1,044,896</b>	<b>(640,806)</b>	<b>404,090</b>	<b>COST OF SERVICES</b>	<b>1,087,877</b>	<b>(669,357)</b>	<b>418,520</b>
2,078	(3,264)	(1,186)	Other Operating Expenditure	42,085	(3,800)	38,285
79,866	(70,580)	9,286	Financing and Investment Income and Expenditure	86,715	(73,185)	13,530
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income	(18)	(400,911)	(400,929)
<b>1,126,840</b>	<b>(1,078,290)</b>	<b>48,550</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,216,659</b>	<b>(1,147,253)</b>	<b>69,406</b>
		(59,475)	(Surplus) / Deficit on Revaluation of Non-current Assets			(97,040)
		(105,779)	Re-measurement of Net Defined Benefit Liability			(88,366)
		<u>(165,254)</u>	<b>Other Comprehensive Income and Expenditure</b>			<u>(185,406)</u>
		<u>(116,704)</u>	<b>Total Comprehensive Income and Expenditure</b>			<u>(116,000)</u>

## GROUP MOVEMENT IN RESERVES STATEMENT 2024/25

	General Fund Unearmarked	GF Earmarked Reserves	Total General Fund	Housing Revenue Account Unearmarked	HRA Major Repairs Allowance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of subsidiaries	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2024</b>	(26,114)	(45,404)	<b>(71,518)</b>	(5,503)	0	(9,295)	(48,708)	<b>(135,025)</b>	(1,383,192)	<b>(1,518,216)</b>	(95,238)	<b>(1,613,454)</b>
<b>Adjusted Balance at 1 April 2024 for Tricuro</b>	-	-	-	-	-	-	-	-	-	-	(2,451)	<b>(2,451)</b>
<b>Adjusted Balance at 1 April 2024</b>	<b>(26,114)</b>	<b>(45,404)</b>	<b>(71,518)</b>	<b>(5,503)</b>	<b>0</b>	<b>(9,295)</b>	<b>(48,708)</b>	<b>(135,025)</b>	<b>(1,383,192)</b>	<b>(1,518,216)</b>	<b>(97,689)</b>	<b>(1,615,905)</b>
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	97,673	-	<b>97,673</b>	(26,142)	-	-	-	<b>71,531</b>	-	<b>71,531</b>	(2,125)	<b>69,406</b>
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(185,406)	<b>(185,406)</b>	-	<b>(185,406)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>97,673</b>	<b>-</b>	<b>97,673</b>	<b>(26,142)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,531</b>	<b>(185,406)</b>	<b>(113,875)</b>	<b>(2,125)</b>	<b>(116,000)</b>
Adjustments Between Group Accounts and Authority Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments Between Accounting Basis and Funding Basis under Regulations	(241,477)	-	<b>(241,477)</b>	21,201	(1,939)	(2,603)	(3,264)	<b>(228,082)</b>	228,082	-	-	-
<b>Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves</b>	<b>(143,804)</b>	<b>-</b>	<b>(143,804)</b>	<b>(4,941)</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(156,551)</b>	<b>42,676</b>	<b>(113,875)</b>	<b>(2,125)</b>	<b>(116,000)</b>
Transfers (to) / from Earmarked Reserves	14,524	(14,524)	<b>0.00</b>	-	-	-	-	<b>0.00</b>	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>(129,280)</b>	<b>(14,524)</b>	<b>(143,804)</b>	<b>(4,941)</b>	<b>(1,939)</b>	<b>(2,603)</b>	<b>(3,264)</b>	<b>(156,551)</b>	<b>42,676</b>	<b>(113,875)</b>	<b>(2,125)</b>	<b>(116,000)</b>
<b>Balance at 31 March 2025</b>	<b>(155,394)</b>	<b>(59,928)</b>	<b>(215,322)</b>	<b>(10,444)</b>	<b>(1,939)</b>	<b>(11,898)</b>	<b>(51,972)</b>	<b>(291,576)</b>	<b>(1,340,516)</b>	<b>(1,632,091)</b>	<b>(99,814)</b>	<b>(1,731,905)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT 2023/24

	General Fund Unearmarked	GF Earmarked Reserves	Total General Fund	Housing Revenue Account Unearmarked	HRA Major Repairs Allowance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of subsidiaries	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023 (Charities' balance sheet as at 31/03/2022)	(17,903)	(75,978)	(93,881)	(4,521)	-	(16,488)	(40,661)	(155,551)	(1,248,279)	(1,403,829)	(113,881)	(1,517,710)
Movement due to update balance sheet											20,963	20,962
Balance at 1 April 2023	(17,903)	(75,978)	(93,881)	(4,521)	-	(16,488)	(40,661)	(155,550)	(1,248,279)	(1,403,829)	(92,918)	(1,496,747)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	60,618	-	60,618	(9,750)	-	-	-	50,868	-	50,868	(2,319)	48,549
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(165,254)	(165,254)	-	(165,254)
<b>Total Comprehensive Income and Expenditure</b>	<b>60,618</b>	<b>-</b>	<b>60,618</b>	<b>(9,750)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,868</b>	<b>(165,254)</b>	<b>(114,386)</b>	<b>(2,319)</b>	<b>(116,705)</b>
Adjustments Between Group Accounts and Authority Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments Between Accounting Basis and Funding Basis under Regulations	(38,254)	-	(38,254)	8,767	-	7,193	(8,047)	(30,341)	30,341	-	-	-
<b>Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves</b>	<b>22,364</b>	<b>-</b>	<b>22,364</b>	<b>(982)</b>	<b>-</b>	<b>7,193</b>	<b>(8,047)</b>	<b>20,527</b>	<b>(134,913)</b>	<b>(114,386)</b>	<b>(2,319)</b>	<b>(116,705)</b>
Transfers (to)/ from Earmarked Reserves	(30,575)	30,575	-	-	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in Year</b>	<b>(8,211)</b>	<b>30,575</b>	<b>22,364</b>	<b>(982)</b>	<b>-</b>	<b>7,193</b>	<b>(8,047)</b>	<b>20,527</b>	<b>(134,913)</b>	<b>(114,386)</b>	<b>(2,319)</b>	<b>(116,705)</b>
<b>Balance at 31 March 2024</b>	<b>(26,114)</b>	<b>(45,404)</b>	<b>(71,518)</b>	<b>(5,503)</b>	<b>-</b>	<b>(9,295)</b>	<b>(48,708)</b>	<b>(135,023)</b>	<b>(1,383,192)</b>	<b>(1,518,215)</b>	<b>(95,237)</b>	<b>(1,613,452)</b>

## GROUP BALANCE SHEET

	Note	31/03/2024 £'000	31/03/2025 £'000
Property, Plant and Equipment	4	2,030,451	2,137,585
Heritage Assets	5	46,890	47,376
Investment Property		73,870	71,714
Intangible Assets		373	241
Long-Term Investments		4	4
Long Term Debtors		25,606	25,127
<b>Total Long-Term Assets</b>		<b>2,177,194</b>	<b>2,282,047</b>
Short-Term Investments		-	-
Assets Held for Sale		625	4,384
Inventories		1,047	818
Short-Term Debtors		102,312	103,727
Cash and Cash Equivalents		71,010	22,563
<b>Total Current Assets</b>		<b>174,994</b>	<b>131,492</b>
Public Finance Initiative Current Obligation		(642)	(842)
Lease liabilities		-	(754)
Short-Term Borrowing		(45,164)	(123,885)
Short-Term Creditors		(131,443)	(120,614)
Bank Overdraft		(49,524)	(21,429)
Grants Receipts in Advance - Revenue		(4,565)	(1,424)
Grants Receipts in Advance - Capital		(76,311)	(66,927)
<b>Total Current Liabilities</b>		<b>(307,649)</b>	<b>(335,875)</b>
Provisions		(26,335)	(26,633)
Long-Term Borrowing		(249,963)	(247,075)
Public Finance Initiative Capital Obligation		(6,027)	(5,238)
Lease liabilities		-	(3,928)
Pensions Liability		(148,760)	(62,885)
<b>Total Long-Term Liabilities</b>		<b>(431,085)</b>	<b>(345,759)</b>
<b>Net Assets</b>		<b>1,613,454</b>	<b>1,731,905</b>
Usable Reserves		(135,153)	(165,358)
Unusable Reserves	6	(1,478,300)	(1,566,547)
<b>Total Reserves</b>		<b>(1,613,454)</b>	<b>(1,731,905)</b>

## GROUP CASH FLOW STATEMENT

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net (Deficit)/Surplus on the provision of services</b>	<b>(48,549)</b>	<b>(69,406)</b>
Adjust net Deficit on the Provision of Services for Non Cash Movements	139,288	119,373
Adjust for Items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	(56,048)	(89,880)
<b>Net Cash Flows from Operating Activities</b>	<b>34,691</b>	<b>(39,913)</b>
Investing Activities	(24,906)	(44,161)
Financing Activities	21,070	57,291
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>30,855</b>	<b>(26,783)</b>
<b>Equivalents</b>		
Cash and Cash Equivalents at Beginning of the Reporting Period	(9,369)	27,917
<b>Cash and Cash Equivalents at End of the Reporting Period</b>	<b>21,486</b>	<b>1,134</b>

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 1. General

In accordance with the Code of Practice where Group Accounts figures are not materially different from those of the Council only accounts, no additional disclosure is required in these notes.

Notes to the Group Financial Statements have therefore only been produced where the figures differ materially from those in the Financial Statements of the Council.

## 2. Accounting Policies

Generally, the accounting policies for the Group Accounts are the same as those applied to the single entity financial statements, except for the following policies which are specific to the Group Accounts:

### a. Basis of Identification of the Group Boundary

Group Accounts are prepared by aggregating the transactions and balances of the Council and all its material subsidiaries, associates and joint ventures and excluding intra-group transactions where necessary to eliminate any effect of grossing up on consolidation. The key basis for identification is the control the Council has over the other entities.

#### Subsidiary Boundary

A subsidiary is an entity which the Council controls through the power to govern their financial and operating policies so as to obtain benefits from the entities' activities. Control is usually presumed where the Council owns more than half the voting power of an entity, either directly or through other subsidiaries. However, this is not a defining criterion, the Council can have more than half the voting power but exceptionally not be in control and powers other than voting rights may grant control where the Council has less than half the voting power.

#### Associate Boundary

An associate is an entity for which the Council is an investor that has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, stopping short of control or joint control. It is presumed that holding more than 20% of the voting power of an investee, either directly or indirectly, brings significant influence but this presumption can be rebutted. It is possible for significant influence to be exerted where an investor has less than 20% of the voting power or where another party has majority ownership.

#### Joint Arrangement

A joint arrangement is an arrangement of which two or more parties have joint control where the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either:

- Joint Venture - Arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint ventures have rights to the net assets of the arrangement.
- Joint Operation - A joint operation as a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. To be a joint operation, the arrangement must meet the definition of joint control where decisions about the relevant activities of the arrangement require the unanimous consent of all the parties sharing control.

#### Materiality

In accordance with the above policy, our group relationships have been determined as follows:

Five Parks Charity	Subsidiary	Consolidated
Lower Central Gardens Trust	Subsidiary	Consolidated
Russell-Cotes Art Gallery & Museum Charitable Trust	Subsidiary	Consolidated
Tricuro Ltd	Subsidiary	Consolidated

(Note: Tricuro Ltd has been consolidated in 2024/25 account, but not in 2023/24). See explanation below under Tricuro Ltd).



The following subsidiaries and joint ventures have not been consolidated in the Group Accounts due to their materiality or significance to disclose:

Bournemouth Building & Maintenance Limited	Subsidiary	Unconsolidated
Seascope Group Limited	Subsidiary	Unconsolidated
Seascope South Limited	Subsidiary	Unconsolidated
Seascope Homes and Property Limited	Subsidiary	Unconsolidated
The Bournemouth Development Company LLP	Joint Venture	Unconsolidated

## **b. Basis of the Preparation of the Group Financial Statements**

The Group Accounts have been prepared using the group accounts requirements of the 2024/25 Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group Accounts to the extent that they are material to the users of the Financial Statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

Subsidiaries have been consolidated by:

- adding like items of assets, liabilities, reserves, income and expenses together on a line by line basis to those of other group members in the financial statements;
- eliminating intra-group balances and transactions in full.

The Group Accounts incorporate the accounts of the three charities for the year ended 31 March 2025. These three Charities comply with the Charities Statement of Recommended Practice (SORP).

## **Subsidiaries**

### Charities

The Council has overall control over the following charitable trusts as the board of the trust are made up entirely of elected members. The Council therefore treats the trusts as a subsidiary and consolidates them 100%. Any deficits which the charities creates are subsidised fully by the Council.

### **Five Parks Charity**

The Five Parks Charity consists of King's Park, Queen's Park, Meyrick Park, Redhill Parks and Seafield Gardens.

The Trust was created under a number of Conveyances and Deeds of Exchange dated 1883 to 1906.

Under the BCP Council Act 1985 s.28 makes provision for the Council to manage and control the parks. This includes the provision of facilities for sports and recreations for the benefit of the public at large.

### **Lower Central Gardens Trust**

The Trust was created in 1873 under an Indenture between BCP Council's predecessor body the Bournemouth Commissioners and Sir George Eliot Meyrick Tapps Gervis.

The day to day control and management of the Lower Central Gardens and hence the charity, was varied by s.29 BCP Council Act 1985. This vested in the Council the general power to use, control and manage the Lower Central Gardens.

### **Russell-Cotes Art Gallery and Museum Charitable Trust**

The Trust was created under Indentures of 1908, 1918 and 1920 between BCP Council's predecessor body the County Borough of Bournemouth Corporation and Sir Merton and Lady Russell-Cotes.

The original Indentures were varied by s.57 BCP Council Act 1985. This requires that the Council manage, regulate, control and deal with the Trust, premises and property by means of a management committee appointed by them in accordance with the Local Government Act 1972.

### **Recreation Ground**

Charity looking after a specific area within the Mundeford Recreation ground.

## Companies

The Council has no restrictions on its ability to access or use the assets under the Council subsidiaries. The Council would be liable for any outstanding liabilities of the subsidiaries or joint ventures (up to its proportionate share) should they cease operations.

### **Bournemouth Building & Maintenance Ltd**

A wholly owned subsidiary company to deliver building works for the Council for HRA and General Fund purposes.

### **Seascope Group Ltd**

Seascope Group Ltd provides an umbrella structure, allowing other entrepreneurial endeavours to be created as wholly owned subsidiaries within the Group. This enables the Council, as a public body, to work in a commercial environment and so create alternative revenue inflows to the Council to assist the Council's Financial Strategy.

Within the Group there are currently two wholly owned subsidiaries. These are:

### **Seascope South Ltd**

A company wholly owned by Seascope Group Ltd which has been set up to commercially trade externally to deliver building works across the South Coast.

### **Seascope Homes and Property Ltd**

Seascope Homes and Property Ltd provides housing solutions through the grant of Assured Shorthold Tenancies (ASTs) to a variety of client groups focusing initially but not exclusively on homeless customers in Bournemouth.

### **Poole Housing Partnership**

Poole Housing partnership (PHP) was a company limited by guarantee without share capital that previously managed and maintained the housing stock of the Poole Neighbourhood HRA. On 1 July 2022 all the activities of PHP were transferred to BCP Council and the company subsequently became dormant. The company was dissolved on the 4 June 2024.

### **BCP FuturePlaces Ltd**

A company wholly owned by BCP Council which was set up to provide development management advice to the council. In September 2023 the Council decided to bring development delivery back into the Council therefore the company is no longer trading and was dissolved on the 17 December 2024.

### **Tricuro Ltd**

Tricuro Ltd is a group of two companies established under local authority trading company principles to undertake a range of adult social care services. Previously it was owned by BCP Council and Dorset Council but from 7 August 2024 this Council is the only provider. Now, Council owns 100% of the equity for Tricuro Ltd.

It is structured as a care company (Tricuro Ltd) and a company providing support services (Tricuro Support Ltd), with management through a joint Board. Tricuro Support Ltd holds the contractual relationships with this Council, as well as the property leases and support services agreements.

The turnover for Tricuro Ltd in 2023/24 was £21.2m, this reflects the position that the company has been operating for BCP Council only. As a joint venture the turnover for 2022/23 was £33m. This materiality level has led to the decision to consolidate them into the Council's group accounts.

### 3. Joint Venture

#### Bournemouth Development Company

The Council is one of two members of a limited liability partnership (“LLP”) trading as The Bournemouth Development Company LLP (BDC). The other member is a private sector construction services business. BDC was set up to undertake development on a number of town centre car parks owned by the Council to assist in achieving social and economic objectives.

When a development is selected to take place, the private sector member funds the upfront design work and submits a planning application. The sums required to fund this work represent the private sector's investment in BDC. Once the development has secured planning permission and is ready to commence the Council will transfer the land or property to the BDC. The land is transferred based on its residual value with the benefit of planning permission, i.e. the gross development value minus the costs and profit. The development will then take place with the private sector partner matching the residual value of the land invested by the Council less the sums spent by the private sector partner undertaking the design and securing the planning permission. The additional funding required to build out the development will then be sourced from third party lenders and/or from the BDC members.

When completed the development is sold, with the proceeds first repaying any third-party debt. Any surplus generated will be available to be distributed between the members.

### 4. Property, Plant and Equipment

#### Revaluations

Note 12 of the single entity accounts gives details of the valuation of the property, plant and equipment included in the group accounts. Depreciation and asset lives are consistent with those of the single entity. Charitable Assets are material for the group accounts as a whole and are therefore revalued at the 31 March by the external company Lambert Smith Hampton who hold the Fellow of the Royal Institute of Chartered Surveyors (FRICS) qualification.

	HRA Council Dwellings	HRA Other Land & Buildings, Vehicles & Equipment	Other Land & Buildings (incl PFI)	Vehicles, Plant & Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Right Of Use Assets	Donated Assets	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Historic Cost	-	26,142	-	35,419	352,837	18,377	-	1,088	-	-	433,863
Valued at current value :											
2024/25	762,670	11,407	587,526	-	-	-	17,201	-	3,532	461	1,382,797
2023/24	-	-	145,327	-	-	-	-	-	-	-	145,327
2022/23	-	-	58,503	-	-	-	-	-	-	-	58,503
2021/22	-	-	73,248	-	-	-	-	-	-	-	73,248
2020/21	-	-	39,273	-	-	-	-	-	-	-	39,273
2019/20	-	-	4,574	-	-	-	-	-	-	-	4,574
<b>Total</b>	<b>762,670</b>	<b>37,549</b>	<b>908,451</b>	<b>35,419</b>	<b>352,837</b>	<b>18,377</b>	<b>17,201</b>	<b>1,088</b>	<b>3,532</b>	<b>461</b>	<b>2,137,585</b>

#### 4. Property, Plant and Equipment – Movements on Balances 2024/25

	HRA Council Dwellings	HRA Other Land & Buildings, Vehicles & Equipment	Other Land and Buildings	Vehicles Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Right of Use Assets	Donated Assets	Total Property, Plant & Equipment excluding infrastructure	PFI Assets Included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>											
<b>Balance at 1 April 2024</b>	<b>754,583</b>	<b>22,760</b>	<b>872,346</b>	<b>68,782</b>	<b>24,471</b>	<b>17,582</b>	<b>1,970</b>	-	-	<b>1,762,494</b>	<b>8,452</b>
Additions	13,495	15,634	45,038	8,960	975	-	690	-	-	84,792	-
Recognition of Right of Use Asset	-	-	221	-	-	-	-	5,502	34	5,757	-
Revaluation Increase/(Decrease) recognised in Revaluation Reserve	(14,881)	4,549	77,669	-	-	2,136	-	-	-	69,474	-
Revaluation Increase/(Decrease) recognised in Surplus / Deficit Provision of Services	1,458	30	(12,773)	-	-	(21)	-	-	-	(11,306)	221
Derecognition - Disposals	(2,314)	-	(225)	-	-	(2,774)	-	(18)	-	(5,331)	(645)
Derecognition - Other	-	(162)	(44,969)	(4,304)	-	-	-	-	-	(49,435)	-
Reclassification - within PPE	10,329	(2,966)	(5,463)	152	-	(962)	(1,573)	18	464	(1)	-
Reclassification - outside PPE	-	-	(4,466)	-	-	1,240	-	-	-	(3,226)	-
<b>Balance at 31 March 2025</b>	<b>762,670</b>	<b>39,845</b>	<b>927,378</b>	<b>73,590</b>	<b>25,446</b>	<b>17,201</b>	<b>1,087</b>	<b>5,502</b>	<b>498</b>	<b>1,853,217</b>	<b>8,028</b>
<b>Accumulated Depreciation &amp; Impairment</b>											
<b>Balance at 1 April 2024</b>	-	<b>(2,034)</b>	<b>(20,287)</b>	<b>(34,536)</b>	<b>(6,552)</b>	-	-	-	-	<b>(63,409)</b>	-
Depreciation for year	(14,639)	(502)	(26,241)	(7,729)	(518)	-	-	(164)	-	(49,793)	-
Recognition of Right of Use Asset	-	-	-	-	-	-	-	(1,806)	-	(1,806)	-
Depreciation Written out to Revaluation Reserve	7,501	75	23,120	-	-	-	-	-	-	30,696	(276)
Depreciation Written out to Surplus / Deficit on Provision of Services	-	-	1,619	-	-	-	-	-	-	1,619	-
Impairment Losses / Reversals recognised in the Revaluation Reserve	-	-	-	-	-	15	-	-	-	15	-
Impairment Losses / Reversals recognised in Surplus / Deficit on Provision of Services	7,144	4	1,081	-	-	-	-	-	-	8,229	276
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	162	1,643	4,093	-	-	-	-	-	5,898	-
Reclassification - within PPE	(6)	-	58	-	-	(15)	-	-	(37)	-	-
Reclassification - outside PPE	-	-	82	-	-	-	-	-	-	82	-
<b>Balance at 31 March 2025</b>	<b>-</b>	<b>(2,295)</b>	<b>(18,925)</b>	<b>(38,172)</b>	<b>(7,070)</b>	<b>-</b>	<b>-</b>	<b>(1,970)</b>	<b>(37)</b>	<b>(68,469)</b>	<b>-</b>
<b>Balance at 1 April 2024</b>	<b>754,583</b>	<b>20,726</b>	<b>852,059</b>	<b>34,246</b>	<b>17,919</b>	<b>17,582</b>	<b>1,970</b>	<b>-</b>	<b>-</b>	<b>1,699,085</b>	<b>8,452</b>
<b>Balance at 31 March 2025</b>	<b>762,670</b>	<b>37,550</b>	<b>908,453</b>	<b>35,418</b>	<b>18,376</b>	<b>17,201</b>	<b>1,087</b>	<b>3,532</b>	<b>461</b>	<b>1,784,748</b>	<b>8,028</b>

#### 4. Property, Plant and Equipment – Movements on Balances 2023/24

	HRA Council Dwellings	HRA Other Land & Buildings, Vehicles & Equipment	Other Land and Buildings	Vehicles Plant and Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment excluding infrastructure	PFI Assets Included in Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>Balance at 1 April 2023</b>	<b>736,864</b>	<b>26,784</b>	<b>814,260</b>	<b>62,671</b>	<b>23,457</b>	<b>10,608</b>	<b>6,539</b>	<b>1,681,184</b>	<b>8,624</b>
Additions	18,324	6,093	31,929	9,134	1,014	2	159	66,655	-
Revaluation Increase/(Decrease) recognised in Revaluation Reserve	(8,103)	41	45,658	-	-	(3,675)	-	33,921	(172)
Revaluation Increase/(Decrease) recognised in Surplus / Deficit Provision of Services	(645)	19	(17,525)	-	-	(87)	-	(18,239)	-
Derecognition - Disposals	(2,024)	(3)	(148)	-	-	-	(105)	(2,281)	-
Derecognition - Other	-	(48)	(1,055)	(4,189)	-	-	-	(5,292)	-
Reclassification - within PPE	10,166	(10,126)	(702)	1,165	-	5,285	(4,623)	1,165	-
Reclassification - outside PPE	-	-	(70)	-	-	5,450	-	5,380	-
<b>Balance at 31 March 2024</b>	<b>754,582</b>	<b>22,760</b>	<b>872,346</b>	<b>68,782</b>	<b>24,471</b>	<b>17,582</b>	<b>1,970</b>	<b>1,762,493</b>	<b>8,452</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
<b>Balance at 1 April 2023</b>	<b>-</b>	<b>(1,662)</b>	<b>(25,881)</b>	<b>(30,496)</b>	<b>(6,083)</b>	<b>-</b>	<b>-</b>	<b>(64,122)</b>	<b>-</b>
Depreciation for year	(14,295)	(500)	(20,793)	(7,154)	(467)	-	-	(43,209)	(276)
Depreciation Written out to Revaluation Reserve	13,194	75	23,492	-	-	26	-	36,787	276
Depreciation Written out to Surplus / Deficit on Provision of Services	-	1	1,879	-	-	-	-	1,880	-
Impairment Losses / Reversals recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment Losses / Reversals recognised in Surplus / Deficit on Provision of Services	1,101	1	935	-	-	-	-	2,037	-
Derecognition - Disposals	-	3	-	-	-	-	-	3	-
Derecognition - Other	-	48	51	3,574	-	-	-	3,673	-
Reclassification - within PPE	-	-	27	(460)	-	(26)	-	(459)	-
Reclassification - outside PPE	-	-	3	-	-	-	-	3	-
<b>Balance at 31 March 2024</b>	<b>-</b>	<b>(2,034)</b>	<b>(20,287)</b>	<b>(34,536)</b>	<b>(6,550)</b>	<b>-</b>	<b>-</b>	<b>(63,407)</b>	<b>-</b>
<b>Balance at 1 April 2023</b>	<b>736,864</b>	<b>25,122</b>	<b>788,379</b>	<b>32,175</b>	<b>17,374</b>	<b>10,608</b>	<b>6,539</b>	<b>1,617,062</b>	<b>8,624</b>
<b>Balance at 31 March 2024</b>	<b>754,582</b>	<b>20,726</b>	<b>852,059</b>	<b>34,246</b>	<b>17,921</b>	<b>17,582</b>	<b>1,970</b>	<b>1,699,086</b>	<b>8,452</b>

## Infrastructure Assets - Movements on Balances

In accordance with the temporary relief granted by the Code relating to Infrastructure assets this note does not include disclosure of Gross Book Value and Accumulated Depreciation for Highways Infrastructure Assets because historical data and information deficits held by the Authority means that data would not faithfully represent the asset position of the Financial Statements. The Authority has opted not to disclose such information as the previously reported practices and resultant information deficits implies that Gross Book Value and Accumulated depreciation are not measured accurately and would not enable users of the Financial Statements to make informed decisions relating to Highways Infrastructure Assets.

<b>Infrastructure Assets</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Net Book Value (Modified Historic Cost) At 1 April	<b>322,990</b>	<b>331,364</b>
Additions	25,652	37,786
Other Movements	(2,801)	(1,863)
Depreciation	(14,475)	(14,449)
<b>Net Book Value at 31 March</b>	<b>331,366</b>	<b>352,837</b>

<b>Reconciling Note PPE Assets</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Infrastructure Assets	331,366	352,837
Other PPE Assets	1,699,086	1,784,748
<b>Total PPE Assets</b>	<b>2,030,451</b>	<b>2,137,585</b>

The authority has determined in accordance with the temporary relief and Regulation in conjunction with the Capital Finance and Accounting 2022 amendments to the regulations, that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## 5. Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Group:

	<b>Sculptures</b>	<b>Museum Collection</b>	<b>Museum Building</b>	<b>Total Assets</b>
<b>Cost or Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April 2024</b>	<b>578</b>	<b>40,549</b>	<b>5,763</b>	<b>46,890</b>
Depreciation	(15)	-	(109)	(124)
Additions	-	-	-	-
Revaluation	-	(778)	1,388	610
<b>Balance at 31 March 2025</b>	<b>563</b>	<b>39,771</b>	<b>7,042</b>	<b>47,376</b>

The Russell Cotes building has been revalued on Depreciation Replacement Cost (DRC) basis, to reflect the value presented in the Russell Cotes annual accounts for 2024/25.

The museum collection is valued on an insurance basis. The assets were last valued during 2024/25.

There are a number of valuers for Russell Cotes Museum's artwork, including the curator, Sotheby's (a world-renowned auction house), and a number of experts in oriental art and ceramics. The museum curator has a degree in history from Oxford University and a MA in Museum Studies and 10 years' experience of working in museums. There were no concerns in their valuations due to limits on provenance.

The museum collection consists of over 35,000 lots including many fine examples of artwork, ephemera and weaponry from across the globe, illustrating the craft and art of Europe and many indigenous people, cultures and religions. Highlights of the collection include - Victorian masterpieces such as

'Venus Verticordia' by D.G. Rossetti, 'Midsummer' by A.J. Moore and 'Aurora Triumphans' by E. de Morgan, furniture from Longwood, Napoleon's house on St. Helena, a display cabinet belonging to Empress Eugenie from her boudoir at the Chateau de Saint-Cloud, weaponry, badges of office and religious icons from Asia, the Middle East and the Orient and the mummified remains of a young boy from Egypt.

Valuation of the collection is determined by its size. It would be impractical to value each individual item, instead external professional valuations are sought for key groups of items and, working closely with the Council's insurance team, an informed estimate of the value of the whole collection is made. This is taken with sufficient regularity to provide a reasonable estimate of value.

Policies and procedures are in place to manage the collection. As part of the Arts Council England Accreditation process these are being reviewed. There is also a conservation priority list for the paintings and significant conservation work as a result of loan requests and the exhibition programme. A dedicated team of trained volunteers keep the displays and historic interiors clean to prevent damage. For the wider collection, there is an offsite facility which, like the museum, is environmentally controlled and securely protected.

Currently about 1,500 lots are on display at the museum, with a further few items on loan to other institutions.

## 6. Unusable Reserves

	31 March 2024	31 March 2025
	£'000	£'000
Revaluation Reserve	(708,490)	(771,262)
Capital Adjustment Account	(928,498)	(943,087)
Permanent Endowment Fund	(19,657)	(19,657)
Deferred Capital Receipts Reserve	(1,429)	(1,306)
Financial Instrument Adjustment Account	(10)	(15)
Pensions Reserve	148,760	62,885
Accumulated Absences Account	5,045	4,539
Collection Fund Adjustment Account	(37,533)	(11,901)
Dedicated School Grant Deficit	63,512	113,257
<b>Total Unusable Reserves</b>	<b>(1,478,300)</b>	<b>(1,566,547)</b>

## 7. Intra Group Loans

The Council has made the following loan to its subsidiaries and joint ventures :-

	2023/24			2024/25		
	FuturePlaces Ltd	BDC	Total	FuturePlaces Ltd	BDC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Winter Garden/Durley Road loan	-	3,740	3,740	-	3,740	3,740

**Winter Gardens Loan** – The Council had initially lent Bournemouth Development Company LLP (BDC) loans to purchase land at the Winter Gardens site in Bournemouth and the Durley Road development. Morgan Sindall the other partner in the partnership has matched the Council's funding.

## 8. Group Accounting Policies

All other accounting policies set out for the Council are applicable to the group accounts presented other than the specific items below.

### Heritage Assets

The group's heritage assets consist of the museum building - East Cliff Hall, the land and the paintings, furniture and other objects that form the collection of the Russell-Cotes museum. They are held to provide benefit and enjoyment to the inhabitants of and visitors to Bournemouth.

Heritage assets are initially recognised at cost and are revalued annually. Any revaluation gains or losses are held in the Endowment fund. Whilst being carried at other than a notional value, East Cliff Hall is depreciated on a straight-line basis over its estimated useful life, other assets are not depreciated.

Heritage - Freehold buildings	50 years
Heritage - Land	Not depreciated

The carrying values of heritage assets are reviewed where there is evidence of physical deterioration or breakage. Any impairment is recognised and measured in accordance with the general policies on impairment. Depreciation is only chargeable on heritage assets if they meet the general policies for depreciation. The collection is not depreciated but revalued on a periodic basis by appropriate experts including the museum curator. A record of the art collection is held by the Russell Cotes Museum updated on a day to day basis.

Capitalisation follows the policy of a threshold of £1,000.

## 9. Assumptions made about the future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains 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 past experience, current trends and other relevant factors. Where estimates are made, actual results could be materially different from the assumptions and estimates.

The items in the Groups Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year are centred around the valuation of land and building assets which are set out in further detail in note 4 of the single entity accounts.



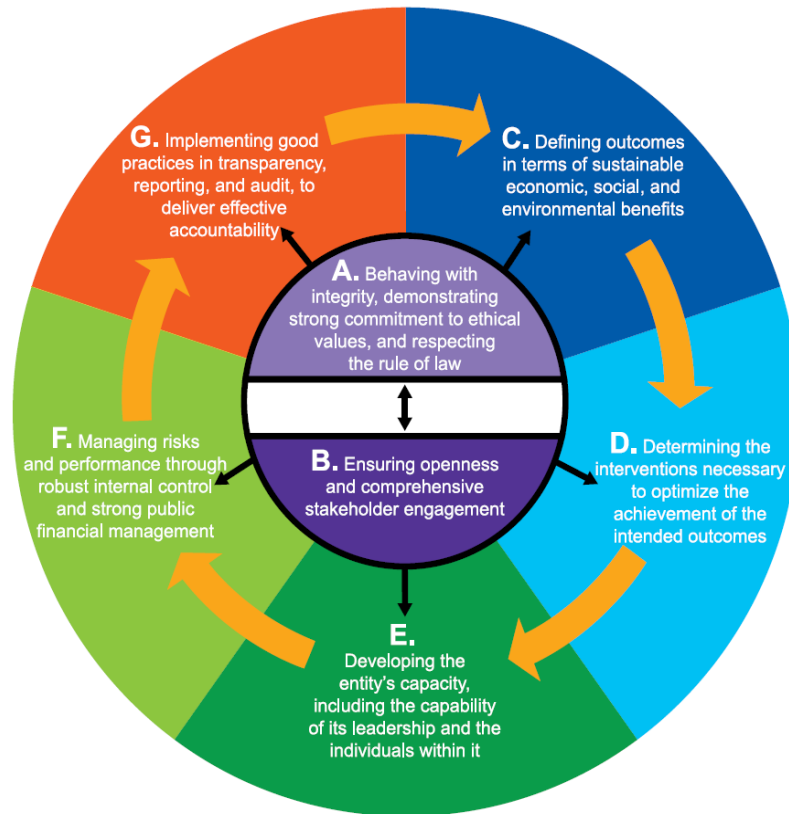


## Scope of Responsibility

- 1 BCP Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and accounted for and used economically, efficiently and effectively.
- 2 In discharging this overall responsibility, BCP Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arranging for the management of risk.
- 3 To this end, BCP Council has adopted a Local Code of Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this Code is available on the [Council's website](#).
- 4 The Annual Governance Statement (AGS) explains how BCP Council complied with the Code and met the requirements of the Accounts and Audit Regulations 2015 (as amended) in relation to its preparation, approval and publication.

## The Purpose of the Governance Framework

- 5 The governance framework comprises of the systems and processes, culture and values by which the authority is directed and controlled, and by which it accounts to, engages with and lead its communities. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate services and value for money.
- 6 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It does not eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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.
- 7 The key elements of the Council's governance framework are identified in the [Local Code of Governance](#) which is consistent with the seven best practice principles of the *International Framework: Good Governance in the Public Sector* (CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*) as shown in the diagram below.



**Review of Effectiveness of the Governance Framework**

- 8 BCP Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including how it meets the principles above and the effectiveness of the system of internal control. This includes how its vision, priorities and ambitions, as articulated in the corporate strategy “A shared vision for Bournemouth, Christchurch and Poole”, are delivered, effectiveness of decision making, and governance of partnerships and group entities.
- 9 The AGS is the method by which we record the outcome of this review. The AGS also includes the Council’s group entities as identified in its Statement of Accounts.
- 10 As part of the review, the Council considers both in-year, continuous elements and year-end review processes.
- 11 Many of the elements identified in the Local Code of Governance provided on-going review of the effectiveness of the governance framework during the 2024/25 financial year including:
  - Democratic processes, such as Full Council, Cabinet, Overview and Scrutiny functions, which operated in line with the Council’s Constitution.
  - The Audit and Governance Committee, which provided independent assurance to the Council on the effectiveness of governance arrangements, risk management and the internal control environment.

- Established arrangements for senior officers to meet as part of Corporate Management Board, Corporate Strategy Delivery Board and Directors Strategy Group.
- Statutory Officers Group, comprising of the Chief Executive, Monitoring Officer and Chief Financial Officer, which met regularly throughout the year. The Head of Audit & Management Assurance also attended these meetings.
- The role of the Chief Financial Officer (CFO) in terms of non-statutory codified professional practice, legislative and statutory responsibilities, and corporate governance requirements is set out in the Council's Constitution. The Council's financial management arrangements conformed to the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government (2016). The Director of Finance is designated as the Council's CFO.
- Substantial compliance with the Financial Management Code with actions in place to address the remaining issues.
- The Council's assurance arrangements also conformed to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). The Head of Audit & Management Assurance was designated as the Council's Head of Internal Audit.
- The Director of Law & Governance has been designated as the Monitoring Officer, whose functions include a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.
- Review of and changes to the Constitution following the work of the Constitution Review Working Group and Monitoring Officer.
- The Council reached a good level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This means the organisation has put in place effective arrangements across many aspects of the counter-fraud code and undertook positive action to manage its risks.
- Internal Audit, who provided an independent appraisal function and assurance on the adequacy of internal controls and of risks to the Council's functions and systems.
- External Audit, to whom the Council provides support, information and responses as required, and ensures findings and recommendations are appropriately considered.
- Regular scrutiny of financial monitoring reports by Councillors and Officers.
- External reviews and inspections, the results of which are reported and acted upon as appropriate. These included, for example:
  - Ofsted Inspection of Children's Services;
  - Local Plan examination hearings; and
  - Lifting of Best Value Notice.

12 A year-end assessment of the effectiveness of the governance arrangements was undertaken, using sources of evidence including:

- Completion of Management Assurance Statements by all Service Directors;
- Internal documentation and reports;
- Chief Internal Auditor's Annual Report;

- Findings from internal and external reports; and
- Follow up of the 2023/24 AGS action plan.

### Evaluation, Conclusion and Significant Governance Issues

- 13 Following review and evaluation of governance arrangements, BCP Council considers that, **for the year ended 31 March 2025 and to the date of the publication of the Statement of Accounts, it has effective, fit-for-purpose governance arrangements in place in accordance with the governance framework.**
- 14 The Council's Corporate Management Board (CMB) considered the effectiveness of the governance arrangements, including potential significant governance issues arising from the review, using the following criteria as a guide:
- The governance issue may, or has, seriously prejudice/d or prevent/ed achievement of a principal Council objective or priority;
  - The governance issue may, or has, result/ed in a need to seek additional funding to allow it to be resolved, or may, or has, result/ed in a significant diversion of resources from another service area;
  - The governance issue may, or has, led to a material impact on the accounts;
  - The impact of the governance issue may, or has, attract/ed significant public interest or seriously damage/ed the reputation of the Council;
  - The governance issue may, or has, be/en publicly reported by a third party (e.g. external audit, Information Commissioner's Office) as a significant governance issue;
  - The governance issue may, or has, result/ed in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.
- 15 Overall governance arrangements are considered sound. The Council has desire and a duty to improve governance arrangements. As a result, CMB determined that the following were governance issues in 2024/25 requiring improvement. An action plan is shown on Table 1.

Significant Governance Issue 2024/25		
1	Dedicated School Grant (DSG)	This remains and updates a significant governance issue from the <b>2023/24 AGS</b> .  <b>Note</b> , this issue is common to a significant number of other upper tier local authorities.
2	Department for Education (DfE) 'Statutory Direction' for special educational needs and disability services (SEND)	This remains a significant governance issue from the <b>2023/24 AGS</b> .
3	Member Mandatory Training	This updates the Mandatory Training significant governance issue from the <b>2023/24 AGS</b> , to focus of Member completion rates.

- 16 Of the five significant governance issues identified in the 2023/24 AGS, three have been included in this year's AGS as shown in the table in paragraph 16. The remaining 2023/24 issues, Best Value Notice and the delay in the completion of the previous year's External Audit, have been addressed.
- 17 BCP Council received confirmation from MHCLG that the Best Value Notice expired in August 2024 and would not be reissued at this time. It noted that "BCP has worked positively with the department and has set out and implemented a range of improvement measures to address the identified concerns."
- 18 The Notice expected actions to be delivered in relation to improvements to FuturePlaces governance, which the inspectors were satisfied had been addressed. FuturePlaces remains subject to on-going scrutiny via Audit & Governance Committee.
- 19 The national external audit backlog has been addressed via the national 'backstop' arrangements, and these will result in some residual accounting and external auditing issues. However, there are no remaining significant governance related issues impacting the Council.
- 20 There were also a number of other issues identified for possible inclusion in the AGS. Whilst these were undoubtedly issues for the Council, they did not meet the Council's significant governance issue criteria, for example, they may be significant risks to the Council but not directly governance related, or they may have been governance weaknesses, but in a relatively narrow scope of the Council's business, or they may have been operational concerns rather than governance issues. Consequently, these issues are not included as significant governance issues. Some of these are shown below (not an exhaustive list) as follows:
- APSE Legal Challenge – this relates to Thurrock Council legal action against multiple local authorities, including BCP. BCP Council is engaged in legal proceedings.
  - Companies Governance – there is an on-going review of governance arrangements for the Council's companies following the Council Owned Companies Shareholder Governance Review. This will be widened to include the Council's charities.
  - Local Plan – the Planning Inspectorate concluded that they did not support the submission Local Plan at Stage 1 of the examination. The Council is now intending to produce a new Local Plan.
  - Housing Delivery project management - recent overspends in housing delivery service area, budget monitoring and management of acquisitions through works to lettings within authorities granted by Cabinet.
- 24 Whilst not appearing in the AGS as significant governance issues, proportionate action is underway to improve governance arrangements and/or manage risks in the areas shown in paragraph 23.

**Table 1 - 'Significant Governance Issues' and Action Plan**

134	1	<p><b>Designated School Grant (DSG)</b> – the high needs funding shortfall is estimated to be £44.6m for the financial year 2024/25 and a further £57.5m for the financial year 2025/26. The accumulated DSG deficit is therefore estimated to be £108m on 31 March 2025 increasing to £165.5m on the 31 March 2026. There are a number of major governance factors:</p> <p>a) The annual expenditure by the service above the level of annual government grant with a number of contributory factors including the cost of out of borough placements.</p> <p>b) National government requesting that the council fund the annual 2025/26 DSG deficit by the use of temporary borrowing on the basis of their firm commitment to act to deliver a solution which addresses the issue and returns the SEND system to financial sustainability in 2025.</p> <p>c) The consequence of no announcement, or a very late announcement in respect of 2026/27 budget setting, on the national government’s commitment to fix the SEND funding system.</p>		
		<b>Action Points</b>	<b>Responsible Officer</b>	<b>Target Date</b>
		Review of expenditure in high needs to identify mitigations.	Corporate Director of Children’s Services	Ongoing
		Progress in achieving the DSG deficit recovery plan is being monitored through the SEND Improvement Board.	Corporate Director of Children’s Services Chief Executive & Director of Finance	Ongoing
	2	<p><b>Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 - BCP</b> Council received statutory direction in relation to SEND from the Department for Education (DfE) in February 2024 following a monitoring visit in July 2023. A SEND Improvement Plan is in place and has been progressed during the year monitored through the SEND Improvement Board. A full SEND inspection is anticipated during 2025</p>		
		<b>Action Points</b>	<b>Responsible Officer</b>	<b>Target Date</b>

	The SEND Improvement Plan continues to be delivered in accordance with agreed timescales, reviewed and monitored by the SEND Improvement Board and progress reported to Children's Overview & Scrutiny Committee.	Director of Children's Services	Ongoing - March 2026
--	---	---------------------------------	----------------------

3	<p><b>Mandatory Training</b> – completion rates for mandatory training for officers have increased from 73% in March 2024 to 86% in April 2025. The new performance framework helps to sustain the on-going improvement in completion rates. However, completion rates for some elements of Councillor mandatory training stands as low as 54%. We will be working with this group to support an uptake.</p>		
	<b>Action Points</b>	<b>Responsible Officer</b>	<b>Target Date</b>
	Monitoring of completion rates for mandatory training for Councillors is undertaken regularly. Targeted reminders to be sent to individual Members, along with clear explanations of the risks, both to the Council and to the Councillors themselves, if this training is not undertaken.	Monitoring Officer Director of People & Culture	Monthly

This statement explains how BCP Council has complied with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and also meets the requirements of the Accounts and Audit Regulations 2015.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

26/2/26

---

**Chief Executive of BCP Council**

**Date**

26/2/26

---

**Leader of BCP Council**

**Date**



## **Independent auditor's report to the members of Bournemouth, Christchurch and Poole Council**

### **Report on the audit of the financial statements**

#### **Disclaimer of opinion**

We were engaged to audit the financial statements of Bournemouth, Christchurch and Poole Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement, Housing Revenue Account Income and Expenditure Statement, the Collection Fund Statement, Group Comprehensive Income and Expenditure Statement, Group Movement in Reserves Statement, Group Balance Sheet, Group Cash flow statement and notes to the financial statements, including material accounting policy information. 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 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority or the group. 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 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 15 January 2026.

The Authority published its unaudited accounts on 30 June 2025. On 28 February 2025, we issued a disclaimer of opinion on the Authority and the group's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, over the Authority and group's opening balances, in-year movements in the net pension liability and property, plant and equipment, the closing balance of property, plant and equipment and the closing reserves balance reported in the financial statements for the year ended 31 March 2024.

We were therefore unable to obtain sufficient appropriate evidence over the associated corresponding figures for the year ended 31 March 2025 for the same reason. As a result of the limitations imposed by the backstop date, we have been unable obtain sufficient appropriate audit evidence over the Authority and group's opening balances of property, plant and equipment and reserves reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over their in-year movements. Similarly, this has also resulted in uncertainty over the closing balance of property, plant and equipment and reserves of as at 31 March 2025. We have concluded that the possible effects of these matters on the financial statements could be both material and pervasive.

We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date/as soon as reasonably practicable thereafter.

#### **Other information we are required to report on by exception under the Code of Audit Practice**

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are

aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### **Opinion on other matters required by the Code of Audit Practice**

The S151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority and the S151 Officer**

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the S151 Officer. The S151 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 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the S151 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 S151 Officer is responsible for assessing the Authority's and the group'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 they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

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

Our responsibility is to conduct an audit of the Authority's and the group'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 those financial statements.

We are independent of the Authority and the group 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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

### **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except:

On 31 August 2023 we identified significant weaknesses in the Authority's arrangements for the year ended 31 March 2023: A significant weakness was identified in how the Authority plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Authority's medium-term plans for its General Fund Balances and Earmarked reserves, which continue to fall. We recommended that the Authority continue to review the sustainability of Reserves and Balances to ensure the Medium-Term Financial Plan demonstrates a realistic plan to avoid further use of and ideally replenish its reserves and balance the budget gap in the Medium Term.

On 17 July 2024 we identified two further significant weaknesses in the Authority's arrangements for how the Authority plans and manages its resources to ensure it can continue to deliver its services for the end year 31 March 2024.

On 16 October 2025 we reported that we reviewed the previous significant weaknesses and concluded that as the weaknesses are all founded on the increasing dedicated schools grant deficit, its impact on cashflow and the lack of reserves to manage the deficit, we determined it was appropriate to combine these into a single significant weakness. We recommended that the Authority update its DSG management plan and ensure actions are embedded and monitored, continue to monitor the impact of the DSG deficit on the cashflow position and ensure it monitors and manages the level of reserves.

On 17 July 2024 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness in respect of the DfE issuing a statutory direction to the Authority with respect to their Special Education Needs and Disabilities (SEND) plan. The statutory direction concluded that the established SEND plan was not having the desired impact, was not resulting in the desired outcomes, and was not being implemented at pace. We recommended that the Authority continues to action and monitor its actions to ensure removal of the statutory direction when the Council is reinspected.

## Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Auditor's responsibilities for the review of the Authority's arrangements for securing 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 to be satisfied that the Authority 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;

Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and

Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

### Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Bournemouth, Christchurch and Poole Council for the year ended 31 March 2025:

- in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025; and
- due to our consideration of objections brought to our attention by a local authority elector under Section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this work does not have a material effect on the financial statements.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest

extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Signature to be added when audit opinion is issued**

Barrie Morris, Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor

**Bristol**

**Date to be added when audit opinion is issued**

## GLOSSARY

### **Accruals**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Borrow to Invest Schemes**

The scheme allows Business Units to borrow from the Council's reserves, the loan repayments are subject to interest.

### **Capital Expenditure**

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

### **Capital Receipt**

The proceeds from the sale of a fixed asset. A proportion of capital receipts relating to the sale of council dwellings is payable to the National Pool the remainder of capital receipts are available to finance capital expenditure.

### **Charging Authority**

The Council responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and business rates (NDR).

### **Contingent Asset**

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

### **Contingent Liability**

A contingent liability is either:

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

### **Council Tax**

A charge on the residential property within the Council's area to finance a proportion of the Council's expenditure.

### **Creditors**

Amounts owed by the Council for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

### **Current Assets**

Assets which can be expected to be consumed or cease to have material value during the next accounting period, examples are stock and debtors.

### **Current Liabilities**

Amounts which will become due or could be called upon during the next accounting period, examples are creditors.

### **Debtors**

Amounts due to the Council for goods or services provided within the accounting period but not received at the balance sheet date.

### **Deferred Capital Receipts**

Amounts due to the Council from the sale of fixed assets which are not receivable immediately on sale.

### **Depreciation**

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

### **Fixed Assets**

Tangible assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

### **General Fund**

The main account of the Council which records the cost of service provision.

### **Government Grants**

Payments by Central Government towards the cost of local Council services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

### **Housing Benefits**

A system of financial assistance to individuals towards certain housing costs administered by Councils and subsidised by Central Government.

### **Housing Revenue Account**

A separate account from the General Fund recording all the transactions relating to the provision of housing accommodation by the Council.

### **Infrastructure Assets**

Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

### **Leasing**

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

### **Liquid Resources**

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

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

### **Minimum Revenue Provision (MRP)**

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

### **Non-Domestic Rates (NDR)**

A flat rate is set annually by central government and levied on businesses in the Borough. The money is collected by the Council and then passed to Central Government who reallocate the proceeds to all Councils.

### **Non-Operational Assets**

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

### **Operational Assets**

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

### **Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

### **Precept**

The amount which a Precepting Authority requires from a Charging Council to meet its expenditure requirements, requiring the Charging Council to collect income from council tax payers on their behalf.

### **Precepting Authority**

Local Authorities, including fire and rescue and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Councils.

### **Projected Unit Method**

The value of the assets held in the fund is compared directly to the value of pension liabilities accrued in respect of service prior to the valuation date. For active members, this method allows for pensionable service to date, but account is taken of the expected final pensionable salary (projected forward to allow for future pay increases).

### **Private Finance Initiative (PFI)**

The PFI is a government policy designed to increase private sector involvement in the provision of public services. The Council does not own the asset, for example, the Bournemouth Library, but pays the PFI contractor payments over the period of the contracts for the use of the facilities under the contract period.

### **Provisions**

Amounts set aside in the accounts for future liabilities which cannot accurately be quantified.

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

A Central Government Agency which lends money to public bodies for capital purposes at interest rates only slightly higher than those at which the Government itself can borrow.

### **Related Party Transaction**

This 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.

### **Reserves**

Amounts set aside in the accounts for the purpose of providing money for future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are often described as balances.

### **Revenue Account**

An account which records the Council's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

### **Revenue Budget Comparison**

This statement reports the actual expenditure and income of the services for which the Council is responsible. It demonstrates how the new cost has been financed from general Government Grants and from Local Taxpayers. It brings together expenditure and income relating to all of the Council's functions.

### **Revenue Expenditure**

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

### **Revenue Support Grant (RSG)**

A general Central Government Grant paid to the Income and Expenditure Account in support of the Charging Council's revenue expenditure.

### **Revenue Expenditure funded as Capital under Statute (REFCUS)**

Capital expenditure for assets not owned by the Council and therefore not held on the Council's Balance Sheet.

### **Stocks**

Items of raw materials and stores purchased by the Council to use on a continuing basis and which has not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

### **Temporary Borrowing/Investment**

Money borrowed or invested for an initial period of less than one year.

### **Work in Progress**

The value of work done on an uncompleted project which has not been recharged to the appropriate account at the balance sheet date.