

Notice of Audit and Governance Committee

Date: Thursday, 15 January 2026 at 6.00 pm

Venue: HMS Phoebe, BCP Civic Centre, Bournemouth BH2 6DY



Membership:

Chairman:

Cllr E Connolly

Vice Chairman:

Cllr M Andrews

Cllr S Armstrong
Cllr S Bartlett
Cllr J Beesley

Cllr M Phipps
Cllr V Slade
Cllr M Tarling

Cllr C Weight

Independent persons:

Jansen-VanVuuren

Samantha Acton

All Members of the Audit and Governance Committee are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpCouncil.gov.uk/ieListDocuments.aspx?MIId=5985>

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services on 01202 096660 or email democratic.services@bcpCouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 118686 or email press.office@bcpCouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpCouncil.gov.uk

AIDAN DUNN
CHIEF EXECUTIVE

7 January 2026

**DEBATE
NOT HATE**



Available online and
on the Mod.gov app

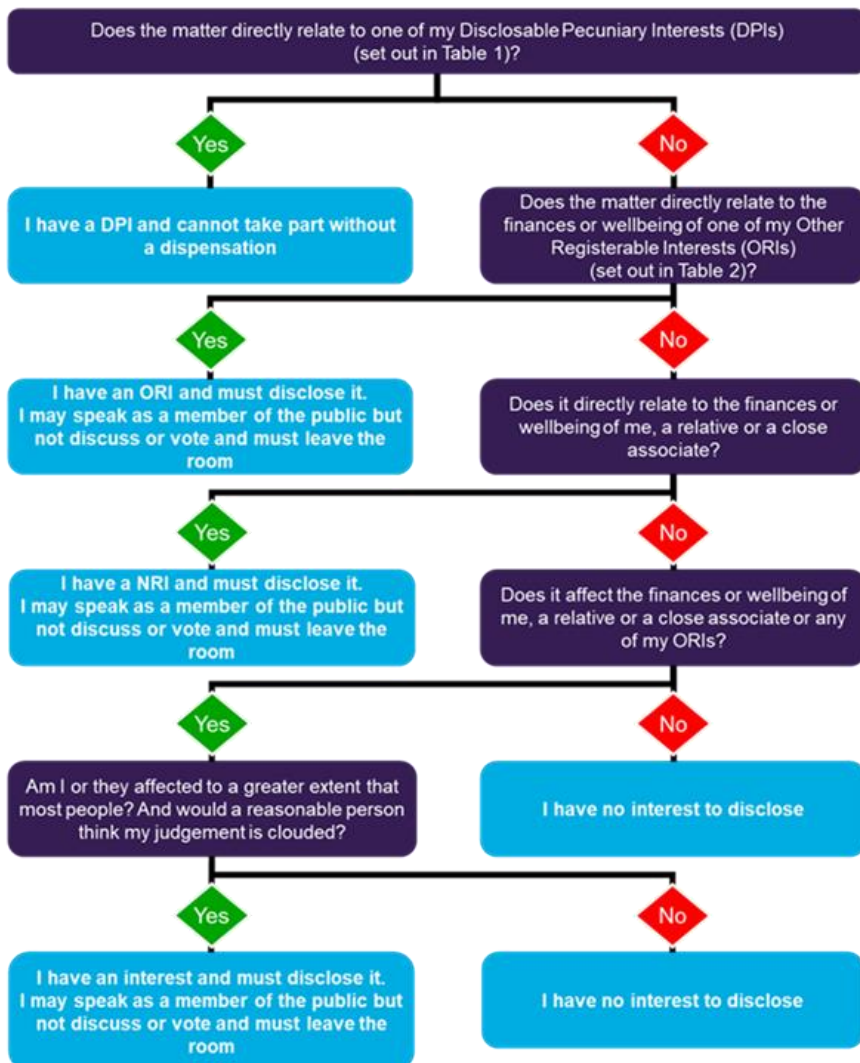


Maintaining and promoting high standards of conduct

Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests



What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer

Selflessness

Councillors should act solely in terms of the public interest

Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

AGENDA

Items to be considered while the meeting is open to the public

1. **Apologies**

To receive any apologies for absence from Councillors.

2. **Substitute Members**

To receive information on any changes in the membership of the Committee.

Note – When a member of a Committee is unable to attend a meeting of a Committee or Sub-Committee, the relevant Political Group Leader (or their nominated representative) may, by notice to the Monitoring Officer (or their nominated representative) prior to the meeting, appoint a substitute member from within the same Political Group. The contact details on the front of this agenda should be used for notifications.

3. **Declarations of Interests**

Councillors are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance.

Declarations received will be reported at the meeting.

4. **Confirmation of Minutes**

9 - 28

To confirm and sign as a correct record the minutes of the meetings held on 27 November 2025 and 3 December 2025.

a) **Action Sheet**

29 - 36

To consider any outstanding actions from previous meetings.

5. **Public Issues**

To receive any public questions, statements or petitions submitted in accordance with the Constitution. Further information on the requirements for submitting these is available to view at the following link:-

<https://democracy.bcpccouncil.gov.uk/ieListMeetings.aspx?CommitteeID=151&Info=1&bcr=1>

The deadline for the submission of public questions is midday on Friday 9 January 2026 [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Wednesday 14 January 2026 [midday the working day before the meeting].

The deadline for the submission of a petition is Wednesday 31 December 2025 [10 working days before the meeting].

ITEMS OF BUSINESS

- | | |
|---|-----------|
| 6. External Audit Finding Report and Statement of Accounts 2024/25 | 37 - 246 |
| <p>The attached report set out the findings of the council's external auditor following their audit of the council's statement of accounts for 2024/25 as well as presenting the latest revised version of the statement of accounts. Grant Thornton anticipates providing an unqualified opinion on the financial statements for the council.</p> | |
| 7. External Auditor – Audit Progress & Sector Update | 247 - 274 |
| <p>Grant Thornton, as the Council's appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.</p> <p>The report includes an update on their audit work. Key points of note are:</p> <ul style="list-style-type: none">• Financial Statements Audit 2024/25<ul style="list-style-type: none">○ Work on the financial statement audit is nearly complete.○ The audit findings report is being reported to the Audit & Governance Committee alongside this progress report.○ The value for money audit is complete and was included in the interim annual auditor report (AAR) presented to this committee in Nov 2025.○ The AAR report will be updated to include key financial statement audit findings and then issued in final form.• Financial Statements Audit 2025/26<ul style="list-style-type: none">○ Plan to undertake planning and early testing prior to the year end to support an earlier completion.○ In order to prepare for the backstop moving forward over the next two years, plan to finalise the 2025/26 audit by November 2026. <p>The report also includes a summary of emerging national issues and developments that may be relevant to the Council.</p> | |
| 8. Fire Safety Annual Update | 275 - 282 |
| <p>This report details the progress made on the delivery of the Fire Safety governance arrangements for BCP Council and highlights:</p> <ul style="list-style-type: none">• The implementation of the Governance Framework continues to be embedded and is working effectively. The framework includes the Health and Safety and Fire Safety Board and others meeting at the agreed frequency, with generally good attendance | |
| 9. Vehicles and Plant Replacement- Building Maintenance and Construction Works Teams | 283 - 296 |
| <p>Following its meeting on 29 October 2025 Cabinet RECOMMENDS that Audit and Governance Committee:</p> | |

- (a) Approves the use of prudential borrowing not exceeding £525,000 for 21 vehicles to be purchased by fleet management to support the work of the Building Maintenance and Construction Works Team service. These vehicles to then be managed within the council's fleet management strategy.
- (b) Note that CWT plant purchases with up to £46,000 prudential borrowing requirement have been progressed under urgency powers due to health & safety considerations.

10. Two Riversmeet Studios

297 - 346

The report details the feasibility and financial considerations for capital borrowing to fund a two-storey extension to Two Riversmeet Leisure Centre (2RM) to address the identified need for dedicated studio space in Christchurch. The investment aims to enhance the centres health and fitness offer, increase membership and income whilst supporting community wellbeing and aligning with the Councils corporate strategy.

The Audit and Governance Committee is asked to consider and recommend to Council the approval of an increase in the authorised borrowing limit of the Council to accommodate the £1.8m financing for the extension at Two Riversmeet Leisure Centre proposal.

NOTE: In relation to this item of business, the Committee is asked to consider the following resolution in relation to any discussion on the exempt appendix 2 to the report:

"That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A of the Act and that the public interest in withholding the information outweighs such interest in disclosing the information."

11. Treasury Management Monitoring report for the period April to December 2025 and Treasury Management Strategy 2026/27

347 - 384

This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2025 to 31 December 2025. A surplus of £1.1m is being forecast for the 2025/26 financial year, partly due to the Councils ability to borrow lower than budgeted PWLB interest rates and partly due to increased interest receivable from investments.

This report also presents the Treasury Management Strategy for 2026/27 with the relevant detailed strategy included as appendix 1.

12. Risk Management - Corporate Risk Register Update

385 - 466

This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:

- No new risks have been added during the quarter.
- No risks have been removed or de-escalated during the quarter.

- Material updates for this quarter are outlined in section 11.

13. Annual Governance Statement 2024/25 Action Plan Update

467 - 472

This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues identified in the 2024/25 AGS.

Progress against the agreed action plan is as follows:

Dedicated School Grant (DSG) - The DSG deficit continues to increase, with an accumulated DSG deficit of £113.3m as of 31 March 2025. This is predicted to grow to £183.1m by the 31 March 2026. A detailed update report was taken to November [Children's Overview and Scrutiny Committee](#). A further report is going to the January committee which includes potential suggestions for mitigations.

Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 – a revised SEND and Improvement Plan was signed off in September 2025. This is reviewed monthly and reported to the SEND Improvement Boards. The local area SEND inspection by Ofsted and CQC took place in November, and the final report will be published in February 2026.

Mandatory Training – training completion rates for Members has increased slightly but still falls below the expected rates.

14. Assurance Framework & Internal Audit Planning Consultation

473 - 484

To comply with the Global Internal Audit Standards (GIAS) and to ensure early consultation with the Audit & Governance Committee, this report outlines the BCP Assurance Framework and the 2026/27 Internal Audit Plan proposed approach.

The Assurance Framework (Appendix A) has been updated with some minor changes to reflect current organisational structure and 'Ethics' has been added as a new Key Assurance Function.

The proposed 2026/27 Internal Audit Plan approach shows the amount of resource required to provide core audit & assurance work (includes high level risks, key assurance functions and key financial systems audits). Other work (includes investigations) is also planned to be carried out alongside corporate assurance (includes corporate fraud) and governance work (includes annual governance statement).

The main change for the 2026/27 Internal Audit Plan is a reduction in overall available resource of 220 days. This reflects the planned conversion of three Apprentice posts into two Auditor roles during 2025/26 and the appointment of a replacement Audit Manager on a part-time basis. This

brings the team back to the position prior to the appointment of apprentices with a higher level of experienced and skilled staff.

The proposed 2026/27 Internal Audit Plan approach has been designed to comply with the GIAS and enable the Head of Internal Audit to provide an annual conclusion on the Councils' governance, risk management and control arrangements.

15. Internal Audit - Quarterly Audit Plan Update

485 - 508

This report details progress made on delivery of the 2025/26 Audit Plan for the 3rd quarter (October to December 2025 inclusive). The report highlights that:

- 17 audit assignments have been finalised, including 15 'Reasonable' and two 'Partial' audit opinions;
- 25 audit assignments are in progress, including 8 at draft report stage;
- Progress against the audit plan is on track and will be materially delivered to support the Chief Internal Auditor's annual audit opinion;
- There is one medium priority recommendation still outstanding from 2023 together with four high and seven medium priority recommendations from 2024. Detailed explanation has been received from the relevant Directors as to why these have not been completed;
- Seven 'High' priority audit recommendations have not been fully implemented by the original target date in addition to those outstanding from 2024. Explanations from respective services have been provided and revised target dates have been agreed.

The Revenues Compliance Team continue to identify and recover Single Person Discount errors and have so far achieved an additional council tax yield of £233,230 since December 2024 (for 2023/24 NFI matches).

The current score of the assessment of the Council's arrangements on managing the risk of fraud and corruption using a CIPFA tool is 94%. The reasons for the 6% not achieved are identified along with actions to improve.

16. Appointment to Constitution Review Working Group

The Committee is asked to formally confirm the appointment of a member to fill the vacancy on the Constitution Review Working Group.

17. Forward Plan (refresh)

509 - 512

This report sets out the refreshed list of reports to be considered by the Audit & Governance Committee for the 2025/26 municipal year in order to enable it to fulfil its terms of reference.

No other items of business can be considered unless the Chairman decides the matter is urgent for reasons that must be specified and recorded in the Minutes.

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BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 27 November 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr V Slade, Cllr M Tarling,
Cllr C Weight and Samantha Acton

Present virtually: Lindy Jansen-VanVuuren

Also in attendance: Cllr M Cox

61. Apologies

Apologies were received from Cllr S Bartlett and Cllr M Phipps. As the Chair's arrival was delayed by a traffic incident, the Vice Chair chaired the meeting up to and including the item on public issues. He also deferred consideration of the Action Sheet until the end of the agenda.

62. Substitute Members

There were none.

63. Declarations of Interests

There were none.

64. Confirmation of Minutes

The minutes of the meeting held on 16 October 2025 were confirmed as an accurate record.

Voting: Agreed with no dissent

65. Public Issues

The following public issues were received:

Public Question from Alex McKinstry on Agenda Item 7 – External Auditor - Auditor's Annual Report 2024-25 (Value for Money arrangements report):

In its improvement recommendations on governance, the external auditor suggests amending the Constitution to add provisions for investigating all three statutory officers. Presumably this would be a matter for the

Constitution Review Working Group to look into. Can you confirm who is currently chair of that working group, and who are the current members?

Response:

Cllr Eleanor Connolly is the current chair of the Constitution Review Working Group and the current members are Cllr Marcus Andrews, Cllr Sara Armstrong and Cllr John Beesley plus one vacancy. Cllr Clare Weight has expressed an interest in filling this vacancy. The Committee will be asked to confirm an appointment as part of the Working Group's next report (or at the next core meeting of the Committee on 15 January 2026, whichever is earlier). For the avoidance of any doubt, references to the JNC terms are also matters of contract between the statutory officers and BCP Council.

Public Statement from Alex McKinstry on Agenda item 6 – Internal Audit Plan Coverage – Presentation:

I'd be interested to see the audit on seafront planning approvals, mentioned in the Item 6 report, pages 62-63. At this Committee on 30 May 2024, solemn assurances were given by very senior officers, to the effect that all commercial ventures would have planning consent (where required) before trading; and this would extend to all structures on Council land, not just seafront amenities. An entire "culture change" was promised. The importance of planning consent would be inculcated through inductions, training programmes, and all-staff briefings. Yet this didn't prevent an unauthorised ice rink, and other structures, being built through a Grade II listed heritage asset in October, nor did it prevent the rink commencing trading on 13 November - by which time it had actually been recommended for planning refusal. I am absolutely furious that the cast-iron assurances given to this Committee have been reneged upon so blatantly.

Public Statements from Philip Gatrell on Agenda Item 7 – External Auditor - Auditor's Annual Report 2024-25 (Value for Money arrangements report):

Statement 1:

FINANCIAL SUSTAINABILITY LIQUIDITY COMPARISONS:

CASH AND CASH EQUIVALENTS BALANCES *

BCP

31.3.25 Original Draft	£ (4,221,000) Negative
31.3.24	£ 20,979,000
31.3.20	£ (2,038,000) Negative

DORSET COUNCIL

31.3.25 Draft	£ 35,519,000
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SOUTHAMPTON COUNCIL

31.3.25 Draft	£ 33,648,000
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**BCP's Group balances are excluded above for comparison purposes*

My 16 October 2025 #3 Statement to this Committee refers concerning the Council's 31 March 2025 net negative balance of £ (4,221,000) after deducting anomalous negative cash balances £ (11,565,000).

Having highlighted that anomaly I received revised data stated as agreed by the external auditor. These still show an overall negative balance of £ (4,221,035), after now positive "Cash and Equivalents" £ 17,208,185 resulting in a "Bank Overdraft" £(21,429,220). Further enquiries include:

*"Cash" partly being uncleared bankings at 31 March 2025 in conventional accounting methodology.

* Authorised overdraft limit.

*Mandate for 26 school net positive balances £ 1,446,930 set against Council's "Overdraft" in arriving at the £ (21,429,220) overdrawn balance.

*£ 52,618 Trust funds treated as "Cash" while subjected to "investigations".

Statement 2:

The external auditor's report was notified 5 days late and 150 permitted words constrain recording all my related concerns:

Page 16

Summarises the auditor's "2014 Act" discretionary reporting powers but -

- Despite timeliness obligated by the National Audit Office Code the auditor failed to notify me regarding reasons for not acting positively on the Sections 27 and 28 issues raised and

- Has not answered my Section 26 questions which

- Have relevance to this Committee notwithstanding the auditor's discretionary powers. Where contextually

- The Committee is respectfully reminded that a Monitoring Officer's separate reporting duty to all Members remains under "1989 Act" Sections 5 / 5A eg the extant earlier material contravention of "2015 Regulation 2" identified in my 22 July 2025 Statement to Full Council.

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The belated "Recommendation" regarding the Constitution's amendment and complaints against the Statutory Officers reflects a more informative fact based narrative in my 28 November 2024 Statement #2 to this Committee.

66. External Auditor - Auditor's Annual Report 2024/25 (Value for Money arrangements report)

The Chair amended the order of business to take this item before the Internal Audit Plan Coverage item. She explained the reasons why she had agreed to take this item as a matter of urgency as follows:

“The External Auditor, Grant Thornton for BCP Council, is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness its use of resources. Auditors are required to report their commentary under specific criteria, namely financial sustainability, governance and improving economy, efficiency, and effectiveness. They are required to report on any significant weaknesses they identify. The External Auditor have produced a 2024/25 Annual Report which needs to be reported to the committee by the end of November. Due to conflicting demands it was not possible to submit the report within the required timescales for this committee. As Chair, I recognise the urgent deadline and have used Procedure 7.2 in Part 4D of the Constitution permitting urgent items to be added with the chair’s consent.”

Barrie Morris and Katie Whybray of Grant Thornton, the Council’s External Auditor (EA), presented a report, a copy of which had been circulated to each Member and which appears as Appendix 'B' to these Minutes in the Minute Book. The report set out the EA’s findings on the Council’s Value for Money arrangements (VFM) following audit work to date, summarised as follows:

- Financial sustainability – A significant weakness remained for the increasing Dedicated Schools Grant (DSG) deficit, its impact on cashflow and the lack of reserves to manage it resulting in a key recommendation being made, which had been accepted by the Council.
- Governance – No significant weaknesses found but four improvement recommendations around arrangements for treasury management, officer complaints, lessons learnt reporting and Council owned companies.
- Improving economy, efficiency and effectiveness – A significant weakness remained for the statutory direction in relation to the SEND (special education need and disabilities) service resulting in a key recommendation remaining in place.
- Of the five key recommendations from 2023/24, it was noted that four were partially implemented and one completed.

It was noted that the report should be considered in the wider context and compared to other councils. The EA highlighted the good progress made in a number of areas, including the significant achievement in improving the Council’s Ofsted rating from ‘inadequate’ to ‘good’. The Chief Financial Officer (CFO) and his team were fully aware of the DSG issues and were in regular dialogue with the EA and Central Government to try and address them. In other aspects it was a relatively positive report.

The EA representatives, the CFO and the Head of Audit and Management Assurance (HAMA) responded to questions and comments on the report. The CFO clarified what the Chancellor had said in her November Budget speech - that Government would take over the day to day funding of SEND costs with effect from 1 April 2028 (when the current DSG statutory override would expire). However, the accumulated deficit between now and then would be retained by the Council. What, if any, support for this would be set out within the forthcoming provisional local government finance settlement. The EA advised that once sufficient progress had been made the key recommendation regarding the statutory direction in relation to SEND could be closed.

On monitoring VFM arrangements and whether the EA should report more regularly in light of concerns about the DSG situation, the EA advised that their role was not to give advice or propose measures but to provide support to the Council to ensure appropriate arrangements were in place. The EA had the power to make statutory recommendations, for example if a council was not taking the DSG issue seriously. It was noted that statutory reporting on the VFM arrangements was on an annual basis. However, the EA agreed to liaise with the CFO on how more regular updates could be provided if needed. The EA also agreed to review the DSG related chart on page 20 of the annual report to make the comparative data more meaningful. The EA explained that the Council was taking similar actions to other councils and should continue to scrutinise and undertake due diligence on all applications.

In questioning whether there was sufficient assurance to be able to highlight issues at an early stage, FuturePlaces governance was cited as an example. The HAMA referred to the detail provided in his draft investigation report currently under consideration by the committee, including the timescales involved and his findings. It was noted that for the EA the impact of the backstop arrangements due to the Covid pandemic had resulted in retrospective reporting. A member referred to the potential tension between expectations of proactive day to day monitoring and the more backward facing role of audit. The Committee were reminded that Internal Audit formed part of the third line of assurance in the Council's Assurance Framework, after the first line of directors/managers and the second line of corporate oversight (including boards). It was noted that the EA had commented on ensuring the committee prioritised core assurance work and evaluated if its role should include scoping and commissioning lessons learnt reviews. The Chair reported that she had explained to the EA the value of the FuturePlaces investigation as a focussed, constructive piece of work.

Other points raised included:

- The reasons for the report being presented to the committee at a later date this year and as a late report on the agenda due to staffing issues were noted.
- The value of the recent training session on Treasury Management and a request to send all councillors the link to the recording.

- The CFO advised that the next quarterly Treasury Management report would incorporate the issues raised previously by the committee with the EA's improvement recommendation (IR1).
- The HAMA confirmed that the Internal Audit team did contribute their professional expertise and pre-emptive knowledge when new policies, systems, etc were in development.
- A concern was raised about low levels of compliance for councillors' mandatory training. It was noted that the Chair of the Standards Committee had been invited to attend the February meeting to talk about councillor training.

RESOLVED that Audit & Governance Committee notes the findings, recommendations and management comments in relation to the External Auditor's Annual Report 2024/25 (Value for Money arrangements report)

Voting: Agreed with no dissent

67. Internal Audit Plan Coverage - Presentation

The Deputy Chief Internal Auditor (CIA) presented a report, a copy of which had been circulated to each Member and which appears as Appendix 'A' to these Minutes in the Minute Book.

The report and the accompanying presentation provided the Committee with an overview of the production of the Internal Audit Plan and how audits were selected for the annual audit plan, with specific focus on how the Chief Internal Auditor/Internal Audit team determined that the coverage on the plan was appropriate. Key areas covered in the presentation included the reasons for having an audit plan, how the plan was developed, implemented and monitored and the sources of information used. The Deputy CIA also provided a more detailed breakdown of the audit areas covered in the plan, including high level risks, key assurance functions, key financial systems, counter fraud and schools. The role of the Committee in providing comment and challenge was also highlighted.

The Deputy CIA and the Head of Audit and Management Assurance (HAMA) provided the following information in response to questions on the presentation:

- There was a need to acknowledge that Internal Audit would never have the resources to complete audits of every single unit within the Council. This was why a full assurance could never be provided. Instead, the team were required to adopt a risk-based approach to ensure resources were directed to key areas.
- With regard to how Internal Audit identified high level risks, it was confirmed that the team undertook their own risk assessment. It was not dissimilar to the Council's corporate risk policy, which informed Internal Audit to a certain extent but did not have the same financial thresholds.

- On whether a combined assurance approach was taken to maximise efficiency of coverage, the Committee was advised that Internal Audit did review the work of other assurance providers, for example Ofsted and the Care Quality Commission. This enabled Internal Audit to concentrate resources on areas with less assurance.
- With reference to Internal Audit's role in FuturePlaces, the Committee was referred to the three lines of assurance set out in the Council's Assurance Framework. In particular, the role of the FuturePlaces Board in being expected to provide the corporate oversight of the second line of assurance, noting the level of experience and seniority of those involved.
- On how issues raised by Members fed into the Audit Plan, it was explained that these were considered on the basis of whether Internal Audit had a role or whether another line of assurance was more appropriate, for example management advice or corporate oversight. It was noted that some issues may not be progressed.

The Committee discussed this last point in more detail. Members felt that the Committee had a role in highlighting emerging risks and raising issues. This could be done when considering the forward plan report at core meetings and/or perhaps by adding issues to the action sheet and asking how/when they were being incorporated into audit planning. It was also suggested that the Committee could take a risk based approach in considering requests and act as a filter against individual fixations.

The Chair thanked the Deputy CIA for her very clear and helpful presentation.

RESOLVED that the Audit and Governance Committee notes the processes in place to produce the Internal Audit Plan and how coverage is determined

Voting: Agreed with no dissent

68. Action Sheet

The Committee considered its action sheet, setting out the progress of actions requested at previous meetings.

Some improvements to the action sheet were suggested including the use of RAG (red/ amber/green) ratings to indicate actions not started/in progress/complete. The Chair explained that the action sheet was still under development and that she would follow up on the points raised. Completed actions could form an appendix, once reported to the committee.

The Chair advised that the Carters Quay report may be available in early 2026, pending the completion of the FuturePlaces investigation. She also reported that she would make arrangements for the Improvement Recommendation 2 in relation to Governance, as noted in the agenda item

on the External Auditor's Value for Money arrangements report, to be referred to the Constitution Review Working Group.

Cllr E Connolly arrived at 6.10pm

Cllr V Slade arrived at 6.33pm

The meeting ended at 8.13 pm

CHAIR

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 03 December 2025 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr B Nanovo (In place of Cllr V Slade), Cllr M Phipps, Cllr M Tarling and Cllr C Weight

69. Apologies

Apologies were received from Cllr S Bartlett, Cllr V Slade, Samantha Acton and Lindy Jansen-VanVuuren.

70. Substitute Members

Notification was received that Cllr B Nanovo was substituting for Cllr V Slade for this meeting.

71. Declarations of Interests

There were none.

72. Confirmation of Minutes

The minutes of the meeting held on 6 November 2025 were confirmed as an accurate record.

Voting: Agreed with no dissent

73. Public Issues

The following public issues were received:

Question from Ian Redman.

The core requirement under Section 151 is to ensure that the Council's finances are handled: prudently, affordably, sustainably and lawfully with proper risk management.

These duties apply whenever public money is at risk, including when a Council lends money to a third party, especially a council-owned company like FuturePlaces.

The £8m working capital loan was approved with no deliverable repayment plan in place (4.6.1–4.6.4).

How did the CFO judge this loan to be prudent, affordable and sustainable when FuturePlaces had no guaranteed means to repay it?

Response:

The report to Cabinet and Council (22 June 2022 and 12 July 2022) set out the financial and legal implications, in paragraphs 40 to 57. In that report paragraph 48 stated:

The business plan from FuturePlaces as attached indicates that the £8m working capital loan facility can be repaid to the council. The current cashflow indicates the debt will peak as £5.3m in quarter 1 2023/24 reducing to nil by the end of 2026/27 financial year.

The report also set out the financial risks and stated there may be future need for provisions to be made for potential losses, although no such provision was being made at that point.

Question 1 from Alex McKinstry.

5.10 of tonight's report considers the £100,000 Additional Restrictions Grant (ARG) - a type of Covid support grant - obtained by FuturePlaces to fund a "city identity study". A few details are missing however. Can you confirm the date of the application for this ARG (paragraphs 5.10.2 - 5.10.4); the identity of whoever it was who signed the application form (*ibid.*); and the identity of the FuturePlaces representative who signed the grant acceptance letter of 8 December 2021 (paragraph 5.10.6)? I'll be content with the job title if it wasn't a senior officer, or a councillor, signing these documents.

Response:

The date of the application was 5 November 2021.

The identity of the applicant was the FuturePlaces Corporate Engagement Director.

The identity of the FuturePlaces representative who signed the grant acceptance letter was the Corporate Engagement Director, this was signed on the 8 December 2021.

Please note the terms Strategic Engagement Director and Corporate Engagement Director seem to have been used inter-changeably to describe the same post.

Question 2 from Alex McKinstry.

Once awarded, the £100,000 ARG was in fact paid to a separate company - 1HQ Ltd - who actually carried out the city identity study. However, paragraphs 5.10.11 and 5.10.13 suggest that overspending and VAT pushed the overall cost of this project up to £128,580, and that the excess £28,580 was covered by way of "match funding". Where did this match funding derive from; and if it was in fact FuturePlaces who provided the match funding, where did they get the money from?

Response:

Although £28,580 was described as match funding, the VAT element of this sum was in fact recoverable. The actual net (of VAT) spend was £107,150. The net cost of £7,150 above the £100,000 grant was paid for by FuturePlaces and was thus part of the FuturePlaces P&L account for 2021/22. Section 4.1.11 of the investigation report shows this in some more detail.

The report also goes on to show that ultimately the Council paid for all costs incurred by BCP FuturePlaces and in this specific case in 2021/22 from

council revenue budgets (i.e. this spend was before the £8M working capital loan agreement).

Question 3 from Alex McKinstry.

Paragraph 6.3.11 contains the allegation that the shareholder representative "told FuturePlaces executive directors to keep reports in draft (to avoid them being subject to Freedom of Information requests)". If this allegation is true - and as far as I can see, it is only an allegation - it is truly shocking, as it suggests that the Council's most senior officer (then) was not only breaching Nolan Principles, but encouraging other senior figures to do likewise. For avoidance of doubt, was the Head of Audit ever made aware of any such practice - did it ever come up in Corporate Management Board meetings, for instance, or even in conversation - and as for the maker(s) of the allegation, have they cited any specific examples of this practice or provided any substantiating evidence? If so, can we have the fullest possible details?

Response:

The Head of Audit & Management Assurance (HAMA) has never heard of this as a deliberate practice or culture to avoid Freedom of Information request in BCP Council or predecessor councils. It has never come up in discussions or in Corporate Management Board meetings, when the HAMA was present.

The Head of Audit & Management Assurance is not a regular attendee of Corporate Management Board but as part of the investigation did specifically ask some standing members if it is a practice they have heard or witnessed. The response was this was not a deliberate practice or culture ever heard or witnessed.

Statement from Philip Gatrell

The investigation discloses governance weakness due to senior Officers' failures. Members must therefore ensure "lessons learned" are actioned.

External audits cannot detect all significant failings. As this resident's public issues have identified over six years.

But for certain residents' indefatigable input, this matter may have been consigned rapidly to history, notwithstanding consecutive Administrations' overview.

Preceding an information request for FuturePlaces' detailed accounts, I also emailed cautionary emphasis regarding statutory documents retention and the "Section 77" criminal offence of withholding records. Concerns increased during summer 2024 when information was released inordinately late.

Despite senior Officers' awareness, an enquiring resident was misinformed at this Committee that FuturePlaces "management accounts" were unavailable following "council and company" staff departures. That misdirection was withdrawn later at the 17 October 2024 meeting. My

precursory public issue notifying Members of the facts was however blocked as ineligible.

Internal audit clearly require additional resources enabling the full scope of duties.

Statement from Ian Redman:

When new leadership took office in May 2023, the warning signs were already flashing — yet no full reset was triggered.

- What was needed was **an immediate, independent investigation** into how a high-risk, high-cost venture had been allowed to operate with weak controls, vague commissioning, and no firm grip on public money.
- Instead, the council lost **more precious years** while governance gaps continued and officer-level failings went unchallenged.
- Political leadership cannot deliver accountability if it accepts assurances at face value; it must insist on evidence, documentation, and compliance with Financial Regulations.
- Crucially, the council should have confronted the **officer failures** that allowed processes to drift, controls to lapse, and public funds to be squandered.
- The public deserved decisive action in 2023, not delay.

Statement 1 from Alex McKinstry.

Suggested recommendations re 5 10 of tonight's report (Additional Restrictions Grant):

- That the "BCP City Panel" be investigated, by studying email traffic: there can't be too many emails containing the phrase "city panel". This was the panel that asked FuturePlaces to apply for a £100,000 grant for a "city identity study", and its members included the Ceuta Group, whose subsidiary was secretary to 1HQ - the company that ended up doing the study and receiving the grant. This may of course be a purely felicitous concatenation of circumstances. But I think it needs looking into;
- That no councillor / Council company sit on any "informal reference group" (such as the BCP City Panel) without this being declared as an ORI;
- That no councillor sit on any award-making body, such as the Additional Restrictions Grant assessment panel. The optics are terrible.

Statement 2 from Alex McKinstry:

Regarding the alleged keeping of documents in draft (paragraph 6 3 11); I'm amazed this is covered in just 25 words. Such a practice would not only have frustrated Freedom of Information requests. It would also have defeated the Council's entire scrutiny regime, as a "draft" is not classed as a document under the 2012 access to information regulations. I'm reminded of Cabinet - 9 February 2022 - where Opposition councillors asked to see a budget-related report prepared by KPMG; on 16 February, KPMG were asked to "update" the report in respect of interest rates; and then on 22 February, at full Council, the document was said to be "in draft" and not

producible. The Committee should seek expert opinion on what a "draft document" actually comprises, and enquire into whether such practices are continuing, or continuing covertly.

Statement 3 from Alex McKinstry:

Looking forward, the Committee's identification of recruitment, and "stewardship", as matters for further inquiry, is spot-on. (You'll see from paragraph 5.9.1 that the company was seeking yet more stewardship funding, this time from Homes England.) Less satisfactory was this Committee's discussion of the office premises - which skipped the assertion, in 5.5.14, that Drew Mellor "certainly" knew the director of the rent-receiving company thanks to a homeless hub project dating back to 2021. Likewise suboptimal was the Committee's discussion of bonuses, which ignored the pellucid public statement on this matter and was prefaced with the words, "We're all agreed that some reserved matters didn't have to go to full Council"! I was aware of no such antecedent concord. I regret, therefore, that in my view, the Committee reached entirely the wrong conclusions in these two serious matters of inquiry.

74. DRAFT - Internal Audit - BCP FuturePlaces (FPL) Investigation Report (Scope items 1 to 8)

The Committee considered the report of the Head of Audit and Management Assurance (HAMA), a copy of which had been circulated to each Member and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

This was the third meeting to consider the draft Internal Audit investigation report on BCP FuturePlaces Ltd (FPL). The Committee had previously reviewed an initial part A report which covered scope areas 1 to 4 at a meeting on 24 September 2025. At its second meeting on 6 November 2025 the Committee had considered a report covering all areas (scope areas 1 to 8). The Chair explained that this meeting would pick up where it left off in November at the end of Scope Area 5.5, continuing to make comments and identify areas where clarification was needed and/or where further consideration may be required.

Scope 5. Items requiring specific assurance (continued)

5.7 Did the Board provide adequate oversight of the company and its activities, at all stages.

- A Member questioned why the FPL Board agenda shown at 5.7.3 contained mostly verbal reports including the risk register. The HAMA explained that a typical agenda included more written reports than the example given with the risk register usually presented on screen.

5.8 Establish whether any steering groups or advisory groups, to BCP FuturePlaces Ltd, existed.

- Members commented that the FPL's involvement with such groups was to be expected. It was noted that the list provided in the report was not meant to be exhaustive.
- A Member questioned whether FPL had undertaken wider community engagement. The HAMA referred to FPL's engagement with the local community on the Holes Bay scheme at 5.8.5 and advised that this was not an isolated example. The use of 'charettes' was also noted.

5.9 Establish the relationships that BCP FuturePlaces Ltd had with other bodies/initiatives, companies and council companies/delivery vehicles.

- The HAMA clarified that Bournemouth Development Company (BDC) did not pay FPL for its work on the Site 2 - BIC/Winter Gardens/ARC scheme. This work had been included in the FPL business plans approved by Cabinet. The Council had paid FPL for the work in progress as part of the closure settlement.

5.10 Any other specific items that may be revealed as a result of the investigation

Additional Restriction Grant (ARG) 4 (Covid)

- While Members were able to disagree (and did) with FPL's application for the ARG and how the grant was used, the focus for the purpose of this investigation was around the process followed in awarding the grant.
- Members questioned the status of the BCP City Panel but were reminded that the decision maker in this case had been the Council.
- The HAMA advised that the Council had followed Government guidance and its own local scheme when awarding these grants.
- Members commented on similar examples in other councils where the use of ARGs had been questionable.
- It was noted that ARGs had been part of the then Government's attempt to kickstart the economy in what had been unique circumstances. ARGs were no longer in existence.

Area for consideration: Whether councillor membership on award panels should be reviewed (although it is noted that Cllr Broadhead withdrew from the process in this case)

Loan Interest calculation

- It was noted that the calculated loan interest in the 2022/23 financial year did not follow the wording in the loan agreement.
- Members were advised that there was a level of interpretation and ambiguity in the wording and that it was accepted in this case that the right interpretation hadn't been made at the time.
- Members noted that there had been no financial implications for Council in this case, however the Committee agreed that this needed to be addressed to ensure it didn't happen again.

Area for consideration: Suggested recommendation to ensure the wording of loan agreements is more straightforward and easily understood by all parties and includes a definition of the term ‘execution date’.

Scope 6. Council oversight of BCP FuturePlaces Ltd

6.1 Were a shareholder’s agreement, support service agreement, commissioning contract, working capital loan agreement, and lease/licence to occupy any council premises put in place and agreed.

- Members expressed concern that the resource agreement and commissioning contract only ever existed in draft form.
- It was noted that as time went on more and more support services would have been provided by FPL not the Council but nothing concrete was in place. FPL and the Council had also disagreed on aspects of the commissioning contract.
- The HAMA commented that the Council as shareholder should have stepped in when it became clear agreement could not be reached and been more forceful in stipulating what went in the agreement / contract.
- Members’ comments included:
 - That initially, draft agreements may have been thought sufficient. This may have been due to setting up FPL at pace.
 - That the delay in finalising agreements seems to have led to increasing tensions between FPL and the Council.
 - That it was difficult to understand how it could have happened especially considering the amount of public money involved.
- Members also questioned the number of outline business cases (OBCs) which had been in draft form, although it was noted that this was not unusual for major work where review and input was required.
- Members were advised that just because a document was in draft form it did not necessarily mean that it was exempt from Freedom of Information (FOI) requests.
- Members were advised that service levels and standards between council services were agreed as part of their annual business plans.

Area for consideration – Whether the Committee should ask questions/seek views of the relevant stakeholders on the impact of the resource agreement and commissioning contract remaining in draft

ACTION: Officers to seek clarification on the circumstances when draft documents are / are not exempt from FOI requests

6.4 Consider the adequacy of the role of the Council’s internal audit team

It was noted that this section provided factual analysis and insight only due to the HAMA being inherently conflicted. It was a matter for Committee to take a view or obtain an alternative view on the adequacy of the IA role.

6.4.5 – 6.4.10: Internal Audit work undertaken:

- Members asked about the degree of IA's involvement in FPL. The HAMA clarified that this had been stipulated by the Council in the resource agreement. As detailed in the report, this had equated to 21 days work over the lifespan of FPL, mainly as a service to the Council but also with some benefits for FPL.
- Members asked at what point IA became involved in FPL. The HAMA advised that FPL had always been factored into IA's risk assessment. The IA work undertaken was set out in this section of the report and had included a review of the adequacy and existence of relevant policies.
- Members commented on whether there should be a mechanism for more scrutiny during the initial set up of high risk projects.
- Members also commented that the natural role of audit was to be more backward looking.

6.4.11 – 6.4.13: Factors considered when making the judgement on whether specific audit coverage was required – risk based:

- Members noted that one of these factors was the short lifespan of FPL, meaning there was less audit area to carry out detailed assurance work,
- A Member questioned the level of oversight provided. The HAMA referred the committee to the lines of assurance in the Council's Assurance Framework - the first line being directors/managers, the second line which included the work of boards such as the FPL Board and other forms of assurance and the third line which was IA.
- Details of assurance from other sources were set out in the report. As an example Members were referred to section 5.7 which had provided further information about the FPL Board including the seniority of membership/attendance at meetings and the Board's oversight of the company and its activities during its lifespan.
- Members considered whether there should be more regular monitoring of progress by the Council for projects involving this level of investment. The Committee was advised that this point had already been addressed. Members were referred to Scope Area 8 (Lessons Learnt update) which set out details of the new shareholder governance arrangements.
- A Member commented that 'arms length' should not mean less oversight when public money was involved

ACTION: Add to Forward Plan an update on the progress of shareholder governance arrangements and lessons learnt, following on from 2 October 2024 Cabinet update report on Council Owned Companies Shareholder Governance Review.

Scope 7. Decision to close BCP Future Places Ltd – Cabinet 27 September 2023.

7.1 Consider if the report to Cabinet adequately sets out the options, financial implications and risks associated with the decision to close BCP FuturePlaces Ltd.

- The Chair referred to the different viewpoints and narratives of relevant stakeholders and the tensions involved.

7.2 Review the robustness of the process for determining what work was to be paid for and what work was not paid for as part of the final settlement.

- Members noted that they had already discussed this in scope area 4.

7.3 Set out the detail of the work paid for and not paid for.

- Members noted that they had already discussed this in scope area 4.
- Members' comments included that the closure of FPL had been a political decision, factors including the financial position of the Council at the time and with an awareness that some costs incurred by FPL on projects the Council then decided it would no longer prioritise or take forward would need to be written off.

Scope 8. Lesson Learnt Update

8.1 Review of the previous lessons learnt, actions implemented and those outstanding and including any additions as a result of this investigation.

- A Member queried why some councillors were still company directors and noted that the Shareholder Advisory/Operations Boards were not listed as meeting this year.
- The Chief Executive gave an update on the work of the Shareholder Operations Board. The Board had met recently and was currently undertaking a review of all council owned companies. As soon as practicable the focus would then move onto the more member led Shareholder Advisory Board. Members were assured that the recommendation to no longer appoint councillors to company boards would be implemented.
- The Monitoring Officer advised that there was a formal process for updating arrangements and agreeing the appointment of directors to council owned companies. It was important to ensure this was done correctly in a considered manner rather than being rushed.
- A Member spoke of the need to be mindful of how and why some of the more historic entities such as BDC and Seascope had been set up, the need to recognise the different structures involved and the role of the committee in ensuring proper accountability and scrutiny of the process.

- A Member asked about the action plans to bring each company's arrangements in line with best practice. The Committee was assured that the lessons learnt for the Council would be taken forward, to ensure that in future the arrangements for governance and oversight were right and proportionate and properly considered. It was noted that specific arrangements may depend on the individual company and the element of risk. There was also a need to recognise the context, in terms of the current financial climate and the current Administration's approach.

ACTION (already noted at 6.4): Add to Forward Plan an update on the progress of shareholder governance arrangements and lessons learnt, following 2 October 2024 Cabinet update report on Council Owned Companies Shareholder Governance Review.

Next steps

The Chair thanked the Head of Audit and Management Assurance for producing such a thorough and informative investigation report and for enabling the vast majority of content to be available in the public domain. She acknowledged the amount of work which the report had required of him. The Committee agreed that the report was an excellent piece of work for which he should be commended.

The Committee proceeded to discuss the next steps having completed its consideration of scope areas 1 to 8. The Committee did not yet feel in a position to finalise the report and adopt any recommendations until Members had the opportunity to ask written questions of relevant stakeholders involved in FuturePlaces. Members discussed the procedure for submitting questions through the Chair and the timescales for responding. It was noted that there was no obligation to reply. The Monitoring Officer commented on right to reply principles and the need to be aware of certain caveats, including a need to phrase questions with care. A Member asked about any requirements to publish responses. The Chair agreed to seek further advice on this so that the position could be confirmed with the relevant stakeholders. To ensure a consistent approach was followed, stakeholders who had already supplied previously submissions (some of which had been out of scope) would be included in the questioning process.

The HAMA advised that the majority of the scope sub questions listed in Appendix D had been answered in the report including all sub questions from the committee.

The HAMA clarified that his final recommendations were as set out in the report at Appendix C. Any further recommendations or comments were a matter for the Committee to progress. The Committee indicated that it was minded to accept in principle the recommendations at Appendix C but agreed to formally consider these and any further recommendations from Members at a future meeting as part of the final report together with any

information provided by relevant stakeholders in response to the committee's questions.

A Member commented on the need for residents to see that action would be taken if required.

The Chair acknowledged that there were differing views among Committee Members on the question of whether and when any external work would be required but she felt it was important to keep this option open.

ACTIONS associated with next steps:

- **Committee Members to send questions for relevant stakeholders involved in FuturePlaces to the Chair asap**
- **Chair to seek advice of the Monitoring Officer on the phrasing of questions and then arrange for final list to be circulated to Committee**
- **Issue written questions to the relevant stakeholders week ending 12 December 2025 and seek written responses by mid January 2026**
- **A final report to be presented to the Committee in early 2026, comprising a Forward from the Chair (a draft of which to be shared with the committee), the draft Internal Audit investigation report and a compilation of responses from relevant stakeholders**
- **Recommendations to be finalised and agreed by the Committee and referred to Cabinet and Council**

The meeting was adjourned between 7.50pm and 8.02pm

The meeting ended at 9.07 pm

CHAIR

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Minute no	Item	Action Items remain until action complete	Who	Outcome
Meeting date: 3 December 2025 (Additional meeting) - Draft BCP FuturePlaces Investigation Report (Scope Items 1 to 8)				
74	Scope 6. Council oversight of BCP FuturePlaces Ltd	6.1 Officers to seek clarification on the circumstances when draft documents are / are not exempt from FOI requests	MO?	
		6.4.11 - 6.4.13 Add to Forward Plan an update on the progress of shareholder governance arrangements and lessons learnt, following on from 2 October 2024 Cabinet update report on Council Owned Companies Shareholder Governance Review	HAMA /MO?	
	Scope 8. Lesson Learnt Update	Same as 6.4.11 - 6.4.13 above		
	Next Steps	<ul style="list-style-type: none"> Committee Members to send questions for relevant stakeholders involved in FuturePlaces to the Chair asap Chair to seek advice of the Monitoring Officer on the phrasing of questions and then arrange for final list to be circulated to Committee Issue written questions to the relevant stakeholders week ending 12 December 2025 and seek written responses by mid January 2026 	Committee Members / Chair in consultation with MO	In progress – Chair has updated Members on amended timescale for issuing questions to be after the Christmas/New Year period
		<ul style="list-style-type: none"> A final report to be presented to the Committee in early 2026, comprising a Forward from the Chair (a draft of which to be shared with the committee), the draft Internal Audit investigation report and a compilation of responses from relevant stakeholders 	Chair / Committee	

Minute no	Item	Action Items remain until action complete	Who	Outcome
		<ul style="list-style-type: none"> Recommendations to be finalised and agreed by the Committee and referred to Cabinet and Council 		
Meeting date: 27 November 2025 (non-core meeting)				
66	External Auditor (EA) – Auditor's Annual report 2024/25 (Value for Money arrangements report)	Liaise with Chief Financial Officer on whether more regular VFM updates required	EA	
		Review DSG related chart on page 20 to make comparative data more meaningful	EA	
		Send to all councillors the link to the Treasury Management training session held on 20 November 2025	Democratic Services	Circulated on 28.11.25
68	Action Sheet	Arrange for Improvement Recommendation 2 (Governance) in External Auditor's Value for Money arrangements report to be referred to Constitution Review Working Group.	Chair	
Meeting date: 6 November 2025 (Additional meeting) - Draft BCP FuturePlaces Investigation Report (Scope Items 1 to 8)				
60	Scope 5. Items requiring specific assurance	5.5 Seek clarity on when exactly a councillor's term of office ends after an election.	MO	
Meeting date: 16 October 2025 (core meeting)				
47	Treasury Management Monitoring update for Quarter 2, 2025/26	Provide breakdown of debt in diagrammatic/chart form in future reports. Chair to collate suggestions from committee and discuss with Assistant CFO a resource appropriate way of presenting.	Chair/Assistant CFO	Under consideration for a future Cabinet finance report

Minute no	Item	Action Items remain until action complete	Who	Outcome
		Consider whether further letters to MPs and the Government are required, including the offer of support from the Audit and Governance Committee, as part of management reflection on the current position in relation to the DSG and SEND	CFO	Ongoing consideration as part of 2026/27 Budget process and regular finance reports to Cabinet.
49	Risk Management - Corporate Risk Register Update	Review target risk scores shown as red and provide further explanation on why risk is being tolerated/accepted or treated	R&I Manager	Complete - factored into the quarterly review process and will be presented to A&G at the next core meeting in January 2026
		Liaise with Chair of the Children's Services O&S Committee on arrangements for how DSG, high needs block and Corporate Risk CR02 are being monitored (possible forward plan item)	Chair	
		CR27 - seek further information from the Risk Owner and team on any available measures to secure funding	R&I Manager	Complete - factored into the quarterly review process and will be presented to A&G at the next core meeting in January 2026
		CR28 - discuss timeframes for new BCP Local Plan with the Director of Planning & Transport	R&I Manager	Complete - factored into the quarterly review process and will be presented to A&G at the next core meeting in January 2026
		Confirm which corporate risk covers asylum hotel protests	R&I Manager	Complete - factored into the quarterly review process and will be presented to A&G at the next core meeting in January 2026

Minute no	Item	Action Items remain until action complete	Who	Outcome
		CR16 – liaise with Risk Owner to provide further information on progress of how risk being treated, including capacity assessment due to be undertaken in December 2025.	CE – delegated to the R&I Manager	Complete - factored into the quarterly review process and will be presented to A&G at the next core meeting in January 2026
50	Health and Safety Update	Consider how the suggested pyramid approach to accident data could be incorporated into the next report.	Cllr M Tarling /Health and Safety Manager	
51	Emergency planning and business continuity annual report	Share with Chair the outcomes of South West Regional Cyber Crime Unit exercise to test Council's cyber response plan and related business continuity arrangements on 9/12/25	Emergency Planning and Resilience Manager	Debriefing being held in January 2026.
52	Internal Audit – Quarterly Audit Plan Update	Further explanation and assurance requested from the Service/Corporate Director for recommendations with the original target date in 2024, to be included in next report.	Deputy Chief Internal Auditor (RH)	Complete - to be factored into next Internal Audit quarterly report to A&G at core meeting in January 2026
53	Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2024/25	Provide further information in relation to 6% of the CIPFA assessment score not achieved and to consider whether a form of external verification was possible for future years	Deputy Chief Internal Auditor (SM)	Complete - to be factored into next Internal Audit quarterly report to A&G at core meeting in January 2026
Meeting date: 24 September 2025 (Additional) PART A – Draft BCP FuturePlaces Investigation Report (Scope Items 1 to 4)				
39	Scope 3. Establishment and operation of BCP Future Places Ltd.	3.1 Consider how it would be possible to investigate the legality and appropriateness of recruitment process for MD and senior officers.	HAMA / MO	The Monitoring Officer has a duty to take steps to address any illegality that they are aware of. The Monitoring Officer and the Head of HR at the time were involved and aware of the recruitment process and did not raise

Minute no	Item	Action Items remain until action complete	Who	Outcome
				legality concerns, but did suggest an open and transparent approach which should include open advertising.
		3.1 Invite former FuturePlaces officers to respond to targeted questions following conclusion of consideration of the HAMA's full report.	Chair on behalf of committee	
		3.1 Consider questions sent from Committee Members.	Chair	
		3.2 Add to enquiry list a request for Future Places' Directors perspective on absence of commissioning contract and resource agreements.	Chair	
		3.2 Clarify governance terminology in future documents to specify whether decisions lie with Cabinet, full Council, or shareholder representatives.	HAMA / MO	An agenda item for a future Shareholder Advisory Board decision. The Shareholder Operations Board will firstly discuss and formulate a proposal.
		3.3 Consider recommendation regarding a clear policy framework for Teckal companies regarding whether Council policies should be fully adopted or selectively applied.	HAMA / MO	An agenda item for a future Shareholder Advisory Board decision. The Shareholder Operations Board will firstly discuss and formulate a proposal.
		3.4/3.5/3.6 FPL Directors to be asked about items highlighted within this section, including relationship set up and expectations, provision of monthly management accounts and 'mission creep'.	Chair	

Minute no	Item	Action Items remain until action complete	Who	Outcome
		3.4/3.5/3.6 Recommendation to be considered regarding use and implications of the term 'draft' and the need to ensure progress could be monitored and scrutinised as appropriate.	HAMA / MO	An agenda item for a future Shareholder Advisory Board decision. The Shareholder Operations Board will firstly discuss and formulate a proposal. The proposal may be along the lines of, including in the shareholder agreement, 'shareholder will have access to all draft reports should they be requested'.
Meeting Date: 24 July 2025 (core meeting)				
18	Public Issues	Create landing page on Council website for interim and final reports on BCP Future Places investigation, including report appendices and all Freedom of information (FOI) information received.	HAMA	To be created after meeting on 3 December 2025 (or meeting that is considered final)
19	Carters Quay update* *see also Forward Plan	Include revised list with information requested in next report to committee	Director, Investment & Development	Will be included and responses provided within next report, timings subject to confirmation by Chair
21	Information Governance	Update committee on the review by leadership team of the function of IG Information Governance within BCP Council	tbc	
24	Risk Management – corporate risk register update	CR20 – check with riskowner on how risk is communicated to public and circulate response	R&I Manager	Update awaited from Risk Owner
33	Forward Plan	Liaise with Chair on scheduling of Ombudsman reports	MO	

RAG status:

RED	Not yet started
AMBER	In progress
GREEN	Complete

List of Abbreviations:

CE	Chief Executive
CFO	Chief Financial Officer
MO	Monitoring Officer
HAMA	Head of Audit and Management Assurance
R&I	Risk and Insurance
EA	External Auditor

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Statement of Accounts 2024/25
Meeting date	15 January 2026
Status	Public Report
Executive summary	The attached report set out the findings of the council's external auditor following their audit of the council's statement of accounts for 2024/25 as well as presenting the latest revised version of the statement of accounts. Grant Thornton anticipates providing an unqualified opinion on the financial statements for the council.
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Note the anticipated audit opinion and findings of the council's external auditor included as Appendix 1 to this report, following the audit of accounts 2024/25;</p> <p>(b) Approves the current draft 2024/25 financial statement included at Appendix 3</p> <p>(c) Approves the signing of the Statement of Responsibilities and the Letter of Representation by the Chair of the Audit & Governance Committee and the S151 Officer once the audit work is complete.</p>
Reason for recommendations	To ensure that the Audit & Governance Committee are fully informed of the audit opinion and findings of the council's external auditor following their audit of the council's financial statements for the year ended 31 March 2021, as set out in the report attached.

Portfolio Holder(s):	Cllr Mike Cox, Deputy Leader of the Council and Cabinet Member for Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Matthew Filmer, Assistant Chief Financial Officer
Wards	Council-wide
Classification	For Recommendation

Background

1. Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditor is required to report whether, in their opinion, the group and council's financial statements:
 - a. gives a true and fair view of the financial position of the group and the council and their income and expenditure for the year; and
 - b. has been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Statement of Accounts

2. The Statement of Accounts for 2024/25 (see appendix 3) has been prepared in a format to comply with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code) and reflect the 2024/25 revenue and capital outturn position which was reported to Cabinet on 16 July 2025.
3. Officers published the draft Statement of Accounts ahead of the 31 May deadline and Grant Thornton commenced their external audit as soon as.
4. The External Audit has almost been completed, and the Audit Findings Report is included at Appendix 1.

Summary of financial implications

5. There are no direct financial implications other than the audit fees set out in the audit findings report.

Summary of legal implications

6. There are no direct legal implications.

Summary of human resources implications

7. There are no direct human resources implications

Summary of sustainability impact

8. There are no direct sustainability impacts.

Summary of public health implications

9. There are no direct public health implications.

Summary of equality implications

10. There are no direct equality implications.

Summary of risk assessment

11. The areas identified for development by the Council's external auditors will be fully discussed during the risk management review process and appropriate mitigations will be discussed with Corporate Management Team.

Appendices

Appendix 1 – Audit Findings Report 2024/25

Appendix 2 – Letter of Representation 2024/25

Appendix 3 – Draft Statement of Accounts 2024/25

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Audit Findings (ISA 260) Report for Bournemouth, Christchurch and Poole Council

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Year ended 31 March 2025

2 January 2026



Bournemouth, Christchurch and Poole Council
Civic Centre
Boure Avenue
Bournemouth
BH2 6DY

2 January 2026

Dear Members of the Audit and Governance Committee

Audit Findings for Bournemouth, Christchurch and Poole Council for the 31 March 2025

Grant Thornton UK LLP

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Bristol
BS2 0EL

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www.grantthornton.co.uk

As This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with the Audit and Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-2025.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Barrie Morris

43 Partner
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Bournemouth, Christchurch and Poole Council (the 'Authority') and the preparation of the group and Authority's financial statements for the year ended 31 March 2026 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- 46
- the group and Authority's financial statements give a true and fair view of the financial position of the group and Authority and its income and expenditure for the year; and
 - have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

As of this report's date, we have concluded the majority of our audit work, detailing the findings in the body of this report. For work not yet concluded, we have highlighted the work undertaken to date, and any findings or recommendations.

Our findings to date are summarised on pages 12 onwards. We have identified a number of adjustments to the financial statements however these adjustments do not impact the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed from page 38 .

Owing to the challenges of undertaking an audit where a previous years' audit (2022/23) was subject to backstop-related disclaimed audit opinion, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

47 We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, presented at the November 2025 Audit and Governance Committee. We identified significant weaknesses in the Authority's arrangements and so are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources in relation to the dedicated schools grant deficit and the statutory direction in place in relation to SEND (special education needs and disabilities).

Our findings are set out in the value for money arrangements section of this report (page 49-52) and in our Auditors Annual Report.

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the ‘Act’) also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:

- 48
- confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Auditor General (C&AG) and therefore no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code;
 - work in relation to outstanding objections, or other matter that has come to the auditor’s attention is complete

Section 26 of the Act grants interested persons the right to inspect accounting records of local authorities during the inspection period which runs for 30 days. The dates of the Councils inspection period are published on their website and during this period local electors can request questions about the accounts and make objections in respect of them. We have been made aware that the Council has struggled to respond to detailed queries in a timely way, thereby curtailing the time available for local electors to raise issues with us as the external auditors. Whilst it is not our role to enforce compliance with the Act, the Council should ensure it has a smooth process and resources in place to respond to requests made in this period in a timely manner and to engage positively with local electors. We have made a recommendation to management in respect of this in the action plan.

Significant matters

We have noted improvements in the Council’s response time to audit queries and increased resource being available at the Council in order to support the audit process. However, we identified significant delays in obtaining working papers to support audit of housing benefit expenditure which also impacted the completion of our IT review of the new system implementation.

We will continue to work closely with the council to continue to help improve the efficiency and timeliness of the audit in 2025/26.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

49 The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

As noted on the following page, we needed to issue a backstop opinion on the 2022-23 financial statements.

Headlines

National context – local audit recovery

In the audit report for the year ended 31 March 2023, a disclaimer of opinion was issued due to the backstop legislation. For the year ended 31 March 2024, a full audit was undertaken however a disclaimer of opinion was given due having no assurance on opening balances and some closing balances.

As a result, for 2024/25 we have:

- limited assurance over the opening balances for 2024/25; and
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, Therefore our focus has been on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances.

On 5 June 2025 the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach; and
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

We will discuss with you our strategy for rebuilding assurance, in the light of this year’s audit, as part of our planning for 2025/26.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16.

21 Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

The council recognised right of use assets of £3.53m and lease liabilities of £4.68m. Our review focused on the risk of completeness where we undertook a number of procedures to gain assurance over the Council's procedures for identifying all leases included any peppercorn leases. The details of these procedures are set out on page 25.

Group audit

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The table below summarises our final group scoping, as well as the status of work on each component.

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Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Status	Comments
BCP Council	Yes	Audit of the entire financial information of the component	Same as planning	●	We are currently finalising our audit of Bournemouth, Christchurch and Poole Council’s financial statements as set out in more detail on page 6.
Five Parks Charity	Yes	The Charity holds material tangible assets therefore Specific audit procedures will be undertaken on this balance.	Same as planning	●	We are currently finalising our review of land and buildings. We are currently finalising our review of the consolidation entries in the group accounts.
The Lower Central Gardens Trust	Yes	The Charity holds material tangible assets therefore Specific audit procedures will be undertaken on this balance.	Same as planning	●	We are currently finalising our review of land and buildings. We are currently finalising our review of the consolidation entries in the group accounts.
The Russell Cotes Art Gallery and Museum Charitable Trust	Yes	The Charity holds material heritage assets therefore Specific audit procedures will be undertaken on this balance.	Same as planning	●	Our review of heritage assets identified an adjustment to the valuation of heritage assets, reducing the value by £6.96m due to the revaluation adjustment being incorrect. This has been adjusted and no further issues in respect of the valuation of these assets in the group accounts as at 31 March 2025 were identified. We are currently finalising our review of the consolidation entries in the group accounts.

●

Planned procedures are substantially complete with no significant issues outstanding.

●

Planned procedures are ongoing/subject to review with no known significant issues.

●

Planned procedures are incomplete and/or significant issues have been identified that require resolution.

Group audit

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Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Status	Comments
Tricuro Ltd	No	Specific procedures on cost of sales	Analytical Procedures	●	<p>Note at the planning stage of the audit, we determined specific procedures on cost of sales to be required as we expected this balance to be above materiality levels. On receipt of the Tricuro Ltd accounts, we were able to confirm cost of sales is below group materiality levels and therefore we have reassessed our scoping in respect of this. As cost of sales is the balance, which is consolidated into the group accounts, was confirmed to be below materiality we have rescoped this as no specific procedures required and only analytical procedures required.</p> <p>We are currently finalising our review of the consolidation entries in the group accounts.</p>

- Planned procedures are substantially complete with no significant issues outstanding.
- Planned procedures are ongoing/subject to review with no known significant issues.
- Planned procedures are incomplete and/or significant issues have been identified that require resolution.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 16 May 2025, we determined materiality at the planning stage as £18.90m (Council) and £19.8m (Group) based on 1.9% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £18.90m (Council) and £19.85m (Group) based on professional judgement in the context of our knowledge of the Authority, complexity and operating environment, developments in the year and risk and experience from prior year audits.
- We have used 1.9% of prior year gross expenditure as the basis for determining materiality. We reassessed this on receipt of the draft accounts and deemed this level to continue to be the appropriate levels to apply.
- In the prior year we used a benchmark of 1.45% to calculate materiality. Due to changes in the firm’s overall risk assessment of Local government bodies, we have increased this to 1.9% in 2024-25 which recognises our overall risk assessment of the Council and its recent track record of producing good quality accounts and responding to audit inquiries in a timely manner.

55 Specific materiality

We have set a lower materiality for individual senior officer remuneration disclosure of £20k, on the basis of the sensitivity to public interest and reader of the accounts.

Reporting threshold

We will report to you all misstatements identified in excess of £0.945m (other than senior officer’s remuneration), in addition to any matters considered to be qualitatively material.

	Group (£)	Council (£)	Qualitative factors considered
Materiality for the financial statements	19,853,000	18,900,000	We consider the size, complexity and operating environment.
Performance materiality	12,935,000	12,285,000	Consideration of prior year quality of financial statements, internal control arrangements.
Specific materiality for senior officer remuneration	20,000	20,000	Sensitivity to public interest and the reader of the accounts.
Reporting threshold (triviality)	995,000	945,000	Based on 5% of materiality.

Overview of significant risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages. Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Medium	●
The revenue cycle includes fraudulent transactions	Rebutted	↔	X	Low	●
59 The expenditure cycle includes fraudulent transactions	Rebutted	↔	X	Low	●
Valuation of land and buildings including council dwellings	Significant	↔	X	High	●
Valuation of investment properties	Significant	↔	X	High	●
Valuation of the Pension Fund net liability	Significant	↔	X	High	●
IFRS 16 implementation	Other	↔	X	Medium	●

- ↑

 Assessed risk increase since Audit Plan
- ↔

 Assessed risk consistent with Audit Plan
- ↓

 Assessed risk decrease since Audit Plan
- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

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Risk identified	Audit procedures performed	Key observations
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p>	<p>We have:</p> <ul style="list-style-type: none">evaluated the design effectiveness of management controls over journals;analysed the journals listing and determine the criteria for selecting high risk unusual journals;tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; andevaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	<p>Our audit work has not identified any issues in respect of management override of controls.</p> <p>Our review of journals focused on those we deemed to be higher risk or unusual journals following a detailed risk assessment. For those journals deemed to be higher risk or unusual, an understanding of the journal, including supporting evidence, was obtained to support the entries made. From this review we did not identify any inappropriate journal entries or instances of management override of control.</p> <p>At this stage, we are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>We will finalise our conclusion in respect of the risk of management override once all audit testing across the audit is complete.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council and Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively</p>	<p>We deemed our assessment at the planning stage of the audit to rebut the risk of fraud in revenue recognition risk to continue to be appropriate at the final accounts stage of the audit.</p> <p>We have noted no material adjustments or findings in relation to improper revenue recognition</p>
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Council and the Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk and therefore have rebutted the risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	<p>We deemed our assessment at the planning stage of the audit to rebut the risk of fraud in expenditure risk to continue to be appropriate at the final accounts stage of the audit.</p> <p>We have noted no material adjustments or findings in relation to improper recognition of expenditure.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p data-bbox="104 304 647 375">Valuation of land and buildings including council dwellings</p> <p data-bbox="104 396 647 925">The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p> <p data-bbox="104 946 647 1196">We therefore identified valuation of land and buildings including council dwellings as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p data-bbox="672 304 1378 347">We have:</p> <ul data-bbox="672 361 1378 1196" style="list-style-type: none"><li data-bbox="672 361 1378 504">• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;<li data-bbox="672 511 1378 582">• evaluated the competence, capabilities and objectivity of the Council's valuation expert;<li data-bbox="672 589 1378 661">• written to the valuer to confirm the basis on which the valuation was carried out;<li data-bbox="672 668 1378 775">• challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;<li data-bbox="672 782 1378 889">• tested a sample of revaluations made during the year to confirm they had been input correctly into the Authority's asset register;<li data-bbox="672 896 1378 1110">• evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and<li data-bbox="672 1118 1378 1196">• engaged an auditor's expert to support our response to the valuation of land and buildings	<p data-bbox="1403 304 2446 347"><u>Land and Buildings</u></p> <p data-bbox="1403 361 2446 704">The Council's land and buildings were valued using an external valuer. The external valuer used in 2024/25 was a new valuer who had not valued the Council's portfolio previously. We therefore considered the instructions to valuation experts and the competence, capabilities and objectivity of the external valuer used by the Council. We instructed our auditor's expert to review and comment on the valuation instruction process (i.e. terms of engagement), the valuation methodology, approach, and the assumptions adopted and any relevant points.</p> <p data-bbox="1403 718 2446 832">A number of queries and challenges were raised which required responses from management and management's valuers. Our work in concluding on these is still in progress.</p> <p data-bbox="1403 846 2446 1196">We undertook detailed testing on a sample of assets where we considered, amongst other factors, there to have been significant changes in the underlying assumptions; where movements in valuation were not in line with our expectation; or where we deemed assets to be large or unusual. Our detailed testing of these assets included recalculating the valuations to confirm the original valuer calculations, detailed testing of assumptions and source data (such as floor plans, pupil numbers, land size, price per acre, rental yields and income for car parks) and consideration of obsolescence.</p>

Significant risks

Valuation of land and buildings including council dwellings - key observations continued

Council Dwellings

Our auditor's expert reviewed the instructions and overall methodologies for the valuation of the Councils housing stock which was undertaken by the Council's external valuer. We were able to obtain sufficient responses from the valuer for the queries raised by our expert. The Council applies a beacon approach to its valuation of Council dwellings and all 136 beacon properties were formally revalued in 2024/25.

In previous years, the Council held two separate housing revenue accounts for Bournemouth and Poole each requiring separate valuation exercises. In 2024/25 these have been brought together and the previous beacon structures, inherited from the legacy councils, has been reviewed and a harmonisation exercise undertaken aimed at aligning the beacon properties with the current housing portfolio. This approach has reduced the beacon properties from 223 across Poole and Bournemouth to 136 beacons across the whole portfolio.

As part of our testing strategy, we considered the appropriateness of the new beacon classifications and verifying that assets are correctly allocated to their respective beacons.

Our auditors' valuation expert raised a number of queries on the valuation approach which were responded to appropriately by management and managements valuation expert.

Our review included understanding the Council's approach to the beacon valuations and selecting a sample of beacons and properties to test to ensure the beacon valuations were reasonable in comparison to comparable properties being marketed for sale as well as completing the same review for individual asset valuations. We reviewed the archetypes allocated to properties and did not identify any discrepancies.

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of Investment Properties The Authority is required to revalue its investment properties at fair value on an annual basis at 31 March. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>⌘ We therefore identified valuation of investment property, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • discussed with the valuer the basis on which the valuations were carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • tested revaluations made during the year to confirm they had been input correctly into the Authority’s asset register; and • engaged an auditors’ expert to support our response to the valuation of investment properties. 	<p>The Council’s external valuer revalued all of the Council’s investment properties portfolio as at 31 March 2025.</p> <p>We instructed our auditor’s expert to review and comment on the valuation instruction process (i.e. terms of engagement), the valuation methodology, approach, and the assumptions adopted and any relevant points. A number of queries and challenges were raised for the external valuer used by the Council. We were able to obtain sufficient responses and further evidence where required from both valuers to satisfy us that the instruction process and overall valuation methodology and approach used were appropriate for investment properties.</p> <p>We selected a sample of investment properties for detailed testing including individually significant properties, those where the value was outside of our expectations and a sample of those where the value was in line with our expectations.</p> <p>We did not identify any discrepancies in our review of the valuation of investment properties.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of the Pension net liability</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rate.</p> <p>We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • reviewed the impact of IFRIC 14; and • obtained assurances from the auditor of Dorset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>In the 2024/25 draft accounts, the Council reported a pension net asset position of £66.15m. Our review of the actuary's report identified that the actuary had not allowed for an asset ceiling (IFRIC 14) to be incorporated into the balance sheet as at 31 March 2025. We challenged management on this and management confirmed this was an error in communication with the actuary. Management therefore requested an updated review by their actuary to include the IFRS 14 calculations and impact.</p> <p>On receipt of the updated report, the actuary applied a £128.07m asset ceiling which has resulted in an overall net position for the Council balance sheet of a net liability of £62.88m. The Council has adjusted the final financial statements to reflect these updated calculations.</p> <p>This is the first year which the Council has been required to apply an asset ceiling due to the continuing reduction in the net defined liability position over recent years to an asset position in 2024/25.</p> <p>Whilst we have not yet received our letter of assurance from the Dorset Pension Fund auditors, our discussions with them have not identified any significant issues or areas of concern. They have identified a number of non-material estimation differences in the valuation of Pension Assets, but as these are not material, they will not impact the overall financial statements produced by the Council. We are expecting to receive the final letter of assurance from them in early January 2026.</p>

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Other risks

Risk identified	Audit procedures performed	Key observations
<p>IFRS16 implementation</p> <p>IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions). This is a major change from the requirements of IAS 17 in respect of operating leases and a new accounting policy implemented in 2024-25.</p> <p>Whilst the Council's initial assessment indicated that assets recognised on the balance sheet were unlikely to be material, there remains a risk of completeness of the assessment and disclosure as well as the valuation of the assets.</p>	<p>Our work has included assessing:</p> <ul style="list-style-type: none"> • accounting policies and disclosures; • application of judgment and estimation; • processes to ensure all leases are captured; • systems to capture the process and maintain new lease data and for ongoing maintenance; • calculations of lease liabilities and corresponding right of use assets; and • identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate. 	<p>The impact of the application of IFRS 16 has not had a material impact on the Council balance sheet with a right of use asset of £3.53m being reported as at 31 March 2025.</p> <p>Our work did not identify any issues in respect of the completion of leases or application of IFRS 16. Given the overall impact was not material, the disclosure requirements in respect of IFRS 16 are less than if there was a material impact following the implementation of the standard.</p> <p>We undertook a number of procedures to ensure the completeness of the Council's IFRS 16 assessment including, considering whether any leases previously disclosed as operating leases had been excluded from the IFRS 16 assessment, testing assets the Council deemed to be out of scope and reviewing assets which the Council pays business rates for to identify if there are any potential lease agreements which the Council has not considered. We did not identify any issues in respect of completeness of the disclosures from this review.</p> <p>Overall we did not identify any issues with the Councils implementation of IFRS 16. Our work in this area is still subject to internal quality review.</p>

Other findings

Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	The revenue recognition policies included within the financial statements are appropriate and in accordance with the Code.	No matters to report.	● Black
Expenditure recognition	The expenditure recognition policies included within the financial statements are appropriate and in accordance with the Code.	No matters to report.	● Black
Valuation methods	Valuation methods are appropriate and in accordance with the Code.	No matters to report.	● Black
Other critical policies	The other accounting policies noted in the financial statements are deemed to be appropriate.	No matters to report.	● Black

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Assessment:

- Red = Marginal accounting policy which could potentially be open to challenge by regulators
- Amber = Accounting policy appropriate but scope for improved disclosure
- Green = Accounting policy appropriate and disclosures sufficient
- Black = No overall conclusion formed this year, as our opinion has been disclaimed

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of land and buildings £857.58m at 31 March 2025	<p>Other land and buildings comprises of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council has engaged a new valuer, Lambert Smith Hampton to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis.</p> <p>The total year end valuation of land and buildings presented in the final audited accounts is £857.58m, a net increase of £54m from 2023/24 (£803.54m).</p>	Our work on the valuation of land and buildings is currently being finalised.	● Black

Assessment:

- Red We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Amber We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- Green We consider management’s process is appropriate and key assumptions are neither optimistic or cautious
- Black No overall conclusion formed this year, as our opinion has been disclaimed

Other findings – key judgements and estimates

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Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of council dwellings £762.67m at 31 March 2025	<p>The Council owns over 9,000 dwellings and is required to revalue these properties in accordance with DCLG's Stock Resource Accounting Guidance. The guidance requires the use of a beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council engaged its Lambert Hampton Smith to complete the valuation with all beacon properties subject to revaluation in 2024/25.</p> <p>In 2024/25 the Council merged the Bournemouth and Poole separate neighbourhood HRAs and updated their beacon methodology to reflect a joined up HRA. This has streamlined the approach to valuations and financial reporting for Council dwellings.</p>	Our audit work in respect of the valuation of council dwellings did not identify any significant issues.	● Black
Valuation of investment property £71.71m at 31 March 2025	<p>The Council revalues its investment properties on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>The Council engaged its external valuation expert to value its investment properties. Norse were engaged and valued these properties alongside their Land & Buildings valuations.</p> <p>The largest assets within the Councils investment property portfolio are Madeira Road student accommodation, Mallard Road retail units and the Dolphin Centre (Shopping Centre).</p> <p>The year end valuation of investment properties was £71.71m at 31 March 2025 an increase of £2.16m from 2023/24.</p>	Our audit work in respect of the valuation of council dwellings did not identify any significant issues	● Black

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment																								
Valuation of net pension liability £62.88m at 31 March 2025	<p>The draft accounts reported a net pension asset of £66.15m. However, the Council had not instructed the actuary to consider the impact of IFRS 14 on this.</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits' available in the form of refunds from the plan or reductions in future contributions to the plan.</p> <p>The Council requested an updated report from their actuary applying IFRIC 14 requirements. The final actuaries report showed an asset ceiling requirement of £128.07m which is required to be applied to the net pension asset and consequently give an updated net pension liability value on the balance sheet of £62.88m.</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> assessed management's expert to ensure they are suitably qualified and independent; assessed the actuary's roll forward approach taken; and used PwC as auditor's expert to assess the actuary and assumptions made by actuary. The table summarises where the Council fall in the acceptable ranges set out by PwC: <table> <tr> <th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>5.8%</td><td>5.6% - 5.95%</td><td>Reasonable</td></tr> <tr> <td>Pension increase rate</td><td>2.9%</td><td>2.85% - 2.95%</td><td>Reasonable</td></tr> <tr> <td>Salary growth</td><td>3.9%</td><td>3.1% - 5.1%</td><td>Reasonable</td></tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td><td>23.1 / 21.8</td><td>20.6 – 23.1 / 19.2 – 21.8</td><td>Reasonable</td></tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td><td>25.4 / 24.0</td><td>24.1 – 25.7 / 22.7 – 24.3</td><td>Reasonable</td></tr> </table> <p>We are awaiting the receipt of the final letter of assurance from Dorset Pension Fund auditors.</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.8%	5.6% - 5.95%	Reasonable	Pension increase rate	2.9%	2.85% - 2.95%	Reasonable	Salary growth	3.9%	3.1% - 5.1%	Reasonable	Life expectancy – Males currently aged 45 / 65	23.1 / 21.8	20.6 – 23.1 / 19.2 – 21.8	Reasonable	Life expectancy – Females currently aged 45 / 65	25.4 / 24.0	24.1 – 25.7 / 22.7 – 24.3	Reasonable	<div>●</div> <p>Black</p>
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.8%	5.6% - 5.95%	Reasonable																								
Pension increase rate	2.9%	2.85% - 2.95%	Reasonable																								
Salary growth	3.9%	3.1% - 5.1%	Reasonable																								
Life expectancy – Males currently aged 45 / 65	23.1 / 21.8	20.6 – 23.1 / 19.2 – 21.8	Reasonable																								
Life expectancy – Females currently aged 45 / 65	25.4 / 24.0	24.1 – 25.7 / 22.7 – 24.3	Reasonable																								

















Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<div>Minimum revenue provision (MRP)</div> <div>£5.74m MRP plus £5.68m voluntary MRP</div> <div>71</div>	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The Councils approach for calculating and providing for its MRP has not changed since the prior year.</p> <p>The Councils MRP strategy is required to be approved by full Council ahead of the financial year.</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none">• confirmed the MRP meets the requirements as set out in regulations and statutory guidance;• confirmed the Council's MRP to Capital Financing requirement and Debt to Capital Financing requirements are appropriate; and• understood and reviewed the calculation process undertaken by management <p>The Council sets aside £10.7m in total for the repayment of debt, with the remaining amount above the calculation of the statutory MRP being set aside as additional voluntary overpayments. As the Council uses the annuity approach to calculate it’s MRP calculations, the MRP is linked to the flow of benefits from an asset where the benefits are expected to increase in later years. This means the MRP will increase year on year and therefore the Council setting aside voluntary MRP in the earlier years will help the Council smooth the impact of this.</p> <p>Following consultation, MHCLG have clarified and updated the regulations and the statutory guidance for MRP. Although these take full effect from April 2025 , the consultation highlighted that the intention was not to change policy, but to clearly set out in legislation the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute. The Council already complies with this requirement.</p>	<div>●</div> <div>Black</div>





Other findings – Information Technology

This section provides an overview of results from our assessment of the relevant Information Technology (IT) systems and controls operating over them which was performed as part of obtaining an understanding of the information systems relevant to financial reporting. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

Where significant deficiencies have been identified, we have made recommendations to management within our IT Findings report. We have then considered the impact these have on our audit approach and where required have adjusted our procedures to ensure we have sufficient assurance in the areas where significant deficiencies were identified.

IT system	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks / other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Dynamics 365	Design and Implementation testing					Risk of management override of controls
Civica	Design and Implementation testing					Risk of management override of controls
Capita Cloud	Design and Implementation testing					Risk of management override of controls
Active Directory	Design and Implementation testing					N/A

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements / significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

Other findings – Information Technology

We also performed specific procedures in relation to the significant changes, events and activity during the audit period, specifically the new system implementation / data migration. We observed the following results:

IT system	Event	Result	Related significant risks/ risk/observations
Capita Cloud	New system implementation	Deficiencies identified	Completeness and accuracy of migrated transferred

During November 2024, the Council migrated all Revenue and Benefits accounting records from legacy systems onto a single database, New Capita Cloud. The legacy systems were Capita (Christchurch and Poole) and Capita (Bournemouth).

Whilst Poole and Christchurch already used Capita to process revenue and benefits transactions, a migration was still required in order to transfer balances from an ‘On Premise’ to the ‘Cloud’ version.

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Audit procedures to assess the completeness and accuracy of data migrated from legacy systems to the new Capita cloud system began at that end of January 2025. The key contacts, with an understanding of the migration process and reconciliations performed, left the Council at the end of February 2025. At this stage, reconciliations and supporting information for each of the Councils, financial balance types and audit trail for differences identified had not been provided. It took the council until November 2025 to provide all data that could be traced.

As a result, we undertook reconciliation procedures to assess whether the underlying records agreed to the reconciliations provided and the extent of differences. Enquiries were performed to understand whether the differences were known by the Council and if journals had been posted to correct the differences. Reconciling differences were identified across Housing benefits, debtors, NNDR and Council tax. For debtors and NNDR the Council had identified these differences and either had corrected or written them off, or had identified the differences but are yet to correct or write off. For housing benefits and council tax we identified differences which had not been identified by the Council as the reconciliations were not undertaken.

We have considered the impact of this on our audit procedures and where necessary have undertaken further work to gain assurance over the new system implementation.

Whilst the Council has not retained complete and accurate records to validate the migration of data, none of the differences identified are material in nature, whether treated as individual balances or in combination.

Communication requirements and other responsibilities

Other communication requirements

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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee and have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	We have not identified or suspected non-compliance of laws and regulations and nature, timing and extent of related audit procedures performed.
Written representations	Representations will be requested from management in respect of the significant assumptions used in making accounting estimates.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent and were returned with positive confirmation.
Disclosures	A number of amendments were identified and required to be processed in the disclosures of the accounts. We have set these out in more detail on the audit adjustments slide.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	As noted previously, there were significant delays in the provision of housing benefit working papers including to assist the IT required on the new system implementation. We have now received these and are able to commence our testing.
Other matters	No other matters to report.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">• The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities• For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Authority and the environment in which it operates• the Authority’s financial reporting framework• the Authority’s system of internal control for identifying events or conditions relevant to going concern <p>We will be reviewing management’s going concern assessment on receipt of this.</p> <p>However, as this year’s audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Because of the significance of the matter 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 ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. <p>Our review of the Annual Governance Statement is in progress.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Detailed work is required if any of the following thresholds are above £2bn:</p> <ul style="list-style-type: none"> • total assets excluding PPE • total liabilities less pension liabilities • total income • total expenditure <p>The Council does not exceed these thresholds therefore detailed testing is not required.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2024/25 audit of Bournemouth, Christchurch and Poole Council once we have formally responded to the objections made in respect of the financial statements and when we have received confirmation from the National Audit Office (NAO) that the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025.</p>

Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p>The impact of IFRIC 14 on the Councils net pension asset position resulted in an asset ceiling on £128.07m being applied.</p> <p>The draft accounts reported a net pension asset however after applying the asset ceiling, the updated accounts report a net pension liability of £62.88m.</p>	-	Cr Net pension asset / liability £128,068 Dr Pension Reserve £128,068	-	-
<p>The Skills and Learning service is operated as a shared service with Dorset Council. During testing we identified that the Council posted journals to account for Dorset Council's share, but in each case posted the full value of the service rather than the 49% portion. The Council has agreed to correct the journals.</p>	Dr Employee benefit expenses £1,922 Dr Other services expenses £1,915 Cr Fees and charges income £706 Cr Government grants £3,131			
<p>Grant income and other services expenditure are understated by £11.352m in the consolidated position. The Comprehensive Income and Expenditure Statement presentation does not reflect the Council's true transactions with its maintained schools.</p>	Dr Other services expenses £11,352 Cr Government grants & contributions £11,352		-	-

Audit adjustments cont'd

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
A Collection Fund debtor balance of £2.482m was incorrectly classified as a creditor. The error affected balance sheet presentation only and did not change the Comprehensive Income and Expenditure Statement.		Dr Creditors £2,482 Cr Debtors £2,482		
We identified an Assets under Construction (AuC) classification error. Craven Court property was complete and operational during the year but remained classified under AuC. A review of the AuC population confirmed that costs for this asset had not been transferred to the appropriate PPE category.		Cr AuC £3,025 Dr Council dwellings £3,025		
Group Balance sheet – Heritage assets valuation in the group balance sheet adjusted from £54.34m to £47.37m due to revaluation adjustment incorrectly processed.		Cr Heritage assets £6,970 Dr revaluation reserve £6,970		
Group comprehensive income and expenditure statement – the other comprehensive income and expenditure relating to surplus / deficit on revaluation of non-current assets and re-measurements of net defined benefit liability had not been updated since the prior year – adjustments TBC				

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Other payables were overstated by £1.932m due to an accrual error. The Council accrued £2.527m for an estimated overpayment of Early Years Funding from DSG for 2024/25, based on estimated hours. After year end, the Department for Education confirmed the actual overpayment was £594k, resulting in an over-accrual of £1.932m. The council opted not to update the accounts as the error is immaterial.		Dr Other Payables £1,932	-	-
		Cr DSG Adjustment Account £1,932		

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

	Disclosure	Misclassification or change identified	Adjusted?
	Narrative Report	The narrative report required some updates to ensure it is in line with CIPFA code requirements and to improve the clarity of information within the narrative report.	TBC
	Note 1a – Expenditure and Funding Analysis	The expenditure and funding analysis note has been amended so the first column agrees to the amounts reported in the Councils outturn report with an adjustment's column reporting adjustments required to get to the next chargeable to the general fund.	✓
28	Note 12 – Property Plant and equipment	To improve and the presentation of the Housing Revenue Account assets, the Council has amended Note 12 by splitting HRA assets column into two: Council Dwellings and HRA Other Land and Buildings. Council dwellings useful life updated to correctly reflect the range of years.	✓
	Note 14 – Financial Instruments	Some minor wording and disclosure changes were made to the financial instruments note.	✓
	Note 15 – Debtors	Misclassification of other receivables Our review identified that the trade receivables balance per the draft accounts had increased significantly compared to the prior year. Following inquiries with management, we confirmed that the increase was driven by a number of classification error within the receivables note, where wrong account codes were misclassified between trade receivables, other receivables, and Local Taxation receivables outstanding.	✓
	Note 17 – Creditors	During testing (Sample 3), a receipt in advance of £1,000,113 was incorrectly classified as Trade and Other Payables in the draft accounts. The Council reviewed and confirmed the error was isolated, the misclassification is between liability categories. No impact on the overall net position.	✓

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Note 25 - Officer's Remuneration	<p>Employees whose gross remuneration > £50,000.</p> <p>During our testing, we identified that there was a difference in the number of employees in bandings £100,000 - £104,999 and £110,000 - £114,999. As per original disclosure, there was one employee in the banding £100,000 - £104,999 and four employees in £110,000 - £114,999. We observed that the count should be two and three respectively. The Council has updated the disclosure accordingly.</p>	✓
∞ Note 29 - Dedicated Schools Grant	<p>Minor disclosure errors were noted in the DSG note within the draft accounts. A heading incorrectly referenced 2022/23 instead of 2023/24. The “Carry forward to 2025/26” figure was shown as zero, whereas it should reflect the in-year carry forward plus the prior year agreed carry forward (£49.745m). This error does not impact the overall DSG deficit position and is purely a disclosure issue.</p>	✓
Note 28 - External Audit Costs	<p>We identified two figures that should not have been disclosed:</p> <p>£19,000 under “Audit Fees for Charities”.</p> <p>£42,000 under “Fee payable in respect of Grant Claims” relating to Summer Audit for the HB Assurance Report.</p> <p>Paragraph 3.4.4.1 of the CIPFA Code 2024/25 requires this note to include only fees payable to the auditor appointed under the Local Audit and Accountability Act 2014. These fees do not meet that requirement.</p>	✓
Note 30 – Grant Income	Prior year comparatives added for miscellaneous grants	✓
Note 31 – related parties	Amounts paid to Tricuro Ltd updated from £0.183m to £19.381m for 2024/25	✓

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Note 32 – Capital expenditure and financing	The descriptors used for “revenue provision for repayment of borrowing” and “general fund receipt set aside to repay borrowing” updated to “minimum revenue provision” and “voluntary revenue provision” to improve the clarity of the note.	✓
Note 33 - Council as Lessor	During our review of Note 33 (Council as Lessor), we noted that the disclosure was incorrect and the figures did not agree to the supporting evidence. Out of 9 samples tested, 7 failed and 2 passed. The errors were caused by incorrect agreed lease amounts being used in preparing the note. The Council has agreed to reproduce Note 33 using accurate lease and is currently reworking the note.	TBC
Note 35 – defined benefit pension schemes	Disclosures notes have been updated to reflect the adjustment due to the application of the asset ceiling including an additional asset ceiling movement table. Wording adding in respect of the Virgin Media court of appeal judgement	✓
Housing Revenue Account - Note 2	Depreciation charges in Housing Revenue Account Note 2 were incorrectly disclosed under “Development Land” column instead of “Plant and Equipment” in the draft Statement of Accounts.	✓
Group Accounts – Note 5 Heritage assets	Table disclosing the carrying value of heritage assets updated to remove revaluation of £7.750m and replace with correct value of £0.610m. Total balance as at 31 March changed from £54.336m to £47.376m.	
Other adjustments and changes	A number of other minor changes were identified and addressed in various sections of the financial statements during the course of our audit procedures. These changes, although individually immaterial, were considered necessary to enhance the accuracy, completeness, and presentation of the financial information.	✓

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● High	<p>A number of recommendations have been made in respect of our IT Audit undertaken in 2024/25.</p> <p>A separate, detailed IT Audit report has been provided to management where we have made a number of recommendations for management to implement.</p>	<p>The Council should ensure recommendations made in respect of IT findings are followed up in 2025/26.</p> <p>Management response</p> <p>A full detailed response has been given to the IT audit for 2024/25. The high risk is specifically in relation to D365 and we acknowledge the findings and have already taken steps to improve access governance, including the reallocation of F&O licenses. We will be looking to implement enhanced oversight for privileged access and introducing periodic user access reviews, alongside a cross-functional process with People and Culture, Finance and IT & Programmes to ensure timely revocation of F&O accounts and licences for leavers.</p>
● High	<p>The council has a significant number of nil net book value assets on it's fixed asset register.</p> <p>There is a risk that these may be overstating gross values and accumulated depreciation if they are no longer in use.</p>	<p>The Council should continue its review of nil net book values to ensure this is complete prior to the 2025/26 closedown of the fixed asset register.</p> <p>Management response</p> <p>A review has already been carried out in anticipation for the 2025/26 closedown and where assets are no longer in use they will be removed from the asset register.</p>

Key

- High Significant effect on control system and/or financial statements
- Medium Limited impact on control system and/or financial statements
- Low Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<div>●</div> <div>Medium</div>	<p>In our review the fixed asset register we identified</p> <ul style="list-style-type: none"> • 1 asset disposed of in 2024/25 which should have been disposed of in a prior year. • 2 assets within assets under construction which were completed and operational in year. <p>There is a risk that the fixed assets register is not accurately reporting the in year movements.</p>	<p>The Council should review its processes for ensuring the fixed asset register is fully up to date including disposals and assets under construction becoming operational are communicated and picked up by the capital team to ensure there are processed in a timely manner.</p> <p>Management response</p> <p>A process is already established to ensure the estates team and services inform accountancy of any disposal and where assets become operational in year. A reminder will be sent to all parties involved in preparation for the 2025/26 closedown.</p>
<div>88</div> <div>●</div> <div>Medium</div>	<p>The Council is required, under Section 26 of the Local Audit and Accountability Act 2014, to allow interested persons to inspect the accounting records for the financial year to which the audit relates.</p>	<p>The Council should ensure it has a clear process in place, and allocated resource, in order to respond to interested persons requests during the inspection period in a timely manner.</p> <p>Management response</p> <p>The council did respond to all requestors in the inspection of the accounts period, which is an improvement from previous years. It should be recognised that requests are numerous and time consuming but we try our utmost to respond in a timely manner.</p>
<div>●</div> <div>Low</div>	<p>Two instances of Long term debtors were identified which are not being monitored to ensure accuracy of the balance owed and recoverability of these.</p> <p>A provision was made against debtor balances where management were unable to trace to the specific debts it related to.</p>	<p>We recommend management review its process for monitoring of historical long term debtors and review legacy debtor provisions to ensure these are appropriate and supportable.</p> <p>Management response</p> <p>A review of long term debtors and provision has already been carried to ensure they are appropriate for 2025/26 year end position.</p>

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	Six recommendations have been identified in relation to the IT control audit. A separate IT report has been shared with management providing the detail. We have included the significant deficiencies in appendix F.	Our IT review in 2025/26 followed up on the actions identified in the prior year audits. A number of these had not been actioned, therefore we have made a recommendation in the current year action plan in respect of this.

Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR will be reported to you on November 27 Audit and Governance committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

06



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have identified any significant weaknesses in arrangements. Please see next side for summary of findings and the Annual Auditors Report for 2024/25 for the detailed findings.

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council’s arrangements is set out below. Further detail can be found on the following pages.

91	Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
	Financial sustainability	R Three significant weaknesses in arrangements identified, one retained from 2022/23 and two identified in 2023/24. One improvement recommendation retained from 2022/23.	Three risks of significant weakness identified in relation to: DSG deficit, cashflow and the level of reserves.	R We have reviewed the previous significant weaknesses and key recommendations and updated our assessment and concluded that, as the weaknesses are all founded on the increasing DSG deficit, its impact on cashflow and the lack of reserves to manage this deficit, it was more appropriate to combine these into a single significant weakness and key recommendation.
	Governance	A No significant weaknesses identified; three improvement recommendations, two retained from 2022/23 and one raised in 2023/24.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but four improvement recommendations made to support the Council in improving arrangements for treasury management, officer complaints, lessons learnt reporting and Council-owned companies.
	Improving economy, efficiency and effectiveness	R Two significant weakness in arrangements identified, one key recommendations raised in 2023/24 and one key recommendation retained from 2022/23.	Two risks of significant weakness identified in relation to: statutory direction on the Council’s SEND service and the ‘inadequate’ rating for children’s services from Ofsted.	R One significant weaknesses in arrangements remains for the statutory direction in relation to SEND (special education needs and disabilities) service and a key recommendation made. The Council has significantly improved its Ofsted rating to ‘Good’, so our previous key recommendation has been addressed.

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendation(s) made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

In 2024/25, the Council delivered a £1.2m revenue underspend. The capital budget was reduced in-year to £110m from £148m with final spend of £90.7m (82%). The Council has set a balanced budget for 2025/26. The Medium-Term Financial Plan (MTFP) has been regularly reviewed and reported to Cabinet in 2024/25 and into 2025/26. The financial risks faced by the Council have also been clearly communicated to members.

The Council remains under significant financial pressure and is not financially sustainable. Its Dedicated Schools Grant (DSG) cumulative deficit continued to significantly increase in 2024/25 to £113.3m and is expected to be £180m at the end of 2025/26. Whilst usable reserve levels have increased to £87m (earmarked and unearmarked reserves) they remain considerably below the cumulative DSG deficit. The DSG deficit also continues to have a negative impact on the Council's cashflow position. The cost of this is estimated to be £4.7m in 2024/25 and £7.5m in 2025/26. The Council has negotiated a temporary solution with the Government and can borrow short term within its Treasury Management powers above its Capital Finance Requirements. We have identified these issues as a significant weakness and have raised a key recommendation, which has been accepted by Management, see pages 19 and 20.



Governance

The Council had arrangements in place to identify and manage risks. Budget setting and monitoring arrangements were appropriate. Treasury management reporting could be enhanced by including comparisons to previous periods on the level of short-term borrowing, and we raise an improvement recommendation on page 25. In September 2024 the non-statutory Best Value Notice was lifted following completion of the required actions.

In 2024/25 we established that the Council had a range of policies, codes of conduct and a protocol for councillor/officer relations in place. We raise an improvement recommendation to expand the Constitution to ensure it is consistent with the Joint Negotiating Committee's guidance, and for the Council to strengthen its governance of Council-owned companies. See pages 26 and 27.

The Council's Audit and Governance Committee has scoped and commissioned a lessons learnt review of BCP Future Places Ltd. An initial report has been issued, but a full report with recommendations has not been issued. We recommend the Council should develop an action plan in response to this review, once Internal Audit have completed their investigations.

The Council's latest Procurement and Contract Management Strategy was approved by Cabinet in September 2024 and included the requirements of the 2023 Procurement Act.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Improving economy, efficiency and effectiveness

In 2024/25, corporate performance was reported quarterly to Cabinet. Performance metrics were RAG-rated and under performance required Exception Performance Reports to be provided.

In December 2024, the Council received a 'Good' Ofsted rating following an inspection of its Children's Services. This is a great improvement and demonstrates strong commitment by the Council to address previously identified weaknesses and improve the assessment by two gradings from the previous rating of 'inadequate'. Our previous assessment of a significant weakness in arrangements is therefore no longer in place.

In 2023/24 the Council was issued with a statutory direction in relation to its SEND (special education needs and disabilities) services. Whilst there is evidence that the Council has made some progress in addressing the statutory direction, further progress is required to remove this statutory direction. There are several unfinished actions, one action has not yet been started and performance against the Improvement Plan remains inconsistent. Consequently, the significant weakness and key recommendation in relation to this remains in place, see page 32.

The Council had adequate arrangements for procurement and commissioning activity although, the Council recognise its contract monitoring arrangements could be improved further. Improvements identified will be addressed through its delivery plan supporting the Procurement and Contract Management Strategy and we do not consider the need to raise an improvement recommendation.



Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms. In this context there are no independence matters that we would like to report to you.

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council or group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or group or investments in the group held by individuals.
95 Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council or group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We are aware of local taxation charges paid by Grant Thornton to the Council as a result of the firm having an office located in Bristol. We do not consider that this gives rise to a business relationship between the firm and the Council as the firm has no choice but to pay local taxes. Therefore, we do not consider this to give rise to an independence issue.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council/group, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements


Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to a current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Bournemouth, Christchurch and Poole Council. The table summarises all non-audit services which were identified.

 Audit fees	£
Bournemouth, Christchurch and Poole Audit (Scale Fee)	469,068
Use of Auditors Expert (property valuations)	7,500
IFRS 16	12,000
ISA 600	10,000
Additional fee in respect of new system implementation	TBC
Additional fee in respect of Housing Benefit expenditure testing	TBC
Total	TBC

Fees and non-audit services

Audit-related non-audit services

Service	2023/24 £	2024/25 £	Threats Identified	Safeguards applied
Certification of Teacher’s Pension Return	12,500 (10,000 2022/23)	12,500*	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services) Management	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the scale fee for the audit and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.</p>
Certification of Housing Capital Receipts Grant	10,000 (10,000 2022/23)	10,000*	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services) Management	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the scale fee for the audit and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self-review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.</p>

*Proposed fee

Fees and non-audit services

Audit-related non-audit services

Service	2023/24 £	2024/25 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	0 49,000 (2022/23)	0	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services) Management	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £49,000 in comparison to the scale fee for the audit and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.</p> <p>Note that Grant Thornton UK LPP were not engaged to undertake this work in either 2023/24 or 2024/25.</p>

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Fees and non-audit services

Total audit and non-audit fee

(Audit fee 2024/25)	498,568	(Non-audit fee 2024/25)	22,500
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The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

Fees per financial statements:

- 66
- Audit Fee £0.499m – this reconciles to audit fee set out on page 55.
 - Additional fees in respect of prior year audits £0.079m – this relates to prior year additional fees relating to the statutory audit agreed in year and not 2024/25 additional fees therefore not included in tables above.
 - Grant Claim Fees £0.023m – this is 2024/25 teachers pension and housing capital receipts grant audits and reconciles to page 56.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Appendices

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A. Communication of audit matters with those charged with governance

101	Our communication plan	Audit Plan	Audit Findings
	Respective responsibilities of auditor and management/those charged with governance	●	
	Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
	Confirmation of independence and objectivity	●	●
	A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
	Significant matters in relation to going concern	●	●
	Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
	Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
	Significant findings from the audit		●
	Significant matters and issue arising during the audit and written representations that have been sought		●
	Significant difficulties encountered during the audit		●
	Significant deficiencies in internal control identified during the audit		●
	Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Our team and communications

Grant Thornton core team

Barrie Morris

Engagement Lead/
Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Katie Whybray

Senior Manager

- Audit team supervision
- Leading on the running of the audit

Adams Azubilla

Audit Senior / In-charge

- Day-to-day point of contact
- Audit fieldwork

Ginette Beal

VFM Specialist

- VFM specialist
- Main contact for VFM reporting

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none">• Annual client service review	<ul style="list-style-type: none">• The Audit Plan• The Audit Findings Report• Audit Opinion• Auditor Annual Report• Progress and Sector Updated Reports	<ul style="list-style-type: none">• Audit planning meetings• Audit clearance meetings• Communication of issues log	<ul style="list-style-type: none">• Technical updates
Informal communications	<ul style="list-style-type: none">• Open channel for discussion		<ul style="list-style-type: none">• Communication of audit issues as they arise	<ul style="list-style-type: none">• Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

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The Audit Plan | 63

C. Logistics





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BCP Council – Finance Services - Accountancy

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

15 January 2026

Dear Grant Thornton UK LLP

Bournemouth, Christchurch and Poole Council Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Bournemouth, Christchurch and Poole Council ("the Authority") and its subsidiary undertaking ("the group") as shown in Appendix I to this letter, for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the group and Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the group and Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the group and Authority financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of land and building, investment properties and council dwellings, valuation of pension

liabilities, provisions, accounting for right of use assets under IFRS16. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Authority financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the group and Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the group and Authority and their financial position at the year-end 31 March 2025. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards. We have considered whether the Council is required to reflect a liability in respect of equal pay claims within its financial statements. We confirm that we are satisfied that no liability needs to be recognised.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the group and Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the group and Authority means that, notwithstanding any intention to cease the group and Authority operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related

public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

- b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the group and Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Authority's ability to continue as a going concern need to be made in the financial statements.

- xiv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xv. The group and Authority has complied with all aspects of ring-fenced grants that could have a material effect on the group and Authority's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Authority's financial statements such as records, documentation and other matters
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the group and Authority from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Authority, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the group and Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

- xxv. On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2026. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'backstop date'. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date in relation to property, plant and equipment and reserves.

Annual Governance Statement

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the group and Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Authority's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit and Governance Committee at its meeting on 15 January 2026.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

Appendix 1: Unadjusted Errors

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Other payables were overstated by £1.932m due to an accrual error. The Council accrued £2.527m for an estimated overpayment of Early Years Funding from DSG for 2024/25, based on estimated hours. After year end, the Department for Education confirmed the actual overpayment was £594k, resulting in an over-accrual of £1.932m. The council opted not to update the accounts as the error is immaterial.		Dr Other Payables £1,932 Cr DSG Adjustment Account £1,932	-	-

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BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL

DRAFT STATEMENT OF ACCOUNTS 2024/25

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NARRATIVE REPORT

Introduction

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 Corporate Strategy

Considering the development of the 2024/25 budget for BCP Council will be within the context of the Council having been formed in 2019 as the most complex piece of Local Government Reorganisation in a generation. It will also be in the context of a unitary authority which is currently only in its fifth year of operation, with annual gross turnover of around £735m, and an annual net revenue budget which for 2024/25 was £357m. Consideration should also be given to the legacy impact on the organisation's financial and non-financial resources of the global Covid-19 public health emergency, the ongoing cost of living crisis, and a financial environment which saw the council enter the governments Exceptional Financial Support programme in 2022.

In setting the budget for 2024/25, it is also critical that consideration is given to the vision and ambitions of the council, ensuring that the organisation commits its limited resources in accordance with its stated priorities.

In support of this, 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 Council's 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
Unringfenced Grants			
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	-
	4.8	4.7	-0.1

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	64.5
Additional Budgeted Expenditure		28.0	28.0		57.5
Further Additional Expenditure			16.6		
Total Estimated Expenditure	62.3	90.3	106.6	64.5	122.0
Dedicated Schools Grant (DSG) Funding	-62.3	-62.3	-62.0	-64.5	-64.5
Total DSG Grant Funding	-62.3	-62.3	-62.0	-64.5	-64.5
Net Overspend / Unfunded	0.0	28.0	44.6	0.0	57.5

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.

For background the government have issued capitalisation directions to 19 authorities in 2024/25. These include Birmingham (£685m), Bradford (£140m), Croydon (£38m), Nottingham (£41m), Plymouth (£72m), Somerset (£77m) and Southampton (£122m). None of these related the expenditure on the SEND service. The public announcement on these indicative announcements were made on the 29 February 2024.

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
Service Pressures (net of any specific grant changes)	320.4	21.7	13.3	14.5	49.5
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	

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 7th 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: 15 January 2026

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

Councillor Eleanor Connolly
Chair of Audit and Governance Committee

Date: 15 January 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	
1,041,275	(638,129)	403,145	Cost of Services	1,084,999	(667,966)	417,033	
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)	214,433	(73,041)	141,392	
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income (see Note 11)	-	(400,911)	(400,911)	
1,123,218	(1,072,350)	50,868	(Surplus) or Deficit on Provision of Services	1,341,517	(1,141,918)	199,599	
		(59,475)	(Surplus) / Deficit on Revaluation of Non-Current Assets			(97,040)	
		(105,779)	Re-measurement of the Net Defined Benefit Liability			(216,434)	
		(165,254)	Other Comprehensive Income and Expenditure			(313,474)	
		(114,386)	Total Comprehensive Income and Expenditure			(113,875)	

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	225,741	-	225,741	(26,142)	-	-	-	199,599	-	199,599
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(313,474)	(313,474)
Total Comprehensive Income and Expenditure	225,741	-	225,741	(26,142)	-	-	-	199,599	(313,474)	(113,874)
Adjustments Between Accounting Basis and Funding Basis under Regulations (See Note 7)	(241,477)	-	(241,477)	21,201	(1,939)	(2,603)	(3,264)	(228,082)	228,082	-
Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves	(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)	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	(1,211)	(14,524)	(15,736)	(4,941)	(1,939)	(2,603)	(3,264)	(28,483)	(85,392)	(113,874)
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)

MOVEMENT IN RESERVES STATEMENT 2023/24

	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 2023	(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)
Total Comprehensive Income and Expenditure	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	-
Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves	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	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	(8,211)	30,575	22,364	(982)	-	7,193	(8,047)	20,527	(134,913)	(114,385)
Balance at 31 March 2024	(26,114)	(45,403)	(71,517)	(5,503)	-	(9,295)	(48,708)	(135,023)	(1,383,192)	(1,518,215)

BALANCE SHEET

	<u>Note</u>	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
Long-Term Assets		2,082,364	2,184,362
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
Current Assets		174,419	125,549
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)
Current Liabilities		(307,484)	(332,062)
Provisions	18	(26,335)	(26,633)
Long-Term Borrowing	14	(249,962)	(247,075)
PFI Capital Obligation	14	(6,027)	(5,238)
Finance Lease Capital Obligation	33	-	(3,928)
Pensions Liability	35	(148,760)	(62,885)
Long-Term Liabilities		(431,084)	(345,759)
Net Assets		1,518,215	1,632,090
Usable Reserves	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)
		(135,023)	(163,507)
Unusable Reserves	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
		(1,383,192)	(1,468,583)
Reserves		(1,518,215)	(1,632,090)

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 15 January 2026.

CASH FLOW STATEMENT 2024/25

	Note	2023/24 £'000	2024/25 £'000
Net surplus or (deficit) on the provision of services		(50,868)	(70,463)
Adjustment to surplus or deficit on the provision of services for noncash movements	21	141,607	120,430
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>
Cash and cash equivalents at the beginning of the reporting period		(9,824)	20,979
Cash and cash equivalents at the end of the reporting period		20,979	(4,168)

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
Net Cost of Services	352,497	(23,198)	388,105	(12,410)	-	41,337	417,032
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			(360,095)	4,378	-	138,285	(217,433)
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)	-	-
(Surplus) or Deficit			(1,210)	(4,941)	(14,524)	220,276	199,599
Opening General Fund & HRA Balance			(26,114)	(5,503)	(45,403)	-	-
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(1,210)	(4,941)	(14,524)	-	-
Closing General Fund & HRA Balance at 31 March			(27,326)	(10,444)	(59,927)	-	-

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
Net Cost of Services	309,337	(54,243)	363,580	(10,668)	-	50,233	403,145
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			(314,788)	4,193	-	(41,681)	(352,277)
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	-	-
(Surplus) or Deficit			(8,212)	(982)	30,575	29,489	50,868
Opening General Fund & HRA Balance			(17,903)	(4,521)	(75,977)	-	-
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(8,212)	(982)	30,575	-	-
Closing General Fund & HRA Balance at 31 March			(26,114)	(5,503)	(45,403)	-	-

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) £'000	Net change for the Pensions Adjustments (ii) £'000	Other Differences (Note iii) £'000	Total Adjustments £'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)
Net Cost of Services	45,811	(3,969)	(504)	41,337
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
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	64,595	130,559	25,122	220,275

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)	6,808
Children's Services	9,293	(1,066)	180	8,407
Operations	45,191	(1,705)	-	43,486
Resources	1,622	(6,335)	7	(4,706)
Housing Revenue Account	(478)	(274)	97	(655)
Corporate Items	-	(3,110)	4	(3,106)
Net Cost of Services	58,102	(8,142)	273	50,233
Other Income and Expenditure from the Funding Analysis	(36,917)	8,290	(13,054)	(41,681)
Statutory provision for the financing of capital investment	(10,856)	-	-	(10,856)
Capital expenditure charged to balances	(7,458)	-	-	(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
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	42,122	148	(12,781)	29,489

(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

	2023/24	2024/25
	£'000	£'000
Expenditure		
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
Total expenditure	1,119,979	1,341,517
Income		
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)
Total income	(1,069,111)	(1,141,919)
Surplus or Deficit on the Provision of Services	50,868	199,598

*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.

	2023/24	2024/25
	£'000	£'000
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)
Total Income from Contracts with Service Recipients	(123,842)	(132,929)

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
Other Land and Buildings – Valuation of Assets, Asset life and Valuer Assumptions	<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>
Pensions Liability/Asset	<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>Investment Properties</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
<u>Adjustments Primarily Involving the Capital Adjustment Account</u>								
<u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
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	-
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
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)	-
Sub Total Carried overleaf	(47,754)	17,207	-	-	379	(30,167)	30,167	-

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
Sub Total Bfwd from previous page	(47,754)	17,207	-	-	379	(30,167)	30,167	-
<u>Adjustments Primarily Involving the Capital Grants Unapplied Account</u>								
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)	-
<u>Adjustments Primarily Involving the Capital Receipts Reserve</u>								
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	-	-	-	-
Sub Total Carried overleaf	(35,879)	21,029	-	(2,603)	(3,264)	(20,718)	20,718	-

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
Sub Total Bfwd from previous page	(35,879)	21,029	-	(2,603)	(3,264)	(20,718)	20,718	-
<u>Adjustments Primarily Involving the Major Repairs Reserve:</u>								
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)	-
<u>Adjustments Primarily involving the Deferred Capital Receipts Reserve:</u>								
Transfer of Deferred Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
<u>Adjustments Primarily involving the Financial Instruments Adjustment Account:</u>								
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)	-
<u>Adjustments Primarily involving the Pensions Reserve:</u>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(166,376)	170	-	-	-	(166,206)	166,206	-
Employer's Pensions Contributions and direct payments to Pensioners payable in the year	35,647	-	-	-	-	35,647	(35,647)	-
Sub Total Carried overleaf	(166,604)	21,199	(1,939)	(2,603)	(3,264)	(153,211)	153,211	-

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
Sub Total Bfwd from previous page	(166,604)	21,199	(1,939)	(2,603)	(3,264)	(153,211)	153,211	-
<u>Adjustments Primarily Involving the Collection Fund</u>								
<u>Adjustment Account:</u>								
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	-
<u>Adjustments Primarily Involving the Accumulated Absences Account:</u>								
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)	-
<u>Adjustments Primarily Involving the Dedicated School Grants Deficit:</u>								
Amount transferred in year to the Dedicated School Grant Deficit reserve	(49,744)	-	-	-	-	(49,744)	49,744	-
Total of Adjustments Between Accounting Basis and Funding Basis under Regulations	(241,477)	21,201	(1,939)	(2,603)	(3,264)	(228,082)	228,082	-

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
<u>Adjustments Primarily Involving the Capital Adjustment Account</u>								
<u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
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	-
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
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)	-
Sub Total Carried overleaf	(29,387)	4,573	-	-	1,226	(23,588)	23,588	-

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	(29,387)	4,573	-	-	1,226	(23,588)	23,588	-
<u>Adjustments Primarily Involving the Capital Grants Unapplied Account</u>								
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)	-
<u>Adjustments Primarily Involving the Capital Receipts Reserve</u>								
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	-	-	-	-
Sub Total Carried overleaf	(23,154)	8,699	-	7,193	(8,047)	(15,309)	15,309	-

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	(23,154)	8,699	-	7,193	(8,047)	(15,309)	15,309	-
<u>Adjustments Primarily Involving the Major Repairs Reserve:</u>								
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)	-
<u>Adjustments Primarily involving the Deferred Capital Receipts Reserve:</u>								
Transfer of Deferred Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
<u>Adjustments Primarily involving the Financial Instruments Adjustment Account:</u>								
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)	-
<u>Adjustments Primarily involving the Pensions Reserve:</u>								
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)	-
Sub Total Carried overleaf	(23,128)	8,864	0	7,193	(8,047)	(15,118)	15,118	-

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	-
<u>Adjustments Primarily Involving the Collection Fund</u>								
<u>Adjustment Account:</u>								
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)	-
<u>Adjustments Primarily Involving the Accumulated Absences Account:</u>								
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	-
<u>Adjustments Primarily Involving the Dedicated School Grants Deficit:</u>								
Amount transferred in year to the Dedicated School Grant Deficit reserve	(27,667)	-	-	-	-	(27,667)	27,667	-
Total of Adjustments Between Accounting Basis and Funding Basis under Regulations	(38,254)	8,767	0	7,193	(8,047)	(30,341)	30,341	-

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)
Earmarked Reserves	(75,977)	30,575	(45,403)	(14,524)	(59,927)
<u>Housing Revenue Account</u>					
Housing Revenue Account	-	-	-	-	-
Housing Revenue Account Total	-	-	-	-	-
Total General Fund and HRA Reserves	(75,977)	30,575	(45,403)	(14,524)	(59,927)

9. Other Operating Expenditure

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

10. Financing and Investment Income and Expenditure

	2023/24 £'000	2024/25 £'000
Interest payable and similar charges	9,255	11,801
Net interest on the net defined benefit liability/asset	8,290	6,458
Interest receivable and similar income	(4,766)	(2,630)
Income and expenditure in relation to investment properties	(5,069)	(3,868)
Changes in their fair value of investment properties	1,575	1,561
Total	9,285	13,322

11. Taxation and Non-Specific Grant Income

	2023/24 £'000	2024/25 £'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)
Total	(363,640)	(400,911)

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 £'000	2024/25 £'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
Total Significant Capital Commitments	14,130	38,367

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
Cost or Valuation											
Brought at 1 April 2024	754,583	22,760	823,827	68,782	24,470	17,582	1,971	-	-	1,713,974	8,452
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)	-
Balance at 31 March 2025	762,670	39,845	876,506	73,590	25,445	17,201	1,088	5,502	498	1,802,345	8,028
Accumulated Depreciation & Impairment											
Brought at 1 April 2024	-	(2,034)	(20,286)	(34,535)	(6,551)	-	-	-	-	(63,406)	-
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	-
Balance at 31 March 2025	0	(2,295)	(18,924)	(38,174)	(7,069)	-	-	(1,971)	(37)	(68,469)	-
Brought at 1 April 2024	754,583	20,726	803,541	34,247	17,920	17,582	1,971	-	-	1,650,570	8,452
Balance at 31 March 2025	762,670	37,550	857,582	35,416	18,377	17,201	1,088	3,532	461	1,733,876	8,028

* 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
Cost or Valuation									
Brought at 1 April 2023	736,864	26,784	776,749	62,671	23,456	10,608	6,540	1,643,673	8,624
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	-
Balance at 31 March 2024	754,582	22,760	823,828	68,782	24,470	17,582	1,971	1,713,975	8,452
Accumulated Depreciation & Impairment									
Brought at 1 April 2023	-	(1,662)	(25,881)	(30,496)	(6,083)	-	-	(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	-
Balance at 31 March 2024	-	(2,034)	(20,286)	(34,535)	(6,551)	-	-	(63,405)	-
Brought at 1 April 2023	736,864	25,122	750,868	32,176	17,373	10,608	6,540	1,579,552	8,624
Balance at 31 March 2024	754,582	20,726	803,542	34,247	17,920	17,582	1,971	1,650,570	8,452

* 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.

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

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

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.

	2023/24 £'000	2024/25 £'000
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
Net (gain) / loss	(3,493)	(2,307)

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

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

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
Net (gains)/losses on :-		
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	-	-
Total net (gains)/losses	(2)	(2)
Interest revenue		
Financial assets at amortised cost	(3,824)	(2,630)
Other financial assets at fair value through other comprehensive income	-	-
Total interest revenue	(3,824)	(2,630)
Interest expense	9,255	11,801

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
Financial Assets						
Amortised Cost	4	4	6,506	5,981	6,510	5,985
Fair Value through other comprehensive income	-	-	-	-	-	-
Total Financial Assets	4	4	6,506	5,981	6,510	5,985
Assets not defined as Financial Instruments	-	-	19,100	19,146	19,100	19,146
Total Assets	4	4	25,606	25,127	25,610	25,131

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
Financial Assets						
Amortised Cost	-	-	72,055	63,300	72,055	63,300
Fair Value through other comprehensive income	-	-	-	-	-	-
Total Financial Assets	-	-	72,055	63,300	72,055	63,300
Assets not defined as Financial Instruments	-	-	30,208	39,805	30,208	39,805
Total Assets	-	-	102,263	103,105	102,263	103,105

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
Financial Liabilities						
Amortised Cost	(255,989)	(256,241)	(158,075)	(222,628)	(414,064)	(478,869)
Total Liabilities	(255,989)	(256,241)	(158,075)	(222,628)	(414,064)	(478,869)

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
Financial Assets held at amortised cost:				
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)	-
Total Financial Assets	148,851	-	124,068	-

	As at 31 March 2024		As at 31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities held at amortised cost:				
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)	-
Total Financial Liabilities	(414,064)	(226,036)	(478,922)	(294,456)

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	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Long Term Borrowing **				
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>
Short Term Borrowing *				
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>
Total Borrowing	(295,126)	(226,036)	(370,960)	(294,456)

*** 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
Long-Term Debtors:		
- 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.

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

* 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.

	2023/24 %	2024/25 %
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
	100	100

	2024/25 £'000	2024/25 £'000	2024/25 £'000
	Sundry Debtors	Other Receivables	Total
Receivables outstanding	44,130	42,789	86,919
Less impairment	(18,743)	(4,876)	(23,619)
	25,387	37,913	63,300

- 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:

	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
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)
Total Financial Liabilities	(413,704)	(478,921)

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:

Comprehensive Income and Expenditure statement :		
	Balance as at 31 March 2024 £'000	Balance as at 31 March 2025 £'000
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	(723)	221
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)	(23,706)	(18,672)
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

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

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

Net Local Taxation receivable outstanding

2024/25	Council Tax £'000	NDR £'000	Total £'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 £'000	2024/25 £'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 £'000	2024/25 £'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)

Within the table above includes £53k held on behalf of Deputyship, where the Council acts as an administrator.

17. Creditors

	2023/24 £'000	2024/25 £'000
Trade payables due	(39,186)	(49,082)
Other payables due	(23,560)	(26,636)
Deputyship monies due	-	(53)
Total **	(62,745)	(75,771)
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)
Total	(27,274)	(5,859)	3,248	3,550	(26,335)	(9,477)	5,625	3,554	(26,633)

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.

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

	2023/24	2024/25
	£'000	£'000
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)
Total Usable Reserves	(135,023)	(163,507)

20. Unusable Reserves

	2023/24	2024/25
	£'000	£'000
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
Total Unusable Reserves	(1,383,192)	(1,468,583)

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.

	2023/24	2024/25
	£'000	£'000
Balance at 1 April	(586,664)	(633,039)
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
Surplus or Deficit on Reval of Non-current assets not posted to the Surplus or deficit on the provision of Services	(59,475)	(97,040)
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
Balance at 31 March	(633,039)	(692,955)

Capital Adjustment Account

	2023/24 £'000	2024/25 £'000
Balance at 1 April	(930,704)	(928,498)
Reversal of items relating to Capital expenditure debited or credited to the CI&E :		
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)
Net written out amount of the cost of Non-Current Assets consumed in the year	75,938	88,957
Capital Financing applied in year :		
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)
	(75,307)	(105,107)
Movements in the market value of Investment Properties debited or credited to Comprehensive Income and Expenditure Statement	1,575	1,561
Balance at 31 March	(928,498)	(943,087)

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.

	2023/24 £'000	2024/25 £'000
Balance at 1 April	(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
Balance at 31 March	(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 £'000	2024/25 £'000
Balance at 1 April		
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)
Balance at 31 March	(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 £'000	2024/25 £'000
Balance at 1 April	254,716	148,760
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
Balance at 31 March	148,760	62,885

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
Balance at 1 April	4,451	5,045
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)
Amounts accrued at end of current year	5,045	4,539

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
Balance at 1 April	(24,495)	(37,533)
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
Balance at 31 March	(37,533)	(11,901)

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
Balance at 1 April	35,845	63,512
In year deficit in respect of its schools' budget	27,667	49,745
Balance at 31 March	63,512	113,257

21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2023/24	2024/25
	£'000	£'000
Interest Received	4,450	2,313
Interest Paid	(9,255)	(11,801)
Dividends	310	311
	2023/24	2024/25
	£'000	£'000
Depreciation	56,752	65,111
Impairment and downward valuations	14,321	1,464
Amortisation	165	126
Movements in pension liabilities	(177)	1,423
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
	141,607	120,430

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:

	2023/24	2024/25
	£'000	£'000
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)
	(56,100)	(88,406)

22. Cash Flow Statement - Investing Activities

	2023/24	2024/25
	£'000	£'000
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
Net cash flows from investing activities	(24,906)	(43,999)

23. Cash Flow Statement - Financing Activities

	2023/24	2024/25
	£'000	£'000
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)
Net cash flows from financing activities	21,070	57,291

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.

	2023/24	2024/25
	£'000	£'000
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	-
	388	127	451	130

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
Totals	1,272,881	-	-	238,130	1,511,011

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
Totals	1,416,239	-	37,500	248,102	1,701,841

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

2024/25	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
Totals for 2024/25	19	28	47	2,300

2023/24	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
Totals for 2023/24	25	64	89	3,640

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 £'000	2024/25 £'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
Sub total	519	578
Fee payable in respect of Grant Claims	23	23
Total Fee payable in respect of other services	542	601
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
Final DSG for 2024/25 before Academy recoupment			365,830
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	-	-	-
In Year Carry-forward to 2025/26	(21,576)	(84)	(21,660)
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)
Net DSG position at the end of 2024/25			(113,257)

30. Grant Income

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

	2023/24 £'000	2024/25 £'000
Credited to Taxation and Non-Specific Grant Income		
Revenue Grants:		
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)
Capital Grants and Contributions:		
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)
Total	(75,354)	(104,604)

	2023/24 £'000	2024/25 £'000
Credited to Services		
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)
Total	(490,026)	(491,324)

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)
Total	(167,637)	(126,112)

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
Capital Grants Receipts in Advance		
Government Grants	(60,531)	(45,827)
Other Contributions	(15,780)	(21,100)
	(76,311)	(66,927)
Revenue Grants Receipts in Advance		
Government Grants	-	-
Other Contributions	(4,565)	(1,424)
	(4,565)	(1,424)

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 £'000	2024/25 £'000
Dorset Healthcare University NHS Foundation Trust	2,680	1,123
Tricuro Support Ltd	20,166	183
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 Owing to £'000	2023/24 Owing from £'000	2024/25 Owing to £'000	2024/25 Owing from £'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 £'000	2024/25 £'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 £'000	2024/25 £'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):

- Seascope South Ltd
- Bournemouth Building & Maintenance Ltd
- Seascope Group Ltd
- Tricuro Ltd
- Bournemouth Development Company LLP
- Seascope 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:

	2023/24	2024/25
	£'000	£'000
Seascope South Ltd	699	857
Bournemouth Building & Maintenance Ltd	10,630	12,954
Seascope Group Ltd	-	-
Tricuro Ltd	20,166	19,381
Seascope Homes & Property Ltd	41	75
BCP FuturePlaces Ltd	3,301	250

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

	2023/24	2023/24	2024/25	2024/25
	Owing to	Owing from	Owing to	Owing from
	£'000	£'000	£'000	£'000
Seascope South Ltd	-	-	(64)	164
Bournemouth Building & Maintenance Ltd	17	-	(618)	334
Seascope Group Ltd	-	-	-	2
Tricuro Ltd	-	904	(197)	643
Seascope 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.

	2023/24 £'000	2024/25 £'000
Opening Capital Financing Requirement	490,633	517,257
Capital investment:		
- 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
Source of Funding:		
- 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)
Other Sums set aside		
- Minimum Revenue Provision	(3,697)	(5,737)
- Voluntary Revenue Provision	(7,159)	(5,681)
- HRA receipt set aside to repay borrowing	(478)	(667)
Closing Capital Financing Requirement	517,257	543,264
Explanation of movement in year:		
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	-	-
Increase in Capital Financing Requirement	26,624	26,007

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
Value at 31 March	3,325	206	8,028	11,559

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

	2024/25 £'000
Comprehensive Income and Expenditure Statement	
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
Cash Flow Statement	
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:

	2024/25
Short Term Creditors	£'000
PFI library	(842)
Finance Leases	-
Right of Use Assets	(754)
	<u>(1,596)</u>
Other Long Term liabilities	
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:

	2024/25
Analysed by:	£'000
Current	(1,596)
Non Current	(6,924)
Finance costs payable in future years	<u>(8,520)</u>
	2024/25
Finance Lease Liabilities	£'000
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:

	31/03/2024	31/03/2025
	£'000	£'000
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
	5,852	6,398

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:

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

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.

	31/03/2024	31/03/2025
	£'000	£'000
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
	402	344

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

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

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.

	31/03/2024	31/03/2025
	£'000	£'000
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
	193,980	153,408

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:

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

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.

	2023/24	2024/25
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.

	2023/24 £'000	2024/25 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services :-		
- Service Cost	23,896	28,035
- Current	231	2,654
- Past	1,001	992
- Administration expenses	25,128	31,681
Financing and Investment Income and Expenditure :-		
- Interest cost	8,290	6,460
Total Post Employment Benefits charged to the Surplus or Deficit on the provision of Services	33,418	38,141
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement :-		
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)
	(105,779)	(88,366)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	(72,361)	(50,225)
Movement In Reserves Statement		
- 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
Actual amount charged against the General Fund Balance for Pensions in the year	177	(2,493)

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:

	2023/24 £'000	2024/25 £'000
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)
Net Liability arising from Defined Benefit Obligation	(148,760)	(62,884)

** 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

	2024/25
	£'000
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

	2023/24	2024/25
	£'000	£'000
Opening Fair Value of Scheme Assets at 1 April	1,212,496	1,336,355
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)
Closing Fair Value of Scheme Assets at 31 March	1,336,355	1,370,315

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

	2023/24 £'000	2024/25 £'000
Balance at 1 April	(1,467,212)	(1,485,115)
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
Closing Balance at 31 March	(1,485,115)	(1,305,131)

Local Government Pension Scheme Assets Comprised:

	2023/24 £'000	2024/25 £'000
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
	1,336,355	1,370,315

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	-	-	-	-
Total		67.0%	33.0%	66.0%	34.0%

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 %	2024/25 %
Expected rate of return on assets in the scheme	34.03	33.59
	2023/24 Years	2024/25 Years
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

	2023/24	2024/25
	%	%
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.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £ 000's	Decrease in £ 000's
Longevity (increase or decrease in 1 year)	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
EXPENDITURE		
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
Total Expenditure	43,762	38,046
INCOME		
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)	-
Total Income	(54,812)	(59,094)
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	(11,050)	(21,048)
HRA share of Non-Distributed Costs	(274)	(276)
Net Cost of HRA Services	(11,324)	(21,324)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(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)
(Surplus) / Deficit for the year on HRA Services	(9,751)	(26,141)

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

	2023/24 £'000	2024/25 £'000
Balance at Beginning of Year	(4,521)	(5,504)
(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
Net (Increase)/Decrease before transfers to or from Earmarked Reserves	(983)	(4,909)
Transfers to/(from) Earmarked Reserves	-	-
(Increase)/Decrease in Year on the HRA	(983)	(4,909)
Balance at End of Year	(5,504)	(10,413)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

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

	Bedroom No.	2023/24 No.	2024/25 No.
Flats	0	376	375
	1	3184	3,208
	2	1544	1,556
	3	146	146
Houses	1	2	3
	2	1157	1,155
	3	2168	2,156
	4	276	276
	5+	12	12
Bungalows	0	8	8
	1	482	481
	2	160	162
	3	32	31
	4	3	3
	5+	1	1
Shared-ownership		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
Property, Plant & Equipment	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Brought Forward 1 April 2024	754,583	5,276	13,089	2,824	1,571	777,343
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	-	-	-	-	-	-
Balance Carried Forward 31 March 2025	762,670	9,150	25,776	2,662	2,257	802,515
Accumulated Depreciation & Impairment						
Brought Forward 1 April 2024	-	-	-	(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)
Balance Carried Forward 31 March 2025						
Balance Sheet Amount 1 April 2024	754,583	5,276	13,089	790	1,571	775,309
Balance Sheet Amount 31 March 2025	762,670	9,150	25,776	367	2,257	800,220

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

4. Summary of Capital Expenditure and Sources of Finance

	2023/24 £'000	2024/25 £'000
Opening Capital Financing Requirement	132,703	131,474
Appropriation of Property from the HRA	40	7,375
Capital investment:		
- Property, Plant & Equipment	24,417	29,129
Source of Funding:		
- 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)
Closing Capital Financing Requirement	131,474	137,781
Explanation of movement in year:		
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
Increase in Capital Financing Requirement	(1,229)	6,307

5. Capital Receipts

	2023/24 £'000	2024/25 £'000
Balance at 1 April	(7,603)	(6,959)
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
Balance at 31 March	(6,959)	(7,605)

6. Depreciation and Impairment of Non-Current Assets

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

7. Rent Arrears

	Balance 31/03/2024 £'000	Balance 31/03/2025 £'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
Income						
Council Tax receivable	-	(299,362)	(299,362)	-	(318,172)	(318,172)
Business Rates receivable	(125,208)	-	(125,208)	(139,507)	-	(139,507)
Total Income	(125,208)	(299,362)	(424,570)	(139,507)	(318,172)	(457,679)
Charges to the Collection Fund:						
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	-	-	-
Total charges to the Collection Fund	(1,093)	2,453	1,360	10,404	3,578	13,982
Net Collectable	(126,301)	(296,909)	(423,210)	(129,103)	(314,594)	(443,697)
Less other charges:						
Transitional Protection sums due from/to Authority	(9,627)	-	(9,627)	(2,115)	-	(2,115)
Cost of Collection Allowance	603	-	603	599	-	599,262
Non-domestic rating (NNDR) and Council tax income for 2023/24	(135,325)	(296,909)	(432,234)	(130,619)	(314,594)	(445,213)
Demands, Precepts and Proportionate Shares:						
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
Council Tax and NNDR expenditure at 31 March	108,686	297,721	406,407	122,577	319,339	441,916
Council Tax and NNDR net position at 31 March	26,639	(812)	25,827	8,042	(4,745)	3,297
surplus (+)/deficit (-) b/f 1 April	41,172	5,307	46,479	69,055	4,495	73,549
surplus (+)/deficit (-) arising during year	-	-	-	-	-	-
Estimated surplus (+)/deficit (-) payable in year	1,244	-	1,244	(52,390)	-	(52,390)
Collection fund Surplus/(Deficit) at 31 March	69,055	4,494	73,550	24,707	(250)	24,458
Collection Fund Surplus/(Deficit) c/f 31 March:	Business Rates £'000	Council Tax £'000	TOTALS £'000	Business Rates £'000	Council Tax £'000	TOTALS £'000
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
Surplus/(Deficit) c/f 31 March	69,055	4,495	73,550	24,707	(250)	24,457

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
Total	189,676.0	148,408.0		148,567
Expected Collection Rate				98.50%
				146,342

2. Income from Business Rate Payers

	2023/24	2024/25
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

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

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	343,186	(206,581)	136,605
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
1,044,896	(640,806)	404,090	COST OF SERVICES	1,091,273	(673,300)	417,973
2,078	(3,264)	(1,186)	Other Operating Expenditure	(73,041)	(3,800)	(76,841)
79,866	(70,580)	9,286	Financing and Investment Income and Expenditure	42,085	(401,075)	(358,990)
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income	42	214,433	214,475
1,126,840	(1,078,290)	48,550	(Surplus) / Deficit on Provision of Services	1,060,359	(863,742)	196,618
		(59,475)	(Surplus) / Deficit on Revaluation of Non-current Assets			(97,040)
		(105,779)	Re-measurement of Net Defined Benefit Liability			(216,434)
		(165,254)	Other Comprehensive Income and Expenditure			(313,474)
		(116,704)	Total Comprehensive Income and Expenditure			(116,856)

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 Tricuro	-	-	-	-	-	-	-	-	-	-	(2,324)	(2,324)
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)	(97,562)	(1,615,778)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	225,742	-	225,742	(26,142)	-	-	-	199,600	-	199,600	(2,982)	196,618
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(313,474)	(313,474)	-	(313,474)
Total Comprehensive Income and Expenditure	225,742	-	225,742	(26,142)	-	-	-	199,600	(313,474)	(113,874)	(2,982)	(116,856)
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	-	-	-
Net (Increase) / Decrease before Transfers to/ from Earmarked Reserves	(15,735)	-	(15,735)	(4,941)	(1,939)	(2,603)	(3,264)	(28,482)	(85,392)	(113,874)	(2,982)	(116,856)
Transfers (to) / from Earmarked Reserves	14,524	(14,524)	0.00	-	-	-	-	0.00	-	-	-	-
(Increase) / Decrease in Year	(1,211)	(14,524)	(15,735)	(4,941)	(1,939)	(2,603)	(3,264)	(28,482)	(85,392)	(113,874)	(2,982)	(116,856)
Balance at 31 March 2025	(27,325)	(59,928)	(87,253)	(10,444)	(1,939)	(11,898)	(51,972)	(163,507)	(1,468,584)	(1,632,090)	(100,544)	(1,732,635)

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)
Total Comprehensive Income and Expenditure	60,618	-	60,618	(9,750)	-	-	-	50,868	(165,254)	(114,386)	(2,319)	(116,705)
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	-	-	-
Net (Increase) / Decrease before Transfers to/from Earmarked Reserves	22,364	-	22,364	(982)	-	7,193	(8,047)	20,527	(134,913)	(114,386)	(2,319)	(116,705)
Transfers (to) / from Earmarked Reserves	(30,575)	30,575	-	-	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	(8,211)	30,575	22,364	(982)	-	7,193	(8,047)	20,527	(134,913)	(114,386)	(2,319)	(116,705)
Balance at 31 March 2024	(26,114)	(45,404)	(71,518)	(5,503)	-	(9,295)	(48,708)	(135,023)	(1,383,192)	(1,518,215)	(95,237)	(1,613,452)

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
Total Long-Term Assets		2,177,194	2,282,047
Short-Term Investments		-	-
Assets Held for Sale		625	4,384
Inventories		1,047	818
Short-Term Debtors		102,312	103,248
Cash and Cash Equivalents		71,010	24,199
Total Current Assets		174,994	132,649
Public Finance Initiative Current Obligation		(642)	(842)
Lease liabilities		-	(4,682)
Short-Term Borrowing		(45,164)	(123,885)
Short-Term Creditors		(131,443)	(121,041)
Bank Overdraft		(49,524)	(21,429)
Grants Receipts in Advance - Revenue		(4,565)	(1,424)
Grants Receipts in Advance - Capital		(76,311)	(66,927)
Total Current Liabilities		(307,649)	(340,230)
Provisions		(26,335)	(26,633)
Long-Term Borrowing		(249,963)	(247,075)
Public Finance Initiative Capital Obligation		(6,027)	(5,238)
Pensions Liability		(148,760)	(62,885)
Total Long-Term Liabilities		(431,085)	(341,831)
Net Assets		1,613,454	1,732,635
Usable Reserves		(135,153)	(166,088)
Unusable Reserves	6	(1,478,300)	(1,566,547)
Total Reserves		(1,613,454)	(1,732,635)

GROUP CASH FLOW STATEMENT

	2023/24 £'000	2024/25 £'000
Net (Deficit)/Surplus on the provision of services	(48,549)	(67,481)
Adjust net Deficit on the Provision of Services for Non Cash Movements	139,288	117,448
Adjust for Items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	(56,048)	(88,360)
Net Cash Flows from Operating Activities	34,691	(38,393)
Investing Activities	(24,906)	(44,121)
Financing Activities	21,070	57,291
Net Increase (Decrease) in Cash and Cash Equivalents	30,855	(25,223)
Cash and Cash Equivalents at Beginning of the Reporting Period	(9,369)	27,993
Cash and Cash Equivalents at End of the Reporting Period	21,486	2,770

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 Seaford 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 Mudeford 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
Total	762,670	37,549	908,451	35,419	352,837	18,377	17,201	1,088	3,532	461	2,137,585

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
Cost or Valuation											
Balance at 1 April 2024	754,583	22,760	872,346	68,782	24,471	17,582	1,970	-	-	1,762,494	8,452
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	(12,164)	4,549	77,669	-	-	2,136	-	-	-	72,190	-
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	7,613	(2,966)	(5,463)	152	-	(962)	(1,573)	18	464	(2,717)	-
Reclassification - outside PPE	-	-	(4,466)	-	-	1,240	-	-	-	(3,226)	-
Balance at 31 March 2025	762,671	39,845	927,378	73,590	25,446	17,201	1,087	5,502	498	1,853,218	8,028
Accumulated Depreciation & Impairment											
Balance at 1 April 2024	-	(2,035)	(20,287)	(34,536)	(6,552)	-	-	-	-	(63,410)	-
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	8,028
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	-
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	162	1,643	4,093	-	-	-	-	-	5,898	(276)
Reclassification - within PPE	(6)	-	58	-	-	(15)	-	-	(37)	-	-
Reclassification - outside PPE	-	-	82	-	-	-	-	-	-	82	-
Balance at 31 March 2025	-	(2,296)	(18,925)	(38,172)	-	-	(1,970)	(37)	(68,470)	(68,470)	7,752
Balance at 1 April 2024	754,583	20,725	852,059	34,246	17,919	17,582	1,970	-	-	1,699,084	8,452
Balance at 31 March 2025	762,671	37,549	908,453	35,418	25,446	17,201	(883)	5,465	(67,972)	1,784,748	15,780

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
Cost or Valuation									
Balance at 1 April 2023	736,864	26,784	814,260	62,671	23,457	10,608	6,539	1,681,184	8,624
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	-
Balance at 31 March 2024	754,582	22,760	872,346	68,782	24,471	17,582	1,970	1,762,493	8,452
Accumulated Depreciation & Impairment									
Balance at 1 April 2023	-	(1,662)	(25,881)	(30,496)	(6,083)	-	-	(64,122)	-
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	-
Balance at 31 March 2024	-	(2,034)	(20,287)	(34,536)	(6,550)	-	-	(63,407)	-
Balance at 1 April 2023	736,864	25,122	788,379	32,175	17,374	10,608	6,539	1,617,062	8,624
Balance at 31 March 2024	754,582	20,726	852,059	34,246	17,921	17,582	1,970	1,699,086	8,452

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.

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

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

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:

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

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 Trumphans' 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
Total Unusable Reserves	(1,478,300)	(1,566,547)

7. Intra Group Loans

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

	2023/24			2024/25		
	FuturePlaces	BDC	Total	FuturePlaces	BDC	Total
	Ltd			Ltd		
	£'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.

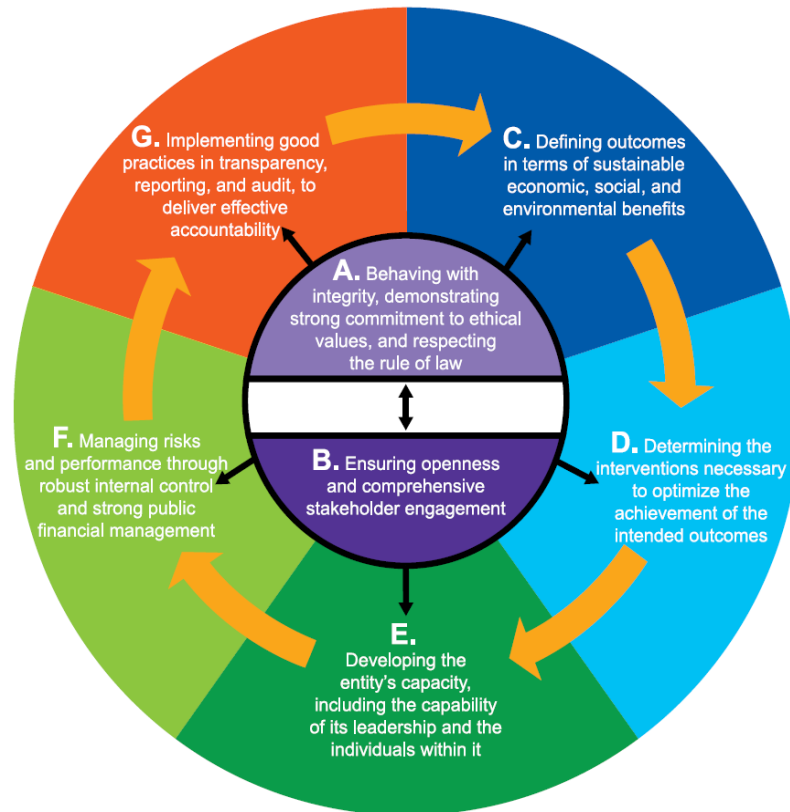


Scope of Responsibility

- 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 2023/24 AGS . Note , 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 2023/24 AGS .
3	Member Mandatory Training	This updates the Mandatory Training significant governance issue from the 2023/24 AGS , 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

1	<p>Designated School Grant (DSG) – 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>		
	Action Points	Responsible Officer	Target Date
	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>Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 - BCP</p> <p>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>		
	Action Points	Responsible Officer	Target Date

	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
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3	Mandatory Training – 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.		
	Action Points	Responsible Officer	Target Date
	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.

Chief Executive of BCP Council

Date

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.

AUDIT AND GOVERNANCE COMMITTEE



Report subject	External Auditor – Audit Progress & Sector Update
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>Grant Thornton, as the Council's appointed External Auditors, have produced a report (Appendix A) which provides an update to Audit & Governance Committee on their progress to date in delivering their responsibilities.</p> <p>The report includes an update on their audit work. Key points of note are:</p> <ul style="list-style-type: none"> • Financial Statements Audit 2024/25 <ul style="list-style-type: none"> ○ Work on the financial statement audit is nearly complete. ○ The audit findings report is being reported to the Audit & Governance Committee alongside this progress report. ○ The value for money audit is complete and was included in the interim annual auditor report (AAR) presented to this committee in Nov 2025. ○ The AAR report will be updated to include key financial statement audit findings and then issued in final form. • Financial Statements Audit 2025/26 <ul style="list-style-type: none"> ○ Plan to undertake planning and early testing prior to the year end to support an earlier completion. ○ In order to prepare for the backstop moving forward over the next two years, plan to finalise the 2025/26 audit by November 2026. <p>The report also includes a summary of emerging national issues and developments that may be relevant to the Council.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>Audit & Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.</p>
Reason for recommendations	<p>To update Audit & Governance Committee on the External Auditor's progress to date in delivering their responsibilities.</p> <p>To advise Audit & Governance Committee of emerging national issues and developments that maybe relevant to the Council.</p>
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance

Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpCouncil.gov.uk
Wards	Council-wide
Classification	For Information

Background

1. Grant Thornton are the appointed External Auditors for Bournemouth, Christchurch and Poole Council.
2. Grant Thornton, as the Council's External Auditors, have a responsibility to provide regular updates to those charged with governance (Audit & Governance Committee) on progress made in delivering their responsibilities.

External Audit Progress Report

Progress as at January 2026

3. The attached report (Appendix A) details progress made by Grant Thornton in delivering their responsibilities as external auditors.
4. The report includes an update on the following areas for their work, in summary:
 - **Financial Statements Audit 2024/25**
 - Work on the financial statement audit is nearly complete.
 - The audit findings report is being reported to the Audit & Governance Committee alongside this progress report.
 - The value for money audit is complete and was included in the interim annual auditor report (AAR) presented to this committee in Nov 2025.
 - The AAR report will be updated to include key financial statement audit findings and then issued in final form.
 - **Financial Statements Audit 2025/26**
 - Plan to undertake planning and early testing prior to the year end to support an earlier completion.
 - In order to prepare for the backstop moving forward over the next two years, plan to finalise the 2025/26 audit by November 2026.

Sector Updates

5. The report also includes a summary of emerging national issues and developments that may be relevant to the Council (as a local authority) which includes:
 - After the Backstop: Reset, recovery and reform in the audit of local authority accounts
 - Changes at the top, but no sudden twists and turns
 - Autumn Budget 2025
 - Local Government support and value
 - Fair Funding Review

- Local government reorganisation – latest developments
- Preventative spending
- Performance Trackers 2025
- The Covid-19 Inquiry
- Special educational needs and disabilities (SEND)
- The Renter's Rights Act
- Proposed new duty of candour and standards regime
- Business cases for net zero
- Healthy environments for resilient towns
- Annual Local Government Accounts Webinar (for accounts preparers)

Webinar for Audit Committee members

6. A webinar for members of Audit Committees is planned for the 10 February 2026 covering the best steps to take “after the Backstop” and will discuss:

- Adding value to the financial reporting function; and
- How to navigate the external audit process with success.

In addition, proposed reforms to the audit framework; updates on the new Local Audit Office; and what best to focus on while waiting for new audit arrangements to be finalised will also be covered.

7. Invitations are available via the Grant Thornton website or Audit Manager.

Options Appraisal

8. An options appraisal is not applicable for this report.

Summary of financial implications

9. The proposed 2024/25 BCP Council Audit fee is £469,068.

Summary of legal implications

10. There are no direct legal implications from this report.

Summary of human resources implications

11. There are no direct human resources implications from this report.

Summary of sustainability impact

12. There are no sustainability impact implications from this report.

Summary of public health implications

13. There are public health implications from this report.

Summary of equality implications

14. There are no direct equality implications from this report.

Summary of risk assessment

15. There are no risk implications from this information report.

Background papers

None

Appendices

Appendix A – Grant Thornton – BCP Council Audit Progress Report and Sector Updates

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Bournemouth, Christchurch and Poole Council

Audit progress report and sector updates

January 2026



Agenda

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Audit Progress Report

Introduction



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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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Progress at January 2026 (continued)

2024/25 Audit

Our work on the financial statement audit is nearly complete and we are finalising our procedures in order to conclude the audit. Our audit findings report is reported alongside this progress report at the January 2026 Audit and Governance Committee. Our value for money audit is complete and the annual auditor report was taken to Committee in November 2025. The AAR will be updated and issued in final form to reflect the key findings from the audit of the financial statements and the date the audit opinion was issued.

2025

2025/26 Audit

Once we have completed the 2024/25 audit, work will commence on the planning for the 2025/26 audit. We plan to undertake planning and early testing prior to the year end to support an earlier completion of the 2025/26 audit. In order to prepare for the backstop moving forward over the next two years, we are planning to finalise the 2025/26 audit by November 2026.

Audit Fees

PSAA has now published their scale fees for 2025/26: [2025/26 audit fee scale – PSAA](#). For Bournemouth, Christchurch and Poole Council these fees are £482,201. The fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Events

We plan to hold a webinar for members of [Audit Committees on 10th February 2026](#). We will be discussing best steps to take “After the Backstop”, including:

- ❖ Adding value to the financial reporting function; and
- ❖ How to navigate the external audit process with success.

We also plan to hold the Annual Local Government Accounts webinar for [preparers of accounts on 5th and 11th February 2026](#). Topics we will be discussing include:

- ❖ Aspects of financial reporting that are complex or challenging this year;
- ❖ Lessons from the implementation of IFRS 16, with good practice tips for Year Two;
- ❖ Avoiding pitfalls in financial instruments;
- ❖ Other common accounting and disclosure issues;
- ❖ Indexation for property, plant and equipment in 2025/26; and
- ❖ Revised statutory guidance affecting Minimum Revenue Provision

[Invitations for the all our webinars will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.](#)

Sector Updates

After the Backstop: Reset, recovery and reform in the audit of local authority accounts

- ❖ Our latest thought leadership report ‘After the Backstop: Reset, recovery and reform in the audit of local authority accounts’ is now available to read.
- ❖ Following the significant milestone of backstop legislation in September 2024, the backlog of unissued accounts has fallen dramatically. The challenge now is to rebuild assurance and secure a sustainable future for the system of local accounts production and audit. The reforms set out in the English Devolution and Community Empowerment Bill are essential to restoring trust and accountability to the local audit system.
- ❖ In our March 2023 publication ‘About time?’ we explored the reasons for delayed publication of audited local authority accounts and set out our recommendations for key stakeholders in the local audit system.
- ❖ The backlog of unissued audit opinions peaked some months after our report at 918, on 30 September 2023. The Department for Levelling Up, Housing and Communities (DLUHC) and subsequently the Ministry of Housing, Communities and Local Government (MHCLG) conducted consultations on reset and reform in the local audit system, leading to secondary ‘backstop’ legislation to clear the backlog. This was a necessary step, allowing auditors and authorities to focus on current periods of account, but it brought with it new challenges, as over 200 authorities received one or more audit disclaimers .
- ❖ In this report we explore the development and implementation of a ‘reset’ of the local audit system, the immediate and longer-term consequences of the ‘backstop’ before turning attention to the reform of the system, the challenges involved in returning to widespread and sustainable compliance with audit reporting timeframes and what, in our view, is needed next.

- ❖ The English Devolution and Community Empowerment Bill paves the way for the creation of a long-awaited and much-needed systems leader for local audit, the Local Audit Office (LAO).
- ❖ Key stakeholders including local audited bodies, the audit firms, the Ministry of Housing, Communities and Local Government (MHCLG), Public Sector Audit Appointments (PSAA), the National Audit Office (NAO), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Chartered Accountants in England and Wales (ICAEW) will need to support the successful establishment of the LAO to address the crisis in local public audit.
- ❖ All key stakeholders in the local audit system will need to continue their efforts to secure a return to high levels of compliance with timely publication of accounts with unmodified audit opinions. We explore the challenges to establishing and maintaining a sustainable future for local audit in this report. In our full report, we make several recommendations to secure that sustainable future.

The full report is available here:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)



Changes at the top, but no sudden twists and turns

Key information for Audit and Governance Committees to be aware of:



Steve Reed replaced Angela Raynor as Secretary of State for Housing, Communities and Local Government on 5th September 2025.

Angela McGovern replaced Jim McMahon as Minister of State at the Ministry of Housing, Communities and Local Government on 6th September 2025.

With Mr Reed moving from the Department for Environment, Food and Rural Affairs, and Ms McGovern moving from the Department for Work and Pensions, it was hard not to wonder what the impact would be on the government's manifesto commitment to build 1.5 million homes by the end of this parliament.

Steve Reed assured Councillors at the September 2025 Labour party conference in Liverpool that there are going to be no "sudden policy twists and turns".

So far, for building homes, this seems to be holding true.



Key homebuilding developments since 5th September are:

On 12th September, Mr Reed met with key developers and housebuilders and issued a 'call to arms' to "build, baby, build".

On 28th September, the Ministry of Housing, Communities and Local Government confirmed it will progress work on 12 new towns.

On 18th November, the Government announced that Housebuilding around train stations will be given a default "yes" if the applications meet certain criteria.

Under the same 18th November measures, Councils are going to be required to inform government when they are inclined to block applications of 150 homes or more so that ministers can decide whether to step in and make the decision themselves instead.

Autumn Budget 2025

Key information for Audit and Governance Committees to be aware of:

Chancellor Rachel Reeves delivered her second Budget on 26th November 2025. Key elements that those in the local government sector need to be aware of are:

- ❖ A High Value Council Tax Surcharge (a “Mansion Tax”) will be charged on owners of homes valued higher than £2 million. Whilst collection will be the responsibility of councils, the revenues will flow directly to central government.
- ❖ Strategic Authority Mayors in England will be empowered to impose a tourist tax on overnight stays. New systems may be needed for compliance and enforcement.
- ❖ The two-child benefit cap will cease to apply from April 2026, which may mitigate some demand pressures for housing and social care.
- ❖ A new electric vehicle (EV) mileage tax will be introduced, with the promise of doubling future road maintenance funding, but new risks for net zero goals if the public turn away from using EVs.
- ❖ The Government commits to devolve at least £13 billion of funding to seven major combined authorities and to create £902 million over four years for local growth funds in 11 Northern and Midlands city regions.
- ❖ Future Special Educational Needs and Disabilities (SEND) costs are to be managed by government once the statutory override ends on 31st March 2028. Cumulative deficits at this point will remain with the relevant councils.

For the full Budget, with supporting documents, see: [Budget 2025 - GOV.UK](https://www.gov.uk/government/speeches/budget-2025)

For the Chancellor’s speech, see [Budget 2025 speech - GOV.UK](https://www.gov.uk/government/speeches/budget-2025-speech)



Local Government support and value

Key information for Audit and Governance Committees to be aware of:

The Local Government Association (LGA) wrote to the Chancellor of the Exchequer on 10th November, highlighting the key national policy issues currently being addressed by Councils; and the key financial challenges those Councils face.

LGA stated that key national policy issues addressed by Councils are:

- ❖ Building new homes;
- ❖ Unlocking economic growth;
- ❖ Improving the health and life chances of the most vulnerable in society;
- ❖ Supporting children with SEND;
- ❖ Sourcing temporary accommodation; and
- ❖ Working to develop sustainable asylum accommodation and support systems.

LGA stated that key financial challenges faced by Councils are:

- ❖ Rising levels of debt due to relaxing the financial framework:
 - 42 Councils have had to access £5 billion in exceptional financial support since 2020/21; and
 - At the start of 2025/26, 1 in 6 Social Care Councils (17 per cent) were dependent on exceptional financial support.
- ❖ Real cash deficits:
 - The national dedicated schools grant cash deficit is on track to reach £5 billion by 2025/26; and
 - As a result, substantial cash flow costs are being incurred. The forecast deficit of £5 billion in 2025/26 means Councils will lose £200 million in unearned income alone.

The LGA's letter commented that **“while councils have huge potential to support Government in delivering its objectives, we cannot shy away from the scale of the financial challenges the sector currently faces”**.



Fair Funding Review

Key questions for Audit and Governance Committees to ask officers:

- ❖ What impact will the Fair Funding Review have on our medium-term financial plan?
- ❖ Have we calculated what level of support we will need from transitional arrangements?
- ❖ What mitigations are we planning if we are net “losers” from the new arrangements?

2021 Background:

The first multi-year Local Government Finance Settlement in a decade, together with the [Fair Funding Review response](#), was announced by the Government on 20th November 2025. Significant changes to be aware of are that:

- ❖ There will be a single settlement for [2026/27 to 2028/29](#);
- ❖ The government plans to use up to date English Indices of Multiple Deprivation, together with up-to-date services cost and demand data to calculate individual council allocations for 2026/27 to 2028/29; and
- ❖ The Children and Young People’s Services formula will use the latest index of deprivation affecting children.

Using new indices will inevitably lead to some Councils seeing increases in their allocations, whilst others see decreases. However, there are [transitional arrangements](#) to help with managing change:

- ❖ A Recovery Grant funding guarantee to upper tier authorities in receipt of Recovery Grant;
- ❖ Funding floors and phasing in of new allocations across the multi-year settlement; and
- ❖ Additional money in the national settlement for children’s social care and a new ring-fenced combined Homelessness, Rough Sleeping and Domestic Abuse grant over three years.

The benefits of using the new indices are expected to be greater transparency; and a reduced reliance on competitive bidding for funds. Reduced paperwork is also expected, as the Government announced it will simplify 33 funding streams, worth almost £47 billion over three years.

Ultimately though, the proof of the pudding will be in the eating. The overall national settlement will need to be fair to the sector as a whole if individual allocations within it are going to be fair as well.

For a full copy of the Ministerial Statement see: [Written statements – Written questions, answers and statements – UK Parliament](#)

Local government reorganisation – latest developments

Opportunity for Audit and Governance Committee members to contribute to consultations:

The Government is currently consulting on the proposals it received for local government reorganisation in six areas:

- ❖ East Sussex and Brighton and Hove;
- ❖ Essex, Southend-on-Sea and Thurrock;
- ❖ Hampshire, Isle of Wight, Portsmouth and Southampton;
- ❖ Norfolk;
- ❖ Suffolk; and
- ❖ West Sussex.

The consultations will run for seven weeks until Sunday 11th January 2026. The consultation documents are available on the Department's online platform "Citizen Space" and those responding to the consultations can use the online platform, email or post to submit their views.

[Written statements - Written questions, answers and statements - UK Parliament](#)



Other information for Audit Committees to be aware of:

On 28th October, the Government announced the outcome of its consultation on local government reorganisation in Surrey: Two new unitary councils will be created for the county from 1st April 2027. To help prepare for this, the Government committed to repay in-principle £500 million of Woking Borough Council's debt in 2026/27.

Other Councils facing reorganisation are bound to look at Surrey for signs of what may be decided for their areas. It is significant to note that two proposals had been submitted for Surrey (one for two unitaries; and one for three unitaries). The Government confirmed that both proposals met all its criteria, but the two-unitary model was assessed as performing better against the financial sustainability criterion – and was selected for that reason.

When looking ahead at what may follow in other areas, although Surrey is not necessarily a precedent for other areas, it is possible that similar prioritisation may apply again. We note that twenty more areas were required to submit business cases by 28th November 2025 and Government decisions are expected in Spring 2026.

For a full copy of the Ministerial Statement on reorganisation in Surrey, see: [Written statements - Written questions, answers and statements - UK Parliament](#)

Preventative spending

Key questions for Audit and Governance Committees to ask officers:

- ❖ What do we spend on prevention?
- ❖ How do we identify and record that spend?
- ❖ How do we measure outcomes from the spend?
- ❖ How do our practices compare with other similar authorities?

Background:

2023

CIPFA and the Health Foundation have developed new methodology for mapping and measuring public sector investment in prevention.

The methodology sets out a four-step approach that enables Councils and other public sector organisations to quantify their prevention spending, making it visible so that it can be protected and prioritised.

The framework has already been tested with four Councils in England and Wales:

- ❖ The London Borough of Merton;
- ❖ Three Rivers District Council;
- ❖ Wigan Metropolitan Borough Council; and
- ❖ Rhondda Cynon Taf County Borough Council.

The report from CIPFA and the Health Foundation sets out three recommendations for Councils and other public sector bodies looking to protect their preventative spending:

- ❖ Apply a consistent approach to map and measure preventative investment;
- ❖ Analyse demand drivers alongside financial data to inform priorities; and
- ❖ Embed prevention into strategies, budgets and governance structures.

For a full copy of the report, see [Understanding preventative investment](#)

Next step for Audit Committee members:

CIPFA is now seeking to build on the momentum of this work by establishing a community of practice on preventative investment, to be launched in early 2026. Anyone able to share their experiences and learning should contact: zachary.scott@cipfa.org.



Performance Trackers 2025

Audit Committees can help their Councils by asking officers what performance data they hold for demand led services; how they set realistic targets; how their Council's performance compares to peers and national trends; and what actions are planned when performance falls below a realistic target.

The Institute for Government (IFG) published its latest performance trackers for public services in October 2025. For demand led services run by Councils, the findings are consistent with other research in the sector.

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Children's Social Care:

The IFG reports that costs are rising without outcomes improving in step. Shortages of foster carers and secure children's homes are exacerbating issues in the market.

[Performance Tracker 2025: Children's social care | Institute for Government](#)

The IFG's findings are consistent with findings from a separate report by the National Audit Office in October 2025, which also points to supply pressure in the market:

[Managing children's residential care.](#)

Homelessness:

The IFG report states that homelessness is costing more but delivering less. There has been an unprecedented "tsunami" increase in demand, fuelled partly by landlords leaving the housing sector. The government needs to shift from crisis response to prevention.

[Performance Tracker 2025: Homelessness | Institute for Government](#)

The IFG's findings are consistent with findings from Crisis in November 2025, which notes that demand is rising but it is becoming harder for Councils to access both social housing and private tenancies:

[Homelessness Monitor: England 2025 | Crisis UK](#)

Adult Social Care:

The IFG report states that the sector has been neglected by successive governments. Spending has increased but performance has declined.

[Performance Tracker 2025: Adult social care | Institute for Government](#)

The IFG's findings are consistent with a recent report by LGiU which points to demand increasing in scale and complexity, costs escalating, market instability, and workforce challenges:

[A national care service in England, Scotland and Wales: Briefing 1: the story so far - LGiUUK](#)

The Covid-19 Inquiry

Key information for Audit and Governance Committees to be aware of:

An enhanced role for Councils in national decision making for emergencies looks likely following the publication of [Modules 2, 2A, 2B, 2C - Core decision-making and political governance - Volume II - UK Covid-19 Inquiry](#) in November 2025.

2025 The Inquiry found that the “importance of working together” was overlooked by the UK Government. Although the UK does have local resilience forums and partnerships for emergencies, the lack of formalised structure for central government to consult with Councils meant that opportunities for benefitting from local knowledge were lost during the pandemic.

Examples of inadequate engagement with Councils highlighted in the report for England included:

- ❖ The government’s decision to base a large test centre at Manchester Airport without consulting local leaders as to options that might have been more suitable and centrally located;
- ❖ not enough information being given to local leaders in enough time around the implementation of local lockdowns; and
- ❖ local leaders being left to find out information relevant to their communities via the media rather than from the UK Government, impacting on the design of schemes for shielding and contact tracing.

Two other Modules that will have a bearing on the work of Councils have yet to conclude:

- ❖ **Module 6:** This module investigates the impact of the pandemic on the publicly and privately funded adult social care sector in England, Scotland, Wales and Northern Ireland. It considers the consequences of government decision-making, including restrictions imposed, on those living and working within the care sector; and
- ❖ **Module 8:** This module investigates arrangements during the pandemic for Children and Young People; Education and Early Years Provision; Physical and Mental Health; and Social Care and Support Services:

With the [LGA having pointed out](#) just how many key national policy issues are being addressed by Councils, there has perhaps never been a better time to focus on the “importance of working together”.



Special educational needs and disabilities (SEND)

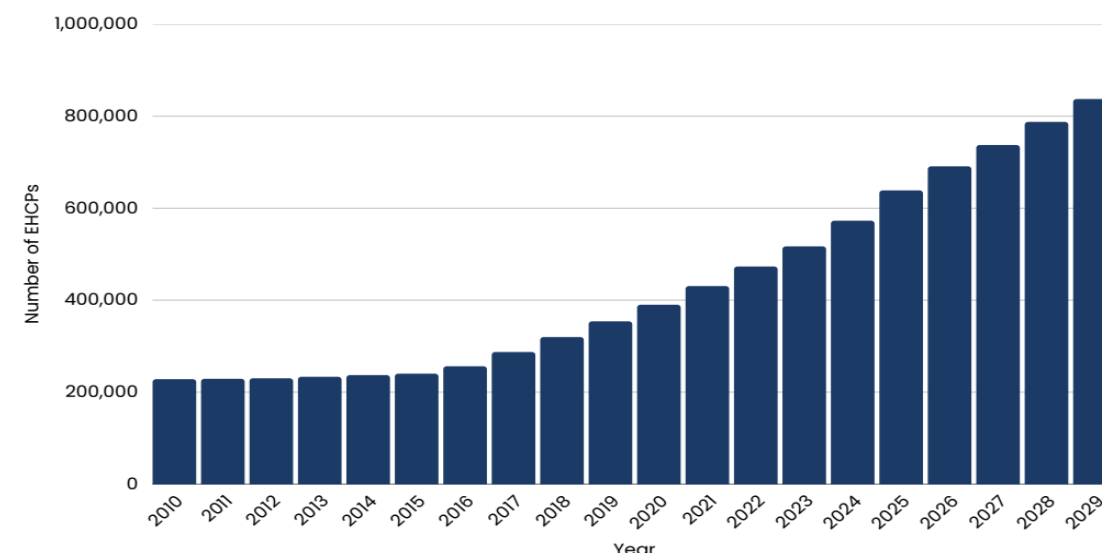
Key information for Audit and Governance Committees to be aware of:

Concern at the mounting costs of SEND continued to escalate across the local and central government sector in months leading up to the Budget:

- ❖ On 21st October, the National Audit Office's review of the [Department for Education 2024/25](#) highlighted that 43% of Councils are on track to have SEND deficits that are close to or exceed their total reserves by 31st March 2026;
- ❖ On 31st October, the National Audit Office reported that the increase in the number of children and young people assessed as having special educational needs has had spiralling implications for [Home to school transport](#), especially considering that travel costs per pupil are higher for children and young people with SEND
- ❖ On [6th November 2025](#), Grant Thornton issued the first ever statutory recommendation in respect of significant weaknesses in management planning for a dedicated schools grant deficit; and
- ❖ On 14th November, a new report from [the County Councils Network](#) highlighted that the number of children in the SEND system rises every year.

The 26th November 2025 Budget announcement that SEND will be financed centrally from 1st April 2028 will bring relief to Councils. However, clarity on the government's planned reforms will not be clear until the publication of the delayed white paper and confirmation of the next local government finance settlement.

Figure 1 – Number of children and young people with EHCPs (actual to 2025 and projected to 2029). Education, health and care plans, 2025, DfE and survey responses.



Source: [the County Councils Network](#)

The Renter's Rights Act

Key questions for Audit and Governance Committees to ask officers:

- ❖ How well do we understand the new rules we will be enforcing?
- ❖ How many private rented sector properties do we have in our area?
- ❖ Do we have existing staff capacity to take on the new enforcement powers, and if not, how are we going to recruit?
- ❖ Do we have a strategy for working with partners under the new regime, including landlords, agents, tenants, advisory bodies, and the justice system?

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Background:

The Renter's Rights Act became law on 27th October 2025. Under the Act, Councils are going to gain new powers to investigate landlords; act against rogue landlords; and ensure landlord compliance with new standards expected of them. Councils will be required to report on their enforcement activities.

Local housing authorities will receive £18.2 million in 2025/26 to support preparations for the implementation of the Renters' Rights Act 2025 and to build enforcement capacity. Funding will be allocated based on the number of private rented sector properties in each local area. The Government's ["Roadmap for reforming the Private Rented Sector"](#) indicates that there will be a further new burdens funding allocation for 2026/27.

Key points from the [Roadmap](#) that Audit Committees need to be aware of now are:

- ❖ Enforcement guidance for local Councils has been published on GOV.UK. The guidance provides the critical information that enforcement officers will need to know to carry out their work in line with the new legislation;
- ❖ There will be a bespoke programme of training, webinars and resources through 'Operation Jigsaw', a cross-local Councils initiative;
- ❖ Shelter will deliver training to local Council officers, covering different aspects of the Act, funded by government; and
- ❖ Changes will start coming into effect from 1st May 2026.



Proposed new duty of candour and standards regime

Audit Committees can prepare for change by asking themselves:

- ❖ When was our Code of Ethics last updated?
- ❖ Are our policies and procedures consistent with expected changes to guidance, and consistent with one another?
- ❖ Are we sufficiently candid and transparent?
- ❖ When was the effectiveness of our Standards Committee last assessed?
- ❖ Are our disciplinary arrangements working well?

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Background:

A new Public Office (Accountability) Bill was introduced to Parliament on 16th September 2025 and is now at House of Commons Committee stage.

The Bill aims to impose a duty on “public authorities and public officials” to “at all times act with candour, transparency and frankness in their dealings with inquiries and investigations.” Breach of the duty would be a criminal liability.

The Bill is expected to apply not only to both core public bodies delivering public services (Councils) but also private bodies delivering public functions such as those on a government contract.

Separately, the Bill also proposes:

- ❖ A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or “Nolan Principles”, by adopting a code which sets out what is expected of their workforce. Many Councils already do this, but it would become mandatory;
- ❖ Reforms that will make it easier to prosecute misconduct in public office; and
- ❖ Another new offence of misleading the public.

For a full copy of the Bill, see [Public Office \(Accountability\) Bill - Parliamentary Bills - UK Parliament](#)

In addition, a separate statement by the Government on 11th November 2025 announced that there are going to be “sweeping reforms” to strengthen local government standards. These will include a new mandatory code of conduct and new powers to suspend councillors for serious misconduct.

For a full copy of the announcement, see [Tough new powers to clean up local politics.](#)

Business cases for net zero

Key questions for Audit and Governance Committees to ask officers:

- ❖ Do we have decarbonisation or net zero reporting? What format does it take, and is that format standardised?
- ❖ Can we map the link between decarbonisation and net zero spending and tangible outcomes such as job creation, economic resilience, and community wellbeing?
- ❖ Do we horizon scan for new funding mechanisms and new partnerships?
- ❖ Do we share good practice with other similar Councils?

269 Background:

Councils make significant contributions to the UK's journey towards net zero, generally working towards strategic aims that they (the Councils) voluntarily set for themselves. This could be seen as contradictory to work to promote economic growth and enable new housing.

However, the County Council's Network (CCN) commissioned research showing that business cases for net zero are strongest when they are connected to outcomes around the new jobs and community wellbeing that economic growth and new housing can bring.

CCN published a series of recommendations on how to root the journey to net zero in the broader context of economic growth and job creation.

The recommendations are aimed at rural County Councils, but with local government reorganisation on the horizon, and housebuilding targets affecting all areas of the country, they will be of wider interest as well:

- ❖ Optimise green transition strategies and plans;
- ❖ Ground climate policies in strong business cases;
- ❖ Leverage innovation, partnerships, and funding models; and
- ❖ Promote collaboration and community engagement.

For a full copy of the report, see [Resources - County Councils Network](#)



Healthy environments for resilient towns

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Key information for Audit Committees to be aware of:

The Environmental Audit Committee (EAC) concluded in November 2025 that it is “lazy” to write-off nature as a blocker to housing delivery. Instead, the EAC argued that a healthy environment is not only not a luxury, but is in fact a necessity for resilient towns and neighbourhoods:

Environmental sustainability and housing growth.

The EAC made a series of recommendations that were mostly aimed at the UK Government. This included a recommendation to introduce mandatory training in ecology and the decarbonisation of buildings for people working now towards Chartered Town Planner status.

While we wait to see whether any of the EAC recommendations will be implemented, there are things that Councils can be doing now to help the environment in their towns :

- ❖ Ensure that the local plan and environmental policies are up to date and consistent with national environmental targets; and
- ❖ Encourage awareness of ecology and decarbonisation in the existing planning team whilst waiting for any mandatory training benefits in the next generation of town planners.

As Councils are coming under increasing pressure from the UK Government to approve new housing plans, mindfulness of the environment in the towns that Councillors represent is going to be more important than ever.

Future Webinar for Audit Committee members

We plan to hold a webinar for members of Audit Committees on 10th February 2026. Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

We will be hearing from two external speakers on best steps to take “After the Backstop”. With them, we will be discussing:

- ❖ Adding value to the financial reporting function; and
- ❖ How to navigate the external audit process with success.

We will also be covering latest developments in proposed reforms to the audit framework; updates on the new Local Audit Office; and what best to focus on while waiting for new audit arrangements to be finalised.

Join us to welcome-in 2026 and to plan good habits for the financial years ahead.

We look forward to seeing you.



Annual Local Government Accounts Webinar

We hold annual local government accounts webinars to help preparers meet their statutory deadlines and work effectively with auditors. We plan to host the next webinars on Thursday 5th February and Wednesday 11th February 2026 from 10.00am until 3.00pm.

Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Specific aspects of the webinars will include:

- ❖ Practical considerations for working effectively with your auditors in shortening timescales, and reminders of what good supporting analysis and evidence looks like;
- ❖ Lessons from the implementation of IFRS 16, with good practice tips for Year Two;
- ❖ Avoiding pitfalls in financial instruments;
- ❖ Other common accounting and disclosure issues;
- ❖ The use of indexation for property, plant and equipment for 2025/26; and
- ❖ Revised statutory guidance affecting Minimum Revenue Provision.

It is critical to plan for the audit process as early as possible; and helpful to think ahead about how you can prepare. Your audit team can provide tools to ensure that key areas are considered before your audit is underway:

- ❖ Accounts consistency checker – to help local government bodies check consistency of key accounting entries and disclosures within the financial statements, and identify any anomalies to address before publishing draft statements of accounts; and
- ❖ Financial reporting issues checklist – covering the most frequent issues arising from our reviews of local authority financial statements and setting out questions to help local government bodies with their own quality checks as they prepare financial statements.



Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

Other CIPFA Guidance and Codes

The following are available from CIPFA but have a charge. We encourage you to make enquiries to determine if copies are available within your organisation:

- Audit Committees: Assessing effectiveness
- Financial Management Code
- Prudential Code
- Treasury Management Code



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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Fire Safety Annual Update
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>This report details the progress made on the delivery of the Fire Safety governance arrangements for BCP Council and highlights:</p> <ul style="list-style-type: none"> The implementation of the Governance Framework continues to be embedded and is working effectively. The framework includes the Health and Safety and Fire Safety Board and others meeting at the agreed frequency, with generally good attendance
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Audit and Governance Committee notes the continued progress in implementing the Health and Safety and Fire Safety Governance arrangements and operational updates</p> <p>(b) Fire Safety ongoing Governance arrangements updates continue to be reported annually to the Audit and Governance Committee</p>
Reason for recommendations	<p>Following its meeting in October 2024, the Audit and Governance Committee requested an annual update to provide on-going assurance that health and safety governance arrangements effectively operate.</p> <p>The Audit and Governance Committee terms of reference include the following in the 'Other functions' section - to consider arrangements for health and safety and fire safety.</p>
Portfolio Holder(s):	Councillor Mike Cox
Corporate Director	Fire Safety – Glynn Barton
Report Authors	Phillip Lawrence (Fire Safety Service Manager)
Wards	All
Classification	For decision

Background

1. The service provided by the Fire Safety team is to ensure competent, specialist and risk-based advice and guidance is afforded to the Council to enable it to carry out its statutory duties safely. These duties fall under the legislative framework of the Regulatory Reform (Fire Safety) Order 2005, the Fire Safety Act 2021, the Fire Safety (England) Regulations 2022 and the Building Safety Act 2022, and assist in promoting a positive safety culture throughout the Council.
2. The BCP Council Corporate Fire Safety Policy sets out the roles and responsibilities for BCP Council. It places the Health & Safety and Fire Safety Board at the centre of strategic oversight and performance monitoring. Reviewed April 2024 with the 2025 revision in final draft awaiting Health and Safety and Fire Safety Board sign off, following the creation of a new BCP Homes Fire Safety Policy and supporting Management Plan, which focuses solely on housing properties and service delivery.
3. The BCP Council Corporate Health and Safety and Fire Safety Governance framework below details the Governance arrangements, including the Health and Safety and Fire Safety Board, directorate meetings and the Safety Supporters Forum.



Ongoing Governance arrangements assurance

4. Health & Safety and Fire Safety Board meetings, chaired by the Chief Operations Officer or Chief Executive, continue quarterly with members attending remotely via Microsoft Teams. Attendance at these meetings by Directors (or their representative) since the last report to this Committee has been reasonable.
5. Most directorates hold quarterly Health & Safety and Fire Safety meetings via Microsoft Teams. These meetings remain critical to our Governance arrangements.
6. The Safety Supporters Forum commenced in December 2020 and has met quarterly since. The forum comprises of representatives from directorates and their Safety Supporters, Corporate Health & Safety, Corporate Fire Safety and Union

representatives. The forum provides a means for consultation with all employees as per statutory requirements. Colleagues can share best practices and issues at the workplace and operational level and provide communication tools between employees and the Board. A Microsoft Teams channel facilitates communication between attendees. Whilst the Corporate Health and Safety team spearheads the organisation of this forum, when capacity allows and/or a specific item is placed on the agenda, the Fire Safety team endeavours to attend and support the forum.

Reporting to the Board

7. The Health & Safety and Fire Safety Board meetings facilitate discussion of strategic issues and emerging trends. This ensures that the meeting remains fit for purpose and considers the evolving nature of BCP Council services, our workforce, buildings and other assets.
8. A Corporate Health & Safety and Fire Safety Risk Register is established and is regularly reviewed between and at the Board meetings. This register contains directorate-level high-level risks that require additional mitigation measures to reduce the current risk level. These are raised at the Board for agreement on necessary risk-reduction measures.
9. In addition the fire safety service function within BCP Homes provides quarterly fire safety assurance updates to the BCP Homes Advisory Board. These updates cover compliance status, progress on remediation activities, and any emerging risks or issues identified through Fire Risk Assessments and other monitoring processes. This reporting mechanism ensures that the Advisory Board maintains oversight of fire safety performance within housing services and supports transparency and accountability in line with statutory obligations and best practice.

Operational updates

Resource

10. The Council Fire Safety team (which, as of 1 September 2024, now includes BCP Homes) comprises one full-time Fire Safety Service Manager, one full-time and one part-time Corporate Fire Safety Advisor (2.6 FTEs in total), a Building and Fire Safety Manager, a Building Safety Officer and the retained services of an external Fire Risk Assessor alongside the ad-hoc service of an external Fire Safety Consultancy which services are specific to the completion of ad-hoc Fire Risk Assessment to support the ongoing Risk Assessment work programme.
11. The Fire Safety team continues delivering the service from within the Facilities Management (FM) service team, falling within Customer and Property.

Service Delivery

12. While the CEO holds the ultimate position as the 'responsible person' under the Regulatory Reform (Fire Safety) Order 2005, it is important to note that the Chief Operations Officer (COO) has been appointed as the Corporate Director under whom fire safety management responsibilities fall. Consequently, the COO carries delegated responsibility for overseeing fire safety across BCP Council, ensuring compliance and the implementation of effective fire safety measures in alignment with the Regulatory Reform (Fire Safety) Order 2005.
13. The Fire Safety team maintained contact with operational service areas. Resources have been allocated to specific high-risk areas to better

understand day-to-day practice. The knowledge gained continues to result in improved support and advice the corporate team offers. Advice is given to all directorates and schools on many aspects, including risk assessments.

14. The Fire Safety team conducts periodic Fire Risk Assessments in line with the proactive inspection work programme. These assessments are scheduled to ensure consistent coverage across the Council's property portfolio and compliance with statutory obligations. Observations made during site visits are documented, and any required actions are recorded, shared with relevant parties, and tracked through to completion within the assigned deadlines based on risk prioritisation. This structured approach ensures accountability and the timely resolution of identified issues.
15. Data and outcomes from these FRAs are collated and analysed to provide the necessary information for BCP Council's overall compliance scorecard. This process strengthens governance, supports transparency, and demonstrates the Council's commitment to maintaining robust fire safety standards.
16. Support continues to be provided to Local Authority maintained schools on localised fire safety arrangements and mitigation plans following their Fire Risk Assessments or subsequent reviews.
17. BCP Homes were contacted by the BSR on 22 July 25 for further information relating to Rodney Court, this was provided on 29 July 2025. To date we have received not further contact from the BSR other than confirmation the required information has been received by them.
18. BCP Homes continue to provide quarterly updates to with regards Fire Safety Remediation Survey to the Housing Regulator via NROSH portal.
19. Completion of the Building Safety Case reports for the five high-rise blocks has been delayed due to the delays with the refurbishment. While refurbishment has temporarily impacted progress, the remaining work is well advanced, and it is anticipated that all reports will be finalized and submitted early in the New Year.
20. Digital information screens have now been installed in the entrance lobbies of all six high-rise blocks, providing residents with immediate access to essential safety updates. These screens will display real-time information on building safety, including compliance notices and emergency alerts, as well as practical updates such as lift breakdowns with expected repair times. This initiative enhances transparency, improves communication, and ensures residents remain informed about critical issues affecting their homes, supporting both safety and confidence in building management.
21. BCP Homes continue to provide quarterly updates with regards Fire Safety Remediation Survey to the Housing Regulator via National Register of Social Housing (NROSH) portal.
22. BCP Homes manages six High-Rise Residential Buildings (over 18metres). The existing High-Rise Resident Engagement Strategy has been refreshed, and residents are aware of the structural and both the active and passive fire protection measures in place where they live. Asset, Housing and Fire Safety teams have attended Personal Emergency Evacuation Plans (PEEP's) training.

23. Annual smoke detector checks are carried out across all residential properties to ensure tenant safety and compliance with fire regulations. Legacy Bournemouth properties currently meet the LD2 standard. Legacy Poole properties are scheduled to achieve this same standard by April 2026, ensuring consistency and alignment with best practice across the housing portfolio.
24. There were no Fire Risk Assessments or fire safety remediation actions outstanding at the end of December 2025.

Corporate systems

25. The Incident Reporting System (IRS), or the Fire Safety Reporting App, as it is commonly known, provides an online reporting tool for colleagues to log incidents, Unwanted Fire Signals (UWFS) and near misses continues to evolve and now includes users across BCP Homes, who previously used a different system.
26. While some incidents are still initially logged using the previous housing system, these are redirected to the reporting app for completeness of record keeping and incident logging.

Standards Update: BS 8674:2025 and BS 9792:2025

27. The British Standards Institution (BSI) has published two new standards of direct relevance to the Council's fire safety governance and operational practice. These standards are intended to strengthen competence, consistency and the defensibility of our fire safety arrangements across the built environment.
28. BS 8674:2025 – Built Environment: Framework for the competence of individual fire risk assessors – Code of Practice
Establishes a structured competency framework for individual fire risk assessors operating within the built environment. The standard supports alignment with existing statutory duties and promotes a risk-based approach to the commissioning, delivery and oversight of fire risk assessment activities, thereby enhancing assurance for duty holders and elevating the quality and consistency of assessments across diverse property types.
29. BS 9792:2025 – Fire Risk Assessment – Housing – Code of Practice
Sets out practical guidance for undertaking fire risk assessments in housing settings, with an emphasis on methodical, evidence-based evaluation and clear documentation. Application of the standard is expected to reinforce assessor competence and ensure assessments remain robust and defensible, complementing existing internal procedures and supporting compliance with statutory obligations.
30. The Fire Safety team is reviewing both standards to identify integration points within both the Corporate Fire Safety Policy and BCP Homes Fire Safety Policy, and associated management plans, including any training requirements and procedural updates necessary to embed best practice. Progress and proposed changes will be communicated through the Health & Safety and Fire Safety Board and reflected in future governance reports.

Policies and Procedures

31. The BCP Council Corporate Fire Safety Policy sets out the roles and responsibilities of BCP Council. It places the Health & Safety and Fire Safety Board at the centre of strategic oversight and performance monitoring. Reviewed April 2024 with the 2025 revision in final draft awaiting Health and Safety and Fire Safety Board sign off, following the creation of a new BCP Homes Fire Safety Policy and supporting Management Plan, which focuses solely on housing properties and service delivery.

Summary of financial implications

32. No material under or overspends are projected in the Fire Safety team.
33. No financial implications are arising from the specific recommendations of this report.
34. There are potential financial risks associated with inadequate or non-compliant health, safety and welfare practices that could lead to financial penalties and losses. The governance arrangements outlined in this report help to mitigate these.

Summary of legal implications

35. No legal implications are arising from the specific recommendations of this report.
36. The Council is legally obliged to have adequate health and fire safety arrangements in place and the current governance arrangements support demonstrating compliance with these obligations.

Summary of human resource implications

37. No human resource implications are arising from the specific recommendations of this report.
38. Where necessary, colleagues in People and Culture are contacted to ensure that HR implications of any health and safety management actions are considered.

Summary of environmental impact

39. There are no environmental impacts arising from the specific recommendations of this report.

Summary of public health implications

40. There are no public health implications arising from the specific recommendations of this report.

Summary of equality implications

41. No equalities implications are arising from the specific recommendations of this report.
42. Where necessary, the Fire Safety team work alongside People and Culture colleagues to ensure that both equality and health and safety aspects are considered to safeguard that equality aspects, such as disability, are suitably actioned.

Summary of risk assessment

43. Failure to report annually would leave the Committee unaware of continuing governance arrangements. This failure increases the risk of ongoing governance falling below acceptable standards.
44. Annual reporting to this Committee is considered appropriate. However, there should remain the option for exception reporting if relevant officers or members are concerned that governance arrangements may have been compromised.

Appendices

None

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CABINET



Report subject	Vehicles and Plant Replacement- Building Maintenance and Construction Works Teams
Meeting date	29 October 2025
Status	Public
Executive summary	<p>This report relates to the purchase of vehicles and plant to fulfil service delivery requirements. Vehicle purchase as opposed to lease or rental will ensure best value for money, and also allows for vehicles to be fitted out to meet essential health and safety, and operational requirements.</p> <p>The building maintenance service currently has fifteen vehicles on long term hire in order to meet the longer term demand resulting from the insourcing of services for;</p> <ul style="list-style-type: none"> • Damp and Mould investigation and treatment • Water quality testing • Repairs and maintenance for the Poole area (previously Poole Housing Partnership) • Increased budget for kitchen and bathroom refurbishments • Requirement to meet EPC to C standard <p>The service has also expanded it's disabled adaptations fitters in order to meet demand and delivery targets within Grant funded disabled adaptations work.</p> <p>Additionally, the Construction Works Team currently have one hire vehicle for a bricklaying post that has now been filled.</p> <p>The need for vans is based on the longer-term needs of BCP Homes, which are supported by budget provision within the HRA (20 vehicles) and the requirement for an extra vehicle for the Construction Works Team (CWT).</p> <p>These purchased vans will replace the currently rented vehicles and also provide for additional posts necessary to fulfil service requirements. Each operative typically requires a van to satisfy the requirements of their role, including safe tool and materials transportation and storage, and out of hours response.</p> <p>The Construction Works Team plant replacement strategy recommends the purchasing of a JCB 535/125 or equivalent</p>

	<p>Telehandler and 9 Tonne Excavator, partly funded by the sale of three existing, older items of plant that are nearing the end of their usable life. There is a requirement to prudentially up to £46,000 to meet the funding shortfall. This will be repaid over the next three years from income generated by the team through the work it delivers. This will ensure that the service avoids high rental costs, have the right specification plant for the works undertaken, can partly fund the new vehicles through resale of old plant and have reliable safe plant for future development.</p> <p>The repayment of the prudential borrowing required for both areas will be fully funded by the service and included within its recharging rates to services and customers. Both the Building Maintenance and Construction Works Team operate on a full cost recovery basis.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet recommends that Audit and Governance Committee:</p> <p>a) Approves the use of prudential borrowing not exceeding £525,000 for 21 vehicles to be purchased by fleet management to support the work of the Building Maintenance and Construction Works Team service. These vehicles to then be managed within the council's fleet management strategy.</p> <p>It is RECOMMENDED that Cabinet and Audit and Governance Committee:</p> <p>b) Note that CWT plant purchases with up to £46,000 prudential borrowing requirement have been progressed under urgency powers due to health & safety considerations.</p>
Reason for recommendations	To ensure the vehicle and plant requirements of the council's maintenance and construction teams is provided in a cost effective and safe way, allowing the services to contribute to the council's wider aims, whilst being self-funded.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Glynn Barton, Chief Operating Officer
Report Authors	Matti Raudsepp, Director of Customer & Property Jenny Mauger, Head of Building Maintenance Max Creed, Head of Construction
Wards	All

Classification	For Recommendation
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Introduction

1. The in-house Building Maintenance Team (IHT) and Construction Works Team (CWT) are internal teams that sit within Customer and Property. The Building Maintenance Team is a team of 170 staff that undertake the repairs, maintenance, compliance and refurbishment of the 9612 BCP Homes properties, as well as voids works and repairs for Housing Options, maintenance work for corporate buildings and disabled adaptations work for private residents through the Disabled Facilities Grant. Its turnover is approximately £20m a year. The Construction Works Team undertake refurbishment and new builds for BCP Homes, corporate buildings and for external social value projects that are externally funded. CWT had a turnover of £8m in 2024-25. The two teams work closely together and share staff and expertise across many areas of their work.

Vehicles

2. BCP Homes repairs and maintenance has undergone a consolidation of contracts that has led to a number of services being insourced to the in-house Building Maintenance service. This was in order to meet the heightened regulatory requirements set out in the Housing White paper, to support the harmonisation of service delivery and standards, and to respond to feedback from residents as part of the TSM (Tenant Satisfaction Measures) that began in 2023. This feedback showed significantly higher levels of customer satisfaction, response times and perception of safety for the areas of work undertaken by the In-house team, which at that time were focused solely on the Bournemouth area.

	Poole 23/24	Bournemouth 23/24	Q1 2025
Overall satisfaction with repairs	76%	90%	84%
Satisfaction with time taken to undertake repairs	75%	89%	85%
Is your home well maintained	76%	87%	80%
Do you live in a safe home	77%	87%	87%

3. From August 2024 the Building Maintenance service started undertaking repairs, maintenance, electrical testing and gas servicing for the BCP Homes Poole area housing stock. Some staff were Tupe'd into the service from existing contractors but this was not sufficient to meet demand that had previously been subcontracted by outgoing contractors. Staff have had to be recruited to meet the shortfall.
4. In November 2024 the Building Maintenance service became responsible for mould inspections and associated remedial works to the Poole housing stock. From April 2025 the service became responsible for testing water quality for the Poole stock. From August 2025 a greater proportion of the kitchen and bathroom replacement contract will also be delivered internally the service. In addition to these changes workload has increased due to follow on work from increased stock condition surveys, work to harmonise property standards across BCP Homes and increased demand levels due to changes in the national regulatory backdrop for social housing.
5. The Building Maintenance service provides excellence in compliance, upper tier levels of customer satisfaction, and below average costs per repair, whilst allowing full integration with BCP Homes ICT Systems and pursuance of wider social aims, such as within trade apprenticeships. The increase in work described above has resulted in a requirement for additional vehicles to support new staff.

Safety

6. The safety of commercial vehicles and load carrying is an important consideration for all fleet operators. Spot checks can lead to on-the-spot fines and potential prosecution. Vehicles can be immobilised until the load is removed, the fine is paid and it is deemed safe. Drivers are personally liable. Unsafe loads can impact both our VOSA licence and the personal driver's licence and accountability. Whilst the service regularly re-enforces safe loading in toolbox talks to staff, we must ensure that vehicles are suitably equipped to support this. Hire vehicles are not properly racked meaning that plant and materials can be loose in the back of the cab. This is potentially unsafe and can lead to movement, impact, spillage and unsafe storage of materials like glass and chemicals.
7. We expect our operatives to meet high safety standards and this is monitored through hundreds of unannounced inspections by our in-house health and safety team every year. We have a duty of care to mitigate the risks of unsafe storage and transportation, and it is therefore preferable to operate fleet that is suitably equipped and prepared for the work staff are employed to do.

Security

8. Break ins to trade vehicles and theft of tools remains an ongoing issue countrywide. Our council owned vehicles have extra security and locks fitted to deter theft. This is not the case with hire vehicles. It is not economical to insure tools and plant. Every theft can prove costly both to the service and the operative in terms of plant and equipment that has to be replaced. Whilst at present operatives have to replace their

own owned tools this becomes a more difficult expectation if they are not provided with a vehicle with secure storage.

Efficiency and customer satisfaction

9. The service will always aim to increase efficiency by reducing repeat visits and ensuring the right van stock is available to complete the most basic repairs for that trade. If stock cannot be properly organised it leads to delays trying to find the right material and equipment and inefficiency when people return to merchants if it isn't found. This can add £50 of operative time to a repeat job, plus the administrative overhead of rebooking and the detriment to customer satisfaction. Whilst the service has upper quartile levels of customer satisfaction, the most common response where a customer is not satisfied is if we were not able to fix on first visit.

Performance management

10. Our owned vehicles once purchased are then included in the overall fleet management system. Part of this ensures that all vehicles are tracked and allocated to a specific driver with up to date information. This is very important as it means that vehicle usage can be checked and monitored by managers and transport staff. Tracking data has formed part of disciplinary investigations, including gross misconduct - it is essential that this is available.

Plant

11. The Construction Works Team Plant Replacement Program 2025-2027 is shown at Appendix B. The team owns various plant bought through re-investment of income over a number of years. In order to ensure that the team can continue to provide an efficient and safe service to its clients it needs to sell three older bits of plant and buy a newer Telehandler and 9 Tonne Excavator. This will require a maximum £46,000 borrowing requirement that will be repaid within three years through its income generation.
12. The purpose of the Plant Replacement Program 2025-2027 is to;
 - Avoid high-cost rental machines which may not be suitably specified for the work required, and which staff may require additional training to operate.
 - Sell plant no longer required while it has some residual resale value, to offset the cost of newer, more reliable plant.
 - Invest in safer, more environmentally friendly plant that with a higher resale value.
 - Reduce unproductive down time on breakdowns, and inefficiency caused by under specified machines.
 - Equip the team to support the council with a wide range of works including demolitions and new build that can otherwise prove extremely expensive for services to procure separately.
13. A five year CWT Plant Strategy is being developed to assess depreciation, budget, year on year investment and replacement based on lifespan/usage/cost. However, due to the pressing health & safety and operational implications of continuing to rely on aging plant a decision has been made via a Officer Decision Record to progress their

replacement urgently. With regard to these specific items this report aims to ensure transparency to that decision, and to allow for the appropriate governance process and involvement of Audit & Scrutiny Committee in relation to the associated borrowing requirements.

Procurement Options

14. Option 1 – Prudential borrowing for purchase

Strengths	Weaknesses
<ul style="list-style-type: none"> • Best value for money • Own the assets • Costs borne by the service through income no – impact to general fund or HRA budgets • Safest option • Most efficient option in terms of operations • Secure income stream 	<ul style="list-style-type: none"> • Need to prudentially borrow

15. Option 2 – Continue to rent vehicles

Strengths	Weaknesses
<ul style="list-style-type: none"> • No borrowing 	<ul style="list-style-type: none"> • More expensive than buying • Do not own assets • Cost at end of hire • Less safe for operatives and other road users (safe storage) • Inefficient operationally • Risk of budget overspend on HRA work or cost overruns on projects

16. Option 3 – Lease

Strengths	Weaknesses
<ul style="list-style-type: none"> • No borrowing 	<ul style="list-style-type: none"> • Costs in line with hire • 12 month lead time • Do not own assets • Cost at end of lease • Risk of budget overspend on HRA work or cost overruns on projects

Summary of financial implications

17. In 2025/26 newly combined budgets for Repairs and Maintenance across BCP Homes were created and an open book pricing arrangement entered into with the Housing Revenue Account, through BCP Council's teckal company BBML, (Bournemouth Building and Maintenance Limited). The number of staff budgeted for in each of the areas of work and overhead costs were calculated. These allow for £8000 of vehicle costs per operative, the cost is recovered through the hourly rate or through direct recharges through the open book model, depending on the client.
18. The service currently has 15 operatives whose vehicle requirements are being met through hire vehicles, the excess costs of which puts pressure on the agreed hourly rates, budgeted costs and fleet management costs. If not resolved this will lead to cost overruns for BCP Homes within these areas. Overheads and hourly rate charges allow for a cost of £8000 per annum for the repayment of prudential borrowing, fleet management and fuel. The true cost is adjusted once actual costs are received from fleet. The estimates below do not include fuel costs which would apply to both hired and owned vehicles. This allows for the purchase of a vehicle over 9 years which is then sold with a capital receipt retained within Fleet Management.
19. CWT currently has a requirement to purchase one vehicle for a new member of staff who is currently in a hire vehicle. This is an income generational post and the cost is being met through increased demand for bricklaying and difficulty subcontracting in this area.
20. Consequently, approval is being sought to purchase, via borrowing, a total of 21 vans to meet Building Maintenance and CWT needs. It is anticipated that Fleet Management will be able to procure these vehicles incrementally at a cost not exceeding £525,000 although this will be dependent on availability and cost variances over the procurement timescale. Procurement completed in this way avoids long lead in times for brand new vehicles and the higher cost of new vehicles compared to low mileage preowned.
21. The table below sets out the current and lifetime cost of hire in comparison to purchase showing the vehicle purchase saving per annum and over the lifetime of vehicles.
22. The estimated cost of one vehicle is £25,004 therefore the total maximum borrowing requirement is £525,000. The cost of borrowing is calculated assuming the low risk interest rate of 5.5% over a 9 year lifecycle.

	Hire cost per annum per vehicle	Insurance damage per annum per vehicle	Cost per vehicle per annum	Cost per vehicle over 9 years	Residual vehicle value	Net cost per vehicle over 9 years	Net cost of 21 vehicles over 9 years
Cost of a hire vehicle	£ 8,332	£ 750	£ 9,082	£ 81,738	£ -	£ 81,738	£ 1,716,498
	Prudential borrowing repayment per vehicle	cost of repairs and maintenance per vehicle					
Cost of purchasing a £25,0004 vehicle	4,153	2,600	6,753	60,781	(4,000)	56,781	1,192,401
Vehicle purchase savings			(2,329)	(20,957)	(4,000)	(24,957)	(524,097)

23. The Construction Works Team Plant Replacement Program 2025-2027 is shown at Appendix B. The team owns various plant bought through re-investment of income over a number of years. In order to ensure that the team can continue to provide an efficient and safe service to its clients it needs to sell three older bits of plant and buy a newer Telehandler and 9 Tonne Excavator. This will require a maximum £46,000 borrowing that will be repaid within three years through its income generation.

24. The annual repayment is calculated using the low risk interest rate of 5.5%.

25. Borrowing to be repaid through income, decreased hire and upkeep costs over next three years.

26. The replacement of telehandler and excavator have been progressed under the emergency powers due to health and safety considerations.

Telehandler replacement	Current Telehandler Re-sale Value	Two Year Old Telehandler Low Hours Cost	Maximum Prudential Borrowing Requirement	Interest Over Three Years	Annual Repayment including principal
	£24,000	£60-70,000	£46,000	£7,590	£17,863

Excavator replacement	Resale Value of Current Plant	Cost of low usage 15 Tonne Cat	Maximum Prudential Borrowing Requirement	Interest Over Three Years	Annual Repayment
	£70-75,000	£70-75,000	0	0	0

Summary of Legal Implications

27. The purchased vehicles and plant would be owned by BCP council. A Purchase Decision Record will be completed to demonstrate value for money for each purchase. The vehicles once bought will be included in the overall Fleet Management Strategy of BCP Council.

Summary of human resources implications

28. No human resource implications apply

Summary of Sustainability Impact

29. When vehicle and plant purchases are made, an assessment is undertaken to try to find the most environmentally sound option. As technology improves newer plant / vehicles are more efficient. Where possible for vehicles electrical vehicles are bought, depending on what is feasible in terms of charging for its particular use.

Equalities

30. Equalities impacts do not apply.

Summary of risk assessment

31. Risk is relatively low as the prudential borrowing will be used to buy plant and vehicles that will only depreciate gradually over the repayment period. Any purchases will be subject to a Procurement Decision Record to ensure best value. The budgets that drive the demand for these vehicles are longer term Housing Revenue Accounts budgets that are relatively secure and funded through the rental receipts of BCP Homes residents. Given the breadth of work undertaken by the internal delivery team any adjustment in budgets can be addressed through the re-allocation of staff to budget area.

Summary

32. It is considered preferable to prudentially borrow and spot purchase 21 vehicles through fleet management. Costs will be borne by the service and will be visible through the open book model with HRA, with hourly rates charges to other clients. Low mileage vehicles will be sought through the market at the lowest possible cost whilst having suitable racking and security that can help meet first time fix and customer satisfaction KPIs, whilst having lower overall maintenance and repairs costs for fleet.
33. CWT plant requirements will be met from securing appropriately specified preowned low hours machines, and a PDR will be completed to ensure best value has been obtained.

Appendices

- Appendix A Building Maintenance In House Team vehicle requirements
- Appendix B CWT Plant Replacement Requirements

Appendix A – Building Maintenance In House Team Vehicle requirements

HRA Budget	Budget Description	Budget (K)	Staff Required	Vehicle Shortfall
Responsive	Elec Repairs	624	6	2
	Responsive Mould	846	8	4
Capital	Bathrooms	500	6	2
	Kitchens	1800	20	12
Total - 20 vehicles				

Appendix B

Construction Works Team (CWT) t/a Seascape Construction

Plant Replacement Requirements 2025-2027

Introduction

This report aims to set the current position of CWT with regard to construction plant assets and set out a strategy for the ongoing replacement.

The aim is to ensure that a considered replacement programme is in place that allows CWT to:

- Adapt to constantly changing client led service requirements
- Ensure a modern fleet of construction plant that is resilient
- Reduce current high maintenance costs
- Ensure efficiency and reduce downtime due to breakdowns and faults
- To ensure safety of equipment and that it is appropriate for the task
- Ensure a modern fleet that limits CO2 emissions where possible

Background

CWT was set up originally as internal department to service larger value Commercial and Domestic, New Build and Refurbishment projects within BCP Council and externally via Seascape South Ltd.

Prior to BCP formation and Fleet Centralisation, the team had invested in directly owned plant needed to support the activities of the department. Decision to purchase outright was taken due to the high ongoing costs of rental.

A financial strategy for replacement has not yet been formulated for CWT and the need to replace several items of directly owned plant is now urgent due to reliability and safety issues that will be prohibitively expensive to repair, as well as being unsuitable for current workload. Some of the larger items of plant are now ageing and newer machines produce far less CO2.

All CWT owned and operated plant costs are recovered through the work undertaken, and costs applied directly to the job or recovered through the overhead applied. There is currently no direct cost or budget for BCP general fund.

Current plant owned and operated is selected due to need and regular use. Due to changing nature of the type of work undertaken it is not possible or efficient to own every piece of equipment needed and the plant asset list details the equipment that is used regularly. Specialist plant for particular jobs that is not used regularly is hired when required.

Plant Asset List

The table below lists the current construction plant assets owned and maintained by CWT.

Kabco Welfare Unit
Kabco Welfare Unit
AJC Easy cabin Welfare unit 16 ft
AJC Easy cabin Welfare unit 12 ft
lfor William plant trailer 2.8 T

lfor William 3.5 caged tipper
Wessex Trailer 2.6 cage tipper
lfor Williams 1.5 t caged tipper
Kubota U-27-4 Zero T/S digger
Thwaites 1 ton High lift dumper
AJC Easy cabin GENERATOR
JCB Telehandler 535/95 WP15 VUC
CAT 308E2.CR 9 Tonne Excavator
Forklift Samuk
Thwaites 3 ton power swivel dumper
Kubota U48-4 – Excavator
JCB Roof Truss extension JIB
Telehandler lifting hook
Kubota U17-3
Kubota KX015-4
Kubota U27-4
Venari Welfare Unit
Venari Storage Unit
JCB Excavator 15 Tonne
lfor Williams Tipper Trailer 3.5ton

Strategy

CWT operates a variety of construction plant and due to this, the strategy will vary depending on the equipment.

Generally, across the fleet, replacement strategy will be driven by the number of hours the machine has reached instead of age. We would look to replace any machine that is in excess of 3500hrs due to the reliability and wear. This said, if a machine is proving unreliable at hours less than this and with excessive repair costs, it may be financially more efficient to replace. CWT needs a flexible approach to replacement depending on the nature and amount of work it is required to undertake.

Urgent Replacement Requirement

JCB 535/95 Telehandler – This item of plant is a 8 tonne, 4 wheel drive, off road lifting equipment capable of lifting loads to 9.5m height and is essential for CWT daily operations. The telehandler has been in operation for over 7 years with a great deal of work on the seafront and is now deteriorating rapidly with rust generally, but specifcially showing in the roll over protection in the cab. It has issues tracking straight on the highway and erratic operation when lifting. The machine is approaching 4000hrs and will require significant investment to bring up to a satisfactory level. The machine is also now not fit for purpose for the works being undertaken.

CWT are urgently seeking a replacement such as a JCB 535/125 or equivalent which has the capability of lifting 12.5m in height but also has stabilizer's and hydraulic self-levelling which

improves the safety of operation dramatically. The current failing machine does not have this facility.

CWT's Health and Safety manager has also raised concerns regarding the continued operation of this machine.

Telehandler Funding proposal – Current machine will still have a market value of £15,000-£20,000. Proposal is to replace with a less than two year old second hand machine with low hours. A replacement is likely to cost between £60-70,000. CWT would be seeking approval and funding of up to £46,000 to balance the difference following the disposal of the old machine.

CAT 308E2.CR 9 tonne Excavator – This item of plant is a mid sized 360 degree excavator that is used for major ground works, demolition, deep drainage and fast loading of muck away lorries. It has recently also been supporting the FCERM team in cliff support and drainage. This machine is 7 years old and over 3500hrs and is becoming unreliable on a regular basis. Over £4,000 has been spent on repairs in the last 3 months (also a labour cost with breakdowns) with the machine still requiring further investment. On top of this, two of the four buckets it has are worn out and will need replacement imminently at cost of a further £3,000.

CWT are urgently seeking approval to replace with a similar 9 tonne machine, likely a second hand, less than 2 year old low hour machine that will also need new FOPS cab protection system and new two finger rotating selecta grab.

Excavator Funding Proposal – CWT are currently operating this 9 tonne machine along with a 15 tonne JCB excavator. It is proposed to dispose of the 15 tonne excavator (as it has completed its contacts) that has a value of around £50,000 and the 9 tonne Cat Excavator that has a value of around £20-25,000, and use the balance £70-75,000 to fund a single newer low hour machine. This proposal requires no additional funding.

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CABINET



Report subject	Two Riversmeet Studios
Meeting date	14 January 2026
Status	Public Report
Executive summary	The report details the feasibility and financial considerations for capital borrowing to fund a two-storey extension to Two Riversmeet Leisure Centre (2RM) to address the identified need for dedicated studio space in Christchurch. The investment aims to enhance the centres health and fitness offer, increase membership and income whilst supporting community wellbeing and aligning with the Councils corporate strategy.
Recommendations	<p>It is RECOMMENDED that Cabinet recommends to Council to:</p> <ul style="list-style-type: none"> a. Agree to option 2 approving the building of a two-storey facility extension at Two Riversmeet Leisure Centre (2RM) creating two brand new multi-use studios costing £1.8m, subject to planning permission. b. Notes the detail in the financial and legal implications. c. Delegates to the Director of Commercial Operations in consultation with the Portfolio Holder for Destination, Leisure and Commercial Operations, the implementation of this decision. <p>It is RECOMMENDED that Audit and Governance Committee recommend to Council:</p> <ul style="list-style-type: none"> d. Approval of an increase in the authorised borrowing limit of the Council to accommodate the £1.8m financing for the extension at Two Riversmeet Leisure Centre proposal.
Reason for recommendations	Enhancing 2RM Leisure Centre with dedicated studio space will allow for the centre under BCP Leisure to grow and develop enhancing the financial position by giving a fresh dedicated offer within Christchurch. The project aligns with the corporate strategy ensuring people can be active and healthy maximising opportunities for our communities.

Portfolio Holder(s):	Councillor Richard Herrett – Portfolio Holder for Destination, Leisure & Commercial Operations
Corporate Director	Glynn Barton – Chief Operations Officer
Report Authors	Amanda Barrie – Director of Commercial Operations Helen Wildman – Head of Leisure & Events Tom Powell – Leisure, Development & Partnership Manager
Wards	Christchurch Town
Classification	For Decision

Background

1. Two Riversmeet Leisure Centre (2RM) is one of ten BCP Council owned leisure centres and the only one located in Christchurch. Five of these are currently being operated in house as BCP Leisure.
2. 2RM is a multi-regional and national award-winning facility which is performing in the higher quartile against national competitors.
3. 2RM currently has no purpose-built studio facilities, which means the existing exercise class provision is restricted to using the sports hall and squash courts.
4. The Built Facilities review undertaken in 2022 was commissioned to identify needs, gaps and opportunities for sports provision across the BCP Council conurbation in order to inform the local plan. This identified 2RM as a key strategic leisure asset and that Christchurch required additional studio provision to meet the needs of residents.
5. An independent strategic leisure review was undertaken on 2RM in 2022 and identified the need for a dedicated studio noting the highest priority is to enhance the health and fitness offer. This is the main income generator and there is latent demand for improved facilities.
6. Sport England's Active Lives survey shows a significant uptake in exercise classes, with a 1.6% increase in participation year-on-year, confirming strong demand for studio-based activities (EMD UK, 2025).
7. A wider piece of work is currently underway with a Leisure Centre transformation across all of the 5 internally run leisure sites to be presented to Cabinet later in 2026 in a future paper considering key investment.

Options Appraisal

Option 1 – Do nothing

8. The option of do nothing will continue to run services at 2RM Leisure Centre through a mix of sports hall use and classes within the one area.

9. Whilst this still provides an acceptable offer for the leisure centre, it does not enable growth of membership or ability to utilise the service to aid retention and develop an inclusive timetable offer for the community.
10. The do nothing option does not promote active living or access to leisure.
11. Financially, the do nothing option does not allow for additional income to support the MTFP and has the potential to increase the financial pressure due to reduced members retention.
12. Significant resource would be required to develop strategies to match the potential income generation the new studio spaces would help deliver therefore the do nothing option has been discounted.

Option 2 – Take forward business case with £1.8m capital borrowing

13. The image below shows the proposed location for the two storey studios which would each measure 150m² and allow for between 30-40 capacity within a class for each of the two studios.

Image 1

2 Riversmeet Leisure Centre – Location Plan
Proposed extension for 2 studios.



14. The current class timetable and function hire is unable to be developed due to limited space within the current centre footprint. Whilst the existing sports hall offers the ability for classes, it prevents multiple use and a more diverse timetable to support wider community use and different fitness styles. Parties and private hire have the potential for expansion should there be more space to do so.
15. Dedicated studio space will provide members with a purpose-built environment for classes and support where we have introduced programmes such as Les Mills in the correct setting.
16. Group Exercise is one of the vital elements to a leisure membership and the quality of the timetable has an impact on retention of members. Ensuring 2RM has the space and ability to offer a wide variety of classes and timetables will assist in keeping retention high and therefore grow the service.
17. Income linked to the investment has been calculated on uplifts in membership and casual pay as you go class bookings alongside external facility hire, increased sports hall usage, holiday clubs and secondary income.

18. An 18% uplift in membership sales has been used in the calculations. UK Active 2025 reports an average annual membership growth of 6.1% across the sector without investment and therefore a realistic target with increased capacity and investment within the centre.
19. The financial assessment can be found in appendix 1 and details inclusion of a sinking fund to ensure any investment does not then put pressure on the MTFP further down the line in terms of maintenance.
20. Preplanning advice has been undertaken to inform a future planning application.
21. The proposed timeline, subject to planning permission, would be to begin construction from September 2026 aiming for a practical completion of July 2027.

Summary of financial implications

22. The financial appraisal assumes £255,000 additional income per annum which assuming an annual 2% inflationary price increase will result in a total additional income of £6.3 million over 20 years.
23. Additional operating costs and major repairs are calculated to be in the region of £47,000 per annum, also using 2% inflationary increase totalling £1.16 million over the 20 year life of this project
24. The borrowing costs calculated using 5.5% BCP low risk interest rate will be £186,782 per annum, a total of £3.7 million over 20 years.
25. The net surplus over the 20 year period is estimated to be £1.4 million or an average of £30,000 per annum in the first 3 years of opening increasing to £46,000 per annum with inflationary price increases.

Risks

26. The additional activity may not be as high as estimated, the model shows an annual initial surplus of £30,000 per annum therefore there is a tolerance level of nearly 12% on the assumed £255,000 income per annum before the scheme runs into deficit. Over the lifetime of the scheme, the tolerance level increases to 22% due to inflationary increases affecting income and expenditure, but fixed borrowing costs.
27. Further tolerance level within the council budgets overall, may be provided by any additional car parking income.
28. Interest rates variability may increase the cost of borrowing, the prevailing PWLB rate of 11 December 2025 is 5.88%, this would increase the cost of borrowing by £7,000 per annum reducing the initial annual average surplus to £23,000 per annum.

VAT Implications

29. Following the 2023 change in the VAT legislation, sports and leisure services provided by local authorities are no longer treated as exempt activities. Instead, they are classified as statutory non-business services. This means that the partial exemption no longer applies when investing into leisure centres. Additionally, 2RM Leisure Centre is opted to tax which means that any hire income not directly relating to sporting activities is subject to VAT at standard rate.
30. Based on the type of projected income streams following the completion of the new extension, none of the activities would be treated as exempt for VAT purposes. As a

result, all VAT incurred on the capital project will be fully reclaimable (subject to normal VAT rules, e.g. procurement by BCP and invoice addressed to the Council).

31. The table below details the overview of the capital investment and income generation

Table 1

Key Financial data - over 20 years	
	£000
Capital Outlay	1,779
Financial Viability	
New income over 20 years	(6,320)
New operational expenses over 20 years	917
Sinking fund for major repairs	248
Borrowing Requirement (repaid over 20 years asset useful life)	1,779
Interest on prudential borrowing (@ 5.5% over 20 years)	1,957
Net 20 year surplus	(1,419)
Projected Cashflow Summary	
Cumulative surplus over 3 year MTFP (2026/27 to 2028/29)	(89)
Cumulative surplus years 4 - 20 (2026/27 to 2041/42)	(1,330)
Net 20 year surplus (including Risk Premium)	(1,419)
Average surplus per annum - first 3 years (5.5% low risk interest rate)	(30)
Average surplus per annum - first 10 years (5.5% low risk interest rate)	(46)
Average surplus per annum - first 3 years (5.58% prevailing interest rate 11/12/25)	(23)
Average surplus per annum - first 10 years (5.58% prevailing interest rate 11/12/25)	(39)

Summary of legal implications

32. It remains necessary to comply with all relevant procurement requirements, including BCP Council's Financial Regulations and the Public Contracts Regulations 2015 and the Procurement Act 2023 (where applicable) for any other aspects of the works that are to be carried out by third parties under contract and purchase of equipment and/or materials.
33. In addition, it is necessary to comply with all requirements in respect of subsidy control, planning, Community Infrastructure Levy (CIL), any leases, property, Land Registry, land ownership, any contracts, funding conditions, funding applications, borrowing, capital borrowing, BCP Council's Constitution (including the Financial Regulations), [requirements of full Council], where applicable.

Summary of human resources implications

34. The staffing structure in terms of building management is already in place within the Leisure Centre and therefore will not require dedicated staff in addition to the duty management of the site.
35. Staffing requirements for classes are on a timetable basis with a mixture of casual and contracted staff undertaking these.

Summary of sustainability impact

36. The planning application will consider biodiversity, and the proposed timeline takes into account environmental factors such as nesting season between March and August.
37. During the construction phase best practice measures will be incorporated to sort and reuse materials generated by the demolition of the existing buildings/hardstanding etc, and where practicable new materials will be sourced locally.
38. The building will seek an improvement in the Fabric Energy Efficiency Standard over and above current Building Regulations. This measure will achieve a permanent improvement in Energy efficiency way beyond the life of any renewable energy source.
39. Overall, with the considered approach by the design team and client, the proposals will meet the requirements of Sustainability, as required and in accordance with paragraph 39 of the council's Local List of Requirements for planning applications.

Summary of public health implications

40. Taking forward option 2 will provide the opportunities for increased fitness and activity amongst residents and allow for development of class timetables to support a wide variety of classes for different abilities better delivering for community needs.
41. A wider choice and ability for specialist programmes will support the growth of the GP referral scheme and the transition of members from the referral into membership.

Summary of equality implications

42. An EIA conversation has been undertaken and reviewed by the Equality team.
43. Additional timetabling will allow greater consideration for the physical health, mental health, rehabilitation, early intervention, child and adult education, special educational needs, accessible needs, inclusivity and culture focused services.

Summary of risk assessment

Risk	Level	Mitigation
Financial – overspend or not meeting income targets	Medium	Project board to monitor financial reporting throughout work including the pre work on sales and marketing plan
Reputational – planning permission	Low	Pre-planning advice has been sort and recommendations taken forward ahead of planning application
Compliance	Low	A detailed project plan and project board will have governance and oversight on project to ensure compliance

Background papers

Built Facilities Assessment

Appendices

Appendix 1 – Financial assessment

Appendix 2 – Feasibility report (exempt)

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

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Audit & Governance Committee

Report Subject	Treasury Management Monitoring report for the period April to December 2025 and Treasury Management Strategy 2026/27
Meeting date	15 January 2026
Status	Public
Executive summary	<p>This report sets out the monitoring of the Council's Treasury Management function for the period 1 April 2025 to 31 December 2025. A surplus of £1.1m is being forecast for the 2025/26 financial year, partly due to the Council's ability to borrow lower than budgeted PWLB interest rates and partly due to increased interest receivable from investments.</p> <p>This report also presents the Treasury Management Strategy for 2026/27 with the relevant detailed strategy included as appendix 1.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <p>1) note the reported activity of the Treasury Management function for the period ending 31 December 2025.</p> <p>It is RECOMMENDED that Audit & Governance Committee recommends that Council.</p> <p>2) Approve the Treasury Management Strategy 2026/27 (Appendix 1)</p>
Reasons for recommendations	It is a requirement under the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice that regular monitoring of the Treasury Management function is reported to Members.
Portfolio Holder	Councillor Mike Cox, Portfolio Holder for Finance
Corporate Director	Aidan Dunn, Chief Executive
Service Director	Adam Richens, Director of Finance
Classification	For information and recommendation
Report author	<p>Russell Oakley, Finance Manager - Technical  russell.oakley@bcpcouncil.gov.uk</p> <p>Matthew Filmer, Assistant Chief Financial Officer  matthew.filmer@bcpcouncil.gov.uk</p>

Background Detail

1. Treasury Management is defined as the management of the Council's cash flows, its borrowings and investments, the management of the associated risks

and the pursuit of the optimum performance or return consistent with those risks.

2. The Treasury Management function operates in accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) 'Treasury Management in the Public Services' Code of Practice (2022).
3. The Treasury Management function manages the Council's cash flow by exercising effective cash management and ensuring that the bank balance is as close to nil as possible. The objective is to ensure that bank charges are kept to a minimum whilst maximising interest earned. A sound understanding of the Council's business and cash flow cycles enables funds to be managed efficiently.
4. This report considers the treasury management activities in relation to the Treasury Management Strategy. Also included is a summary of the current economic climate, an overview of the estimated performance of the treasury function, an update on the borrowing strategy, investments and compliance with prudential indicators.

Economic Background

5. The Bank of England (BoE) in December 2025 decreased interest rates to 3.75% following quicker than forecast fall in inflation. This follows decreases from a high of 5.25% in August 2024. The Bank's Monetary Policy Committee (MPC) voted 5-4 in favour of reducing the rate in December 2025, with 4 voting for no change which emphasises the gradual approach to rate reduction.
6. The MPC continue to suggest a gradual and careful rate cuts which are now expected to reach 3.5% during the middle of 2026 and remain at this rate during the next financial year (2026/27).
7. CPI inflation has fallen quicker than expected during the last quarter, from the 3.8% reported in Q2, reaching 3.2% in November and is expected to continue its decline towards the targeted 2% during 2026.
8. The main inflationary factor driving the earlier than expected decrease in CPI is the price of food and drinks.

Interest Rates

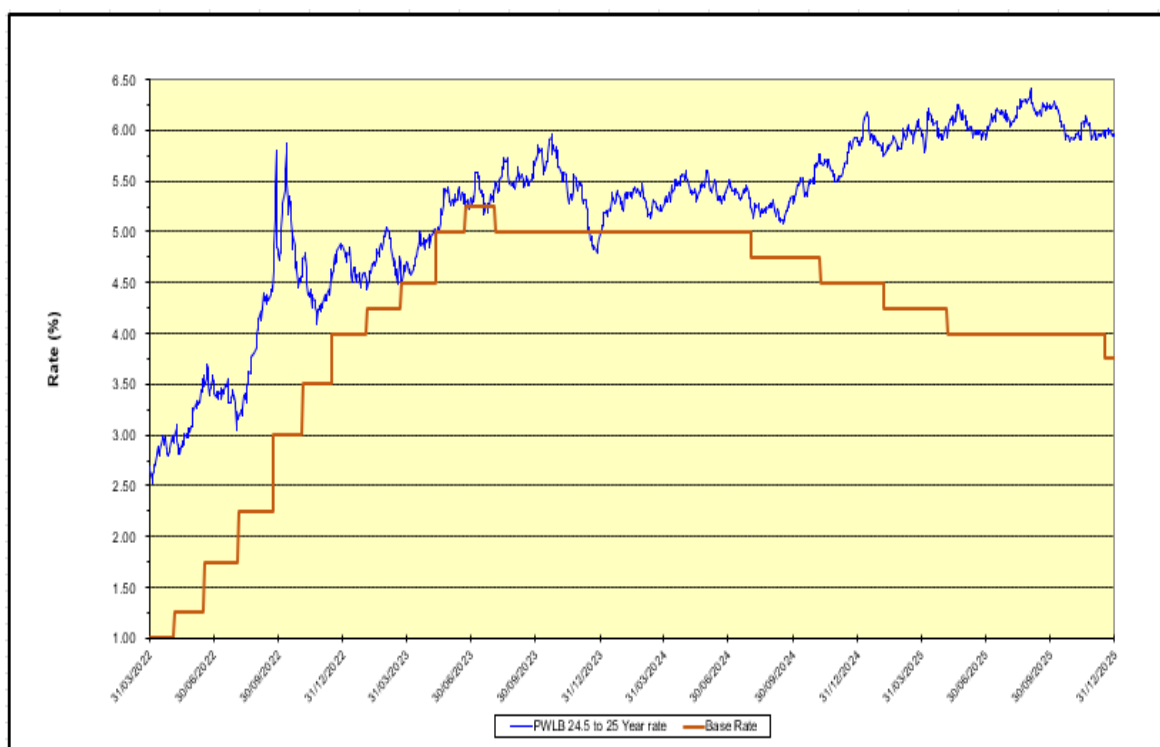
9. Table 1 overleaf which is produced by the authority's treasury consultants MUFG Corporate Markets, sets out their current and projected interest rates over the medium term

Table 1: Interest rate projection (Link Asset Services)

Interest Rate Forecasts								
Bank Rate	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
MUFG CM	4.00%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.25%
Cap Econ	3.75%	3.50%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.70%	4.50%	4.40%	4.30%	4.30%	4.30%	4.20%	4.20%
Cap Econ	4.80%	4.70%	4.60%	4.60%	4.50%	4.50%	4.40%	4.40%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.80%	4.70%	4.70%
Cap Econ	5.30%	5.30%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%
25Y PWLB RATE								
MUFG CM	5.90%	5.70%	5.70%	5.50%	5.50%	5.50%	5.40%	5.40%
Cap Econ	6.00%	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%
50Y PWLB RATE								
MUFG CM	5.60%	5.40%	5.40%	5.30%	5.30%	5.30%	5.20%	5.20%
Cap Econ	5.70%	5.60%	5.50%	5.30%	5.20%	5.20%	5.20%	5.20%

10. Table 2 below, demonstrates the historic trend of interest rates payable for PWLB loans of 25 years vs the Bank of England rate.

Table 2: PWLB Historical Rates Information (April 2022 to date)



Treasury Management Performance 2025/26

11. Table 3 overleaf shows the overall treasury management position for 2025/26. The current forecast is an underspend of £1.1m, which is an improved position compared to the £0.3m underspend forecasted at Quarter 2.
12. The reason for this improved forecast is primarily due to greater availability of funds within the local authority market than expected and at rates lower now than forecast at Q2. This market is providing lower rates compared to short term PWLB borrowing used to forecast borrowing costs resulting in a £0.6m reduction in interest costs.

13. A strategy of borrowing cash required into April 2026 mean we have higher cash balances to invest in the short term and have been able to take advantage of the high interest rates being paid within the inter-Local Authority market.

Table 3: Treasury Management Performance 2025/26

	Forecast 2025/26 £'000	Budget 2025/26 £'000	Variance 2025/26 £'000
<u>Expenditure</u>			
Interest Paid on Long Term Borrowings	2,830	2,830	0
Interest Paid on Short Term Borrowings	5,790	6,362	(572)
<u>Income</u>			
Investment Interest Received	(1,850)	(1,105)	(745)
Deductions from general fund	650	450	200
Total	7,420	8,537	(1,117)

Borrowing

14. Table 4 and 5 below shows the closing level of borrowing for the Council's two loan pools.

Table 4: Council Short Term Borrowings as of 31 December 2025

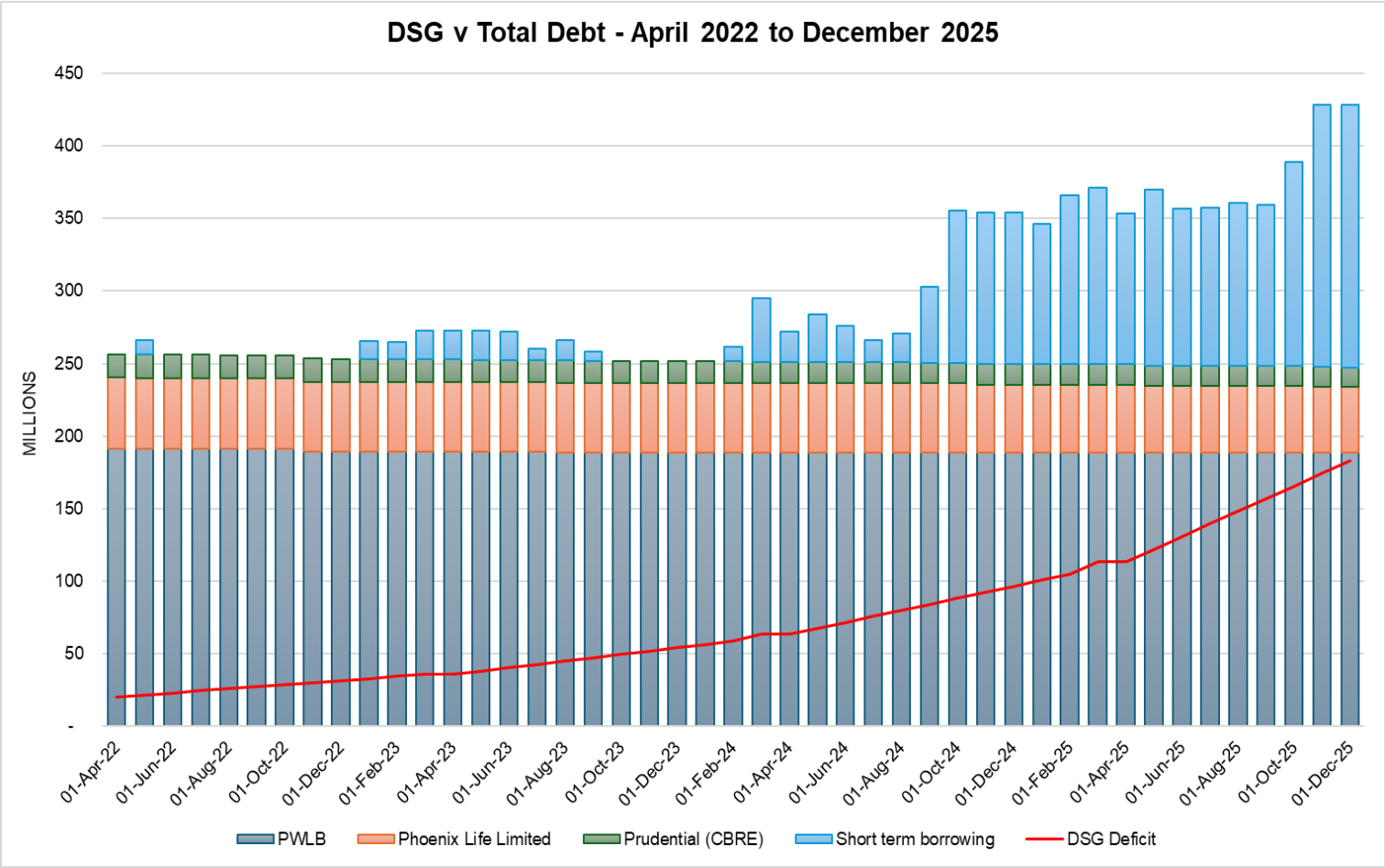
Initial Loan Value £'000	Interest Rate	Balance as at 31 Dec 2025 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Short Term Borrowing						
5,000	3.95%	5,000	15-Jan-2026	5,000	-	Torbay Borough Council
5,000	3.90%	5,000	23-Jan-2026	5,000	-	Liverpool City Region Combined Authority
10,000	4.00%	10,000	23-Jan-2026	10,000	-	London Borough of Croydon
4,000	3.95%	4,000	30-Jan-2026	4,000	-	Nottinghamshire Fire Authority
5,000	3.95%	5,000	30-Jan-2026	5,000	-	Royal Borough of Windsor & Maidenhead
5,000	4.40%	5,000	02-Feb-2026	5,000	-	Salford City Council
5,000	4.40%	5,000	09-Feb-2026	5,000	-	North Northamptonshire Council
20,000	4.35%	20,000	20-Feb-2026	20,000	-	London Treasury Liquidity Fund LP
5,000	4.40%	5,000	20-Feb-2026	5,000	-	East Riding of Yorkshire Council
5,000	4.40%	5,000	27-Feb-2026	5,000	-	Torfaen County Borough Council
5,000	4.40%	5,000	02-Mar-2026	5,000	-	Salford City Council
5,000	3.95%	5,000	16-Mar-2026	5,000	-	Crawley Borough Council
5,000	4.10%	5,000	07-Apr-2026	5,000	-	Harborough District Council
15,000	4.12%	15,000	15-Apr-2026	15,000	-	West Yorkshire Combined Authority
5,000	4.15%	5,000	17-Apr-2026	5,000	-	Rugby Borough Council
5,000	4.50%	5,000	17-Apr-2026	5,000	-	South Ribble Borough Council
3,000	4.10%	3,000	24-Apr-2026	3,000	-	Merseyside Fire & Rescue Authority
4,000	4.50%	4,000	05-May-2026	4,000	-	Arun District Council
5,000	4.60%	5,000	07-May-2026	5,000	-	Tamworth Borough Council
5,000	4.60%	5,000	07-May-2026	5,000	-	Torbay Borough Council
5,000	4.10%	5,000	08-May-2026	5,000	-	London Borough of Islington
5,000	4.60%	5,000	11-May-2026	5,000	-	West Yorkshire Pension Fund
5,000	4.50%	5,000	18-May-2026	5,000	-	Devon County Council Pension Fund
5,000	4.25%	5,000	22-May-2026	5,000	-	PCC for Hampshire
5,000	4.50%	5,000	26-May-2026	5,000	-	Milton Keynes Council
5,000	4.40%	5,000	29-May-2026	5,000	-	London Borough of Redbridge
5,000	4.60%	5,000	29-May-2026	5,000	-	East Midlands Combined Authority
20,000	4.50%	20,000	19-Jun-2026	20,000	-	London Treasury Liquidity Fund LP
181,000		181,000		181,000	-	

Table 5: Council Long Term Borrowings as of 31 December 2025

Initial Loan Value £'000	Interest Rate	Balance as at 31 Dec 2025 £'000	Maturity Date	General Fund Pool £'000	HRA Pool £'000	Source
Long Term Borrowing						
5,000	4.45%	5,000	24-Sep-2030	-	5,000	PWLB
5,000	4.45%	5,000	24-Nov-2031	-	5,000	PWLB
5,000	4.75%	5,000	24-Sep-2032	-	5,000	PWLB
5,000	4.45%	5,000	24-Nov-2032	-	5,000	PWLB
5,000	4.75%	5,000	24-Sep-2033	-	5,000	PWLB
5,000	4.60%	5,000	23-Feb-2035	-	5,000	PWLB
5,000	4.72%	5,000	22-Aug-2036	-	5,000	PWLB
5,000	2.80%	5,000	20-Jun-2041	5,000	-	PWLB
5,000	2.80%	5,000	20-Jun-2041	5,000	-	PWLB
10,000	1.83%	10,000	22-Jul-2046	10,000	-	PWLB
2,500	6.75%	2,500	06-Mar-2056	-	2,500	PWLB
1,500	6.75%	1,500	13-Mar-2057	-	1,500	PWLB
1,500	5.88%	1,500	07-Mar-2058	-	1,500	PWLB
42,488	3.48%	42,488	28-Mar-2062	-	42,488	PWLB
43,908	3.48%	43,908	28-Mar-2062	-	43,908	PWLB
17,000	1.54%	17,000	17-May-2068	17,000	-	PWLB
12,500	1.56%	12,500	16-Aug-2068	12,500	-	PWLB
12,500	1.55%	12,500	16-Aug-2069	12,500	-	PWLB
188,896		188,896		62,000	126,896	
22,625	2.26% + RPI Annually	13,291	17-Oct-2039	13,291	-	Prudential Assurance Co
49,000	1.69%	45,097	24-Nov-2045	45,097	-	Phoenix Life Limited
71,625		58,388		58,388	-	
Total Short Term and Long term Borrowing						
441,521		428,284		301,388	126,896	

Table 6: Debt Summary April 2022 - December 2025

15. The chart shows the overall increase in debt held since April 2022 and overlays the accumulated dedicated school grant (DSG) deficit over the same period. Debts in the short term have increased significantly to satisfy the cash demand of the deficit. The inclusion of this chart works on satisfying the recommendation from external audit to include comparisons on the level of borrowing to the previous year and earlier periods.



Investments

16. A full list of investments held by the authority as of 31 December 2025 is shown in Table 7 below.

Table 7: Investment Summary as of 31 December 2025

Investments	Maturity Date	Principal Amount £	Interest %
<u>Fixed Term Deposits</u>			
London Borough of Newham	19-Jan-2026	10,000,000	4.20
Cornwall Council	26-Jan-2026	10,000,000	4.20
Uttlesford District Council	02-Feb-2026	5,000,000	4.20
Eastbourne Borough Council	12-Feb-2026	10,000,000	4.20
Wirral Borough Council	17-Feb-2026	10,000,000	4.20
Wirral Borough Council	20-Feb-2026	10,000,000	4.20
London Borough of Barking & Dagenham	23-Feb-2026	10,000,000	4.20
Sub Total		65,000,000	
<u>Call Account</u>			
Aberdeen Standard Liquidity Fund		7,825,000	
Total		72,825,000	

17. The Treasury Management function average returns of 4.16% for the period 1 April 2025 to 31 December 2025 for its combined investments, compared favourably to the average SONIA overnight benchmark rate of 4.05%.

Prudential Indicators

18. The Treasury Management Prudential Code Indicators were set as part of the 2025/26 Treasury Management Strategy as agreed with Council in February 2025. It can be confirmed that all indicators have been complied with during the period 1 April 2025 to 31 December 2025.

Compliance with Policy

19. The Treasury Management activities of the Council are regularly audited both internally and externally to ensure compliance with the Council's Financial Regulations. The recent internal audit in 2025 rated the Treasury Management function as "Reasonable" assurance which means that there is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
20. The Treasury Management Strategy requires that surplus funds are placed with major financial institutions but that no more than 25% (AA- Rated Institutions) or 20% (A to A- Rated) of the investment holding is placed with any one major financial institution at the time the investment takes place. It can be confirmed that the Treasury Management Strategy has been complied with during all of 2024/25 and the period 1 April 2025 to 31 December 2025.

Treasury Management Strategy 2026/27

21. The Treasury Management Strategy is produced each year in accordance with the CIPFA Code of Practice on Treasury Management. It sets out how the Council's Treasury service will support capital investment decisions, and how the treasury management operates day to day. Its sets out the limitations on treasury management activity through prudential indicators, within which the council's treasury function must operate. The strategy is included as Appendix 1 to the report.
22. Aside from the standard update of financial estimates for the prudential indicators there have been no other significant changes made.

Summary of Financial Implications

23. Financial implications are as outlined within the report.

Summary of Legal Implications

24. There are no known legal implications.

Summary of Human Resource Implications

25. There are no known human resource implications.

Summary of Sustainability Impact

26. There is no known sustainability impact.

Summary of Public Health Implications

27. There are no known public health implications.

Summary of Equalities and Diversity Impact

28. The Treasury Management activity does not directly impact on any of the services provided by the Council or how those services are structured. The success of the function will have an impact on the extent to which sufficient financial resources are available to fund services to all members of the community.

Summary of Risk Assessment

29. The Treasury Management Policy seeks to consider and minimise various risks encountered when investing surplus cash through the money markets. The aim in accordance with the CIPFA Code of Practice for Treasury Management is to place a greater emphasis on the security and liquidity of funds rather than the return gained on investments. The main perceived risks associated with treasury management are discussed below.

Credit Risks

30. Risk that a counterparty will default, fully or partially, on an investment placed with them. There were no counterparty defaults during the year to date, the Council's position is that it will invest the majority of its cash in the main UK Banks which are considered to be relatively risk adverse and have been heavily protected by the UK Government over the last few years. The strategy is being constantly monitored and may change if UK Bank Long Term ratings fall below acceptable levels.

Liquidity Risks

31. Aims to ensure that the Council has sufficient cash available when it is needed. This was actively managed throughout the year and there are no liquidity issues to report.

Re-financing Risks

32. Managing the exposure to replacing financial instruments (borrowings) as and when they mature. The Council continues to monitor premiums and discounts in relation to redeeming debt early. Only if interest rates result in a discount that will benefit the Council would early redemption be considered.

Interest Rate Risks

33. Exposure to interest rate movements on its borrowings and investments. The Council is protected from rate movements once a loan or investment is agreed as the vast majority of transactions are secured at a fixed rate.

Price Risk

34. Relates to changes in the value of an investment due to variation in price. The Council does not invest in Gilts or any other investments that would lead to a reduction in the principal value repaid on maturity.

Background papers

35. Treasury Management report to Full Council on 11th February 2025
<https://democracy.bcpccouncil.gov.uk/documents/s56116/Treasury%20Management%20Monitoring%20report%20for%20the%20period%20April%20to%20December%202024%20and%20Treasury%20Management%20.pdf>

Appendices

Appendix 1 - Treasury Management Strategy 2026/27

Bournemouth, Christchurch and Poole Council (BCP)

Treasury Management Strategy Statement 2026/27

Introduction

Background

- 1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.
- 2 The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.
- 3 The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 4 CIPFA defines treasury management as:
"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 5 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

Reporting Requirements

Capital Strategy

- 6 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -
 - a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed

- the implications for future financial sustainability
- 7 The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.
 - 8 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

Treasury Management Reporting

- 9 The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
 - a) **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
 - b) **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
 - c) **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

- 10 The above reports are required to be adequately scrutinised before being recommended to Full Council. This role is undertaken by the Audit and Governance Committee.
- 11 **Quarterly reports** – In addition to the three major reports detailed above quarterly reporting (end of June/end of December) are also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Audit and Governance Committee. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

Treasury Management Strategy for 2026/27

12 The strategy for 2026/27 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

13 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

14 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

15 Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

16 The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

17 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and council members.
- Require treasury management officers and council members to undertake self-

assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).

- Have regular communication with officers and council members, encouraging them to highlight training needs on an ongoing basis.

- 18 In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.
- 19 The following training has been undertaken by members on the 20th November 2025 and further training will be arranged as required.
- 20 The training needs of treasury management officers are periodically reviewed.
- 21 A formal record of the training received by officers central to the Treasury function will be maintained by the Finance Manager - Technical. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Finance Manager - Technical.

Treasury management consultants

- 22 The Councils Treasury Management advisors are MUFG Corporate Markets.
- 23 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources.
- 24 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

The Capital Prudential Indicators 2026/27 – 2028/29

- 25 The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure and Financing

- 26 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
General Fund	102,652	98,917	107,517	66,722	34,211
HRA	29,129	44,481	43,083	43,835	38,308
Total	131,781	143,398	150,600	110,557	72,519

- 27 The following tables summarise the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

General Fund Capital Expenditure

Capital expenditure	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
General Fund Total	102,652	98,917	107,517	66,722	34,211
Financed by:					
Capital receipts	-	1,287	-	-	-
Capital grants & Contributions	57,554	75,592	76,159	45,952	30,671
Revenue, S106 and CIL financing	3,709	7,894	15,398	3,088	518
Prudential Borrowing	41,389	14,144	15,960	17,682	3,022
Total financing for the year	102,652	98,917	107,517	66,722	34,211

HRA Capital Expenditure

Capital expenditure	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
HRA Total	29,129	44,481	43,083	43,835	38,308
Financed by:					
Capital receipts	2,107	5,261	3,564	2,144	1,732
Capital grants & Contributions	10,698	6,660	11,733	5,253	2,598
Revenue, S106 and CIL financing	3,122	6,144	6,640	3,500	5,000
Major Repairs Allowance	13,202	16,806	16,434	16,498	17,025
Prudential Borrowing	-	9,610	4,712	16,440	11,953
Total financing for the year	29,129	44,481	43,083	43,835	38,308

The Council's borrowing need (the Capital Financing Requirement)

- 28 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 29 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 30 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

31 The Council is asked to approve the CFR projections:

	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Capital Financing Requirement					
CFR - General Fund	405,482	407,330	410,994	416,380	407,106
CFR - HRA	137,782	146,392	150,104	165,544	176,497
Total CFR	543,264	553,722	561,098	581,924	583,603
Movement in CFR	26,008	10,458	7,376	20,826	1,679
Movement in CFR represented					
Net movement in borrowing for the year (above)	41,389	23,754	20,672	34,122	14,975
Less MRP/VRP and other financing movements	(12,307)	(13,296)	(13,296)	(13,296)	(13,296)
Movement in CFR	29,082	10,458	7,376	20,826	1,679

32 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any borrowing in relation to the authority's overall financial position. The capital expenditure figures and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Council's remaining activity.

Liability Benchmark

33 The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

34 There are four components to the LB: -

- Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

35 Appendix 4 to this strategy illustrates the graphical estimate of the liability benchmark for the general fund and HRA separately. It confirms both funds have net loan requirement supported by the internal borrowing capacity of the authority. This benchmark will continually be updated and referred to as new borrowing is considered in the medium term.

Core Funds and Expected Investment Balances

- 36 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Fund balances / reserves	99,636	99,636	99,636	99,636	99,636
Capital receipts	11,898	11,898	11,898	11,898	11,898
Provisions	26,633	26,633	26,633	26,633	26,633
Other	(49,383)	(119,226)	(210,776)	(348,101)	(554,089)
Total core funds	88,784	18,941	(72,609)	(209,934)	(415,922)
Working Capital*	(99,796)	(99,796)	(99,796)	(99,796)	(99,796)
Under/over borrowing	167,066	122,408	61,783	14,608	(51,714)
Expected Internal Investments	67,270	22,612	(38,013)	(85,188)	(151,510)

*Working capital balances shown are estimated year-end; these may be higher mid-year

Minimum Revenue Provision (MRP) policy statement

- 37 The Authority's MRP policy was amended in 2023/24 following a comprehensive review of MRP charges and methodology. This updated policy reflects the new MRP calculation methods to be implemented.
- 38 For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation.
- 39 Unsupported borrowing will be subject to MRP under option 3 of the guidance (Asset Life Method). MRP will be based on the estimated life of the assets in accordance with the statutory guidance using the annuity method, calculated on a weighted average basis, where appropriate.
- 40 MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset lives as recommended by the statutory guidance.
- 41 The interest rate applied to the annuity calculations will reflect the market conditions at the time, and will for the current financial year be based on PWLB annuity rates
- 42 Where applicable, repayments included in annual PFI or finance leases are applied as MRP.
- 43 MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e. voluntary revenue provision or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The cumulative amount of VRP overpayments made between 1 April 2023 and 31st March 2025 was £12.8m.
- 44 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for asset under construction where the MRP will be deferred until the year after the asset becomes operational.

Borrowing

- 45 The capital expenditure plans set out earlier provide details of the service activity of the Authority. The treasury management function ensures that the Authority's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Authority's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

Current portfolio position

- 46 The overall Treasury Management portfolio as at 31 March 2025 and for the position as at 31 December 2025 are shown below for both borrowing and investments.

	Actual 31/03/2025 £'000	Actual 31/03/2025 %	Current 31/12/2025 £'000	Current 31/12/2025 %
Treasury investments				
Money Market Funds	650	25%	7,825	11%
Bank Deposits	0	0%	0	0%
DMADF	1,900	75%	0	0%
Local Authorities	0	0%	65,000	89%
Total Treasury Investments	2,550	100%	72,825	100%
Treasury External Borrowing				
PWLB	188,896	51%	188,896	44%
Local Authorities	121,500	33%	181,000	42%
Private Sector	60,563	16%	58,388	14%
Total External Borrowing	370,959	100%	428,284	100%
Net treasury investment / (borrowing)	(368,409)		(355,459)	

- 47 The Authority's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
External Debt					
Treasury Debt 1st April	295,126	370,960	426,718	495,361	564,004
PFI and Finance Lease Liability	5,238	4,596	3,954	3,312	2,670
Expected change in Debt	75,834	55,758	68,643	68,643	68,643
Actual gross debt at 31 March	376,198	431,314	499,315	567,316	635,317
The Capital Financing Requirement	543,264	553,722	561,098	581,924	583,603
Under / (over) borrowing	167,066	122,408	61,783	14,608	(51,714)

- 48 Within the range of prudential indicators there are several key indicators to ensure that the Authority operates its activities within well-defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and the following two financial years. This allows some

flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

- 49 The S151 officer reports that the Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

Treasury Indicators: limits to borrowing activity

- 50 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.
- 51 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- a This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.
- b The Audit and Governance Committee is asked to approve the following authorised limit:

	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Operational Boundary	775	800	825	850	850
Authorised Limit	810	835	860	895	895

Prospects for interest rates

- 52 The Council has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 11.08.25. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

Additional notes by MUFG Corporate Markets on this forecast table: -

- 53 Our last interest rate forecast update was undertaken six months ago, in February 2025. Throughout the intervening period we have successfully forecast a gradual reduction in Bank Rate, although we were not overly persuaded that a cut in August was the correct policy, given even the Bank of England anticipates CPI inflation hitting 4% in the autumn. As it happened, a 5-4 split vote for a rate cut to

4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was “finely balanced” and that future rate cuts would be undertaken “gradually and carefully”.

54 What we also know after last week’s release of the Bank of England’s Quarterly Monetary Policy Report is that annual UK GDP is expected to be in the region of 1.2% for Q3 2025, rising to 1.7% by Q3 2028. The Bank anticipates wage growth to moderate to a sustainable 3.75% and CPI inflation to return to 2% in around 18 months’ time.

55 With the August rate cut now done, we are comfortable revising our previous forecast for a November rate cut, instead pushing that back to February 2026, on the basis that CPI inflation should have peaked by then and will be on a slow downwards trajectory back to 2% by 2027. Further gradual reductions in Bank Rate to 3.25% are then anticipated but, and it is a big BUT, only if inflation and employment data are supportive of such cuts.

Borrowing strategy

56 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow have been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2026 even if further rate cuts arise.

57 Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

58 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Policy on borrowing in advance of need

59 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

- 60 Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt rescheduling

- 61 Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.
- 62 If rescheduling was done, it will be reported to the Audit and Governance Committee, at the earliest meeting following its action.

Approved Sources of Long- and Short-term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Community municipal bonds	●	●
UK Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

Annual Investment Strategy

Investment Policy

- 63 The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
- 64 The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

- 65 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.
- 66 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
- a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
 - b) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
 - c) Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
 - d) This Authority has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.
 - e) All investments will be denominated in sterling.
 - f) As a result of the change in accounting standards under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. Subsequently, a further extension to the over-ride to 31.3.29 was agreed by Government but only for those pooled investments made before 1st April 2024.

- 67 However, this Authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness policy

- 68 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- a It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 - b It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 69 The Chief Financial Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to which types of investment instruments that can be used as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 70 Credit rating information is supplied by MUFG Corporate Markets, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
- 71 The criteria for providing a pool of high-quality investment counterparties (both specified and non-specified investments) is:

Sovereign Ratings

- AAA (non-UK)

(Rating Description: AAA = Prime Rating, AA+, AA, AA- = High Grade Rating)

Appendix 2 sets out the current list of countries that the Council can invest funds with.

The UK sovereign rating is currently AA. To ensure that the Treasury Function has capacity to operate effectively no specific minimum UK sovereign rating has been set out.

Selection Criteria

- 72 Banks 1 - the Council will use UK and non-UK banks which have, as a minimum at least one of, the following Fitch, Moody's and Standard & Poors credit ratings (where rated):

	Fitch	Moody's	Standard & Poors
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

- 73 Investments will include term deposits, call accounts, notice accounts and Certificate of Deposits.

- a Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- b Banks 3 – The Council's own bankers (HSBC, Lloyds and Barclays) for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- c Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- d Building societies. The Council will use societies which meet the ratings for Banks 1 outlined above.
- e Money Market Funds (MMFs) Constant net asset value (CNAV)
- f Money Market Funds (MMFs) Low-Volatility net asset value (LVNAV)
- g Money Market Funds (MMFs) Variable net asset value (VNAV)
- h Ultra-Short Dated Bond Funds with a credit rating of at least 1.25
- i Ultra-Short Dated Bond Funds with a credit rating of at least 1.50
- j Cash Plus Funds
- k UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility (DMADF))
- l Local authorities, Police and Fire Authorities, Parish Councils, BCP Council Companies (Subsidiaries) and Partnerships.
- m Pooled Funds

Maximum Time and Monetary Limits applying to Investments

- 74 The maximum amount that can be invested in any one institution at the time of the investment (including call accounts) as a percentage of the total investment portfolio has been reviewed and rationalised. All AA- and above rated institutions have a maximum limit of 25%, all A+, A or A- rated institutions have a maximum limit of 20%. For practical reasons where the average investment balance falls

below £10m it may become necessary to increase the percentage limit to 33% at the time of investment (this only applies to call accounts and money market funds).

- 75 The maximum time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 higher quality	AA-	25%	2 years
Banks 1 medium quality	A	20%	1 year
Banks 1 lower quality	A-	20%	6 months
Banks 2 category – part-nationalised	N/A	20%	2 years
Limit 3 category – Council's banker Barclays	AA-	25%	3 months
DMADF	UK sovereign rating	Unlimited	6 months
Local Authorities	N/A	20%	5 years
Money Market Funds CNAV	AAA	25%	Instant access
Money Market Funds LVNAV	AAA	25%	Instant access
Money Market Funds VNAV	AAA	25%	Instant access
Ultra-Short Dated Bond Funds	N/A	25%	Unlimited

Use of additional information other than credit ratings

- 76 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information will be applied to compare the relative security of differing investment counterparties.

Investment strategy

In-house funds

- 77 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

- 78 Bank Rate is forecast to over the next two years reaching 3.25% by 2027.
- 79 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year were updated on 11 August 2025 and are as follows: -

<i>Average earnings in each year</i>	<i>Now</i> %	<i>Previously</i> %
2025/26 (residual)	3.90	4.10
2026/27	3.60	3.60
2027/28	3.30	3.50
2028/29	3.50	3.50
2029/30	3.50	3.50
Years 6-10	3.50	3.50
Years 10+	3.50	3.50

Investment treasury limit

- 80 The maximum period for investments will be 5 years.

Ethical Investing

- 81 This is an area of investing that is becoming increasingly considered by financial institutions and customers. Products from financial institutions are growing but still remain limited. To consider investing in sustainable deposits they will still need to meet our counterparty criteria and parameters set out earlier in the strategy. Investment guidance, both statutory and from CIPFA, makes clear that all investing must adopt SLY principles – security, liquidity and yield: ethical issues must play a subordinate role to those priorities. The Treasury team will continue to explore this area and report to members of any further developments.

Treasury Management Policy, Practices and Schedules

- 82 The Treasury Management Policy, Practices and Schedules will be presented alongside this 2026/27 update of the TM Strategy.

Appendices

Appendix 1 - Economic Background

Appendix 2 - Approved Countries for investments

Appendix 3 - The Treasury Management role of the S151 Officer

Appendix 4 - Liability Benchmarking – GF and HRA

Appendix 1: Economic Background (provided by MUFG Corporate Markets)

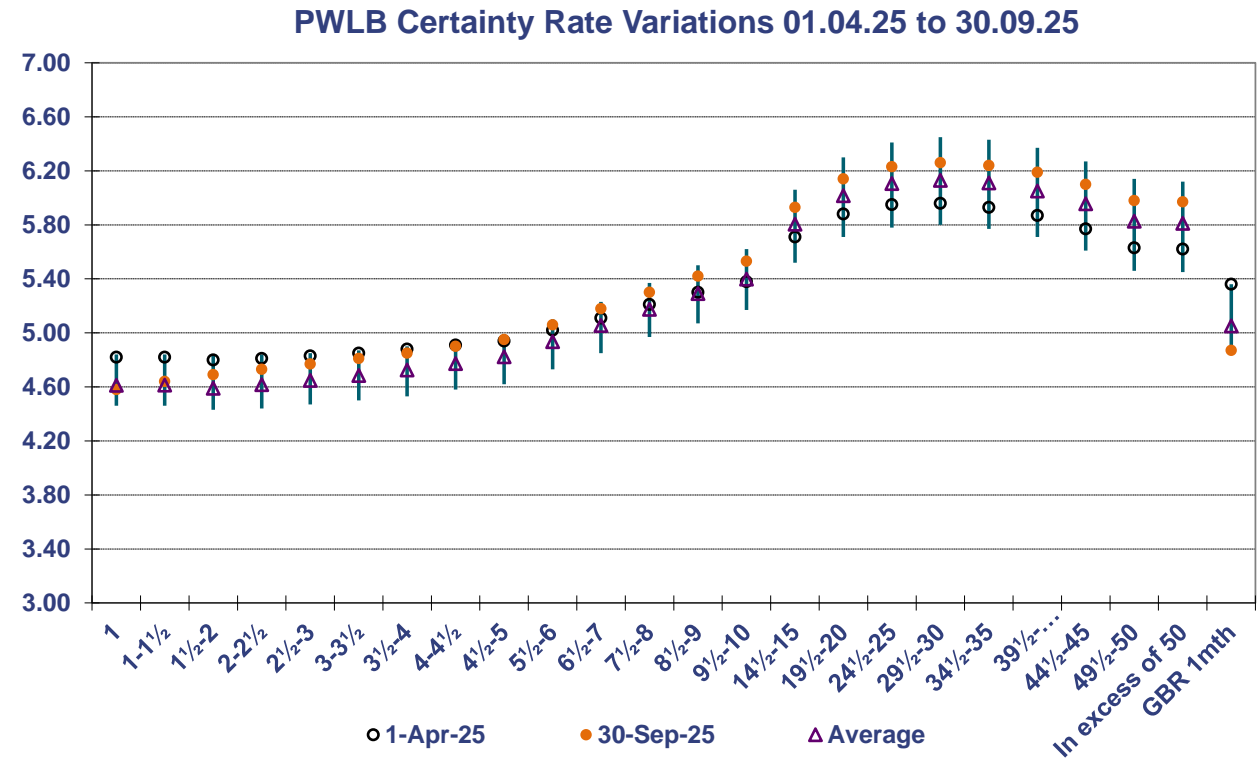
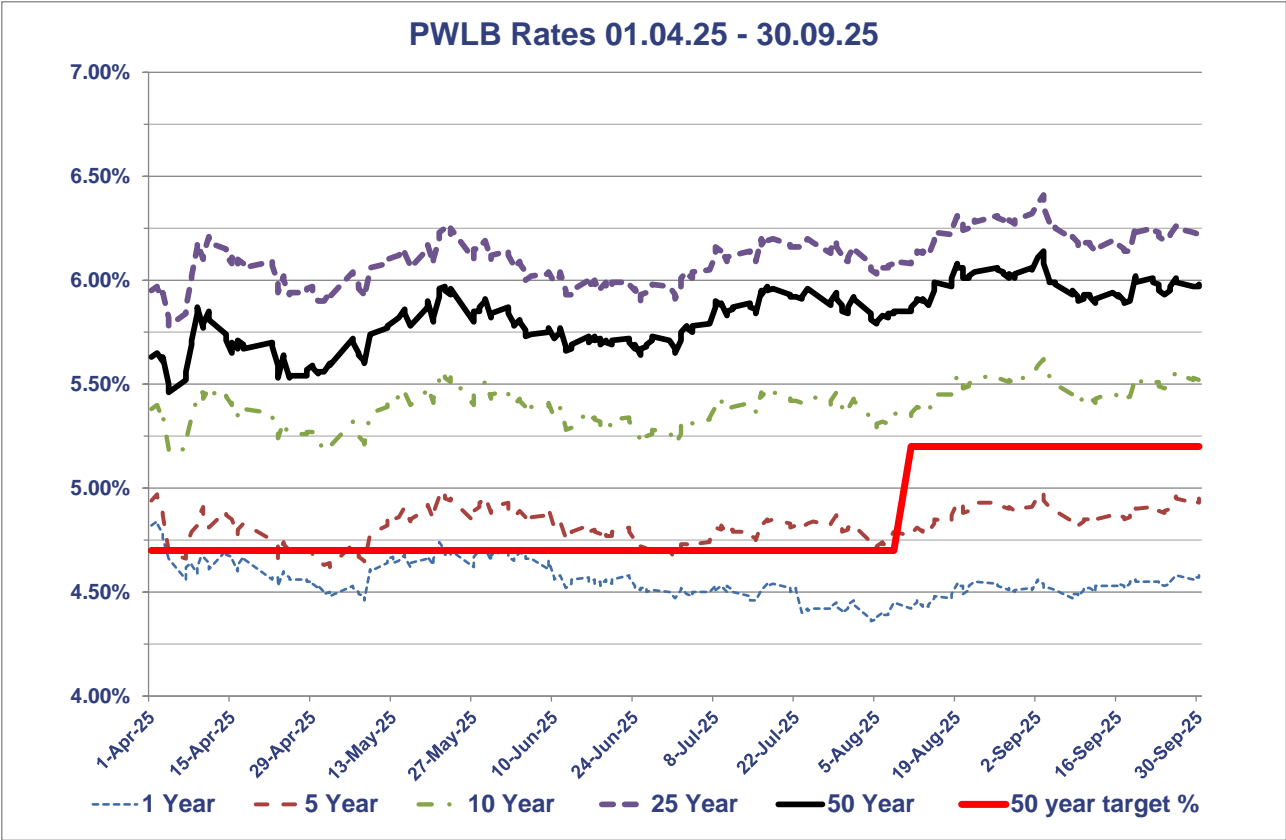
- The first half of 2025/26 saw:
 - A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September.
 - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.6% in September.
 - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
 - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
 - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 and 2026 is currently forecast by the Bank of England to be in the region of 1.4% before picking up in 2027.
- Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was 0.1% q/q.
- Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but the headwinds are gathering.
- With the November Budget edging nearer, the public finances position looks weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.
- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to October 2025 stood at 723,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.
- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.6% in September. The rate for the private sector slipped from 4.3% to 4.2%.

- CPI inflation remained at 3.8% in September, whilst core inflation fell to 3.5%. Services inflation stayed at 4.7%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the “Liberation Day” tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended June at 4.50%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves’ future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK’s fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although by early November yields had fallen back again to a little over 4.40%.
- The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed September at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors’ global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings. In early November, the FTSE100 climbed to a record high just above 9,900.

MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November 2025

- There were five Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.
- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a gradual and careful" approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.
- At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut is imminent. With GDP for Q3 disappointing, and the September CPI number staying at 3.8%, the market is split over whether the next rate cut will be in December or February.

PWLB RATES 01.04.25 - 30.09.25



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 30.09.25

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
30/09/2025	4.58%	4.95%	5.53%	6.23%	5.98%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.55%	4.82%	5.40%	6.11%	5.83%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

Appendix 2: Approved countries for investments

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- U.S.A.

AA

- Abu Dhabi (UAE)
- Finland
- Qatar

AA-

- U.K.

A+

- Belgium
- France

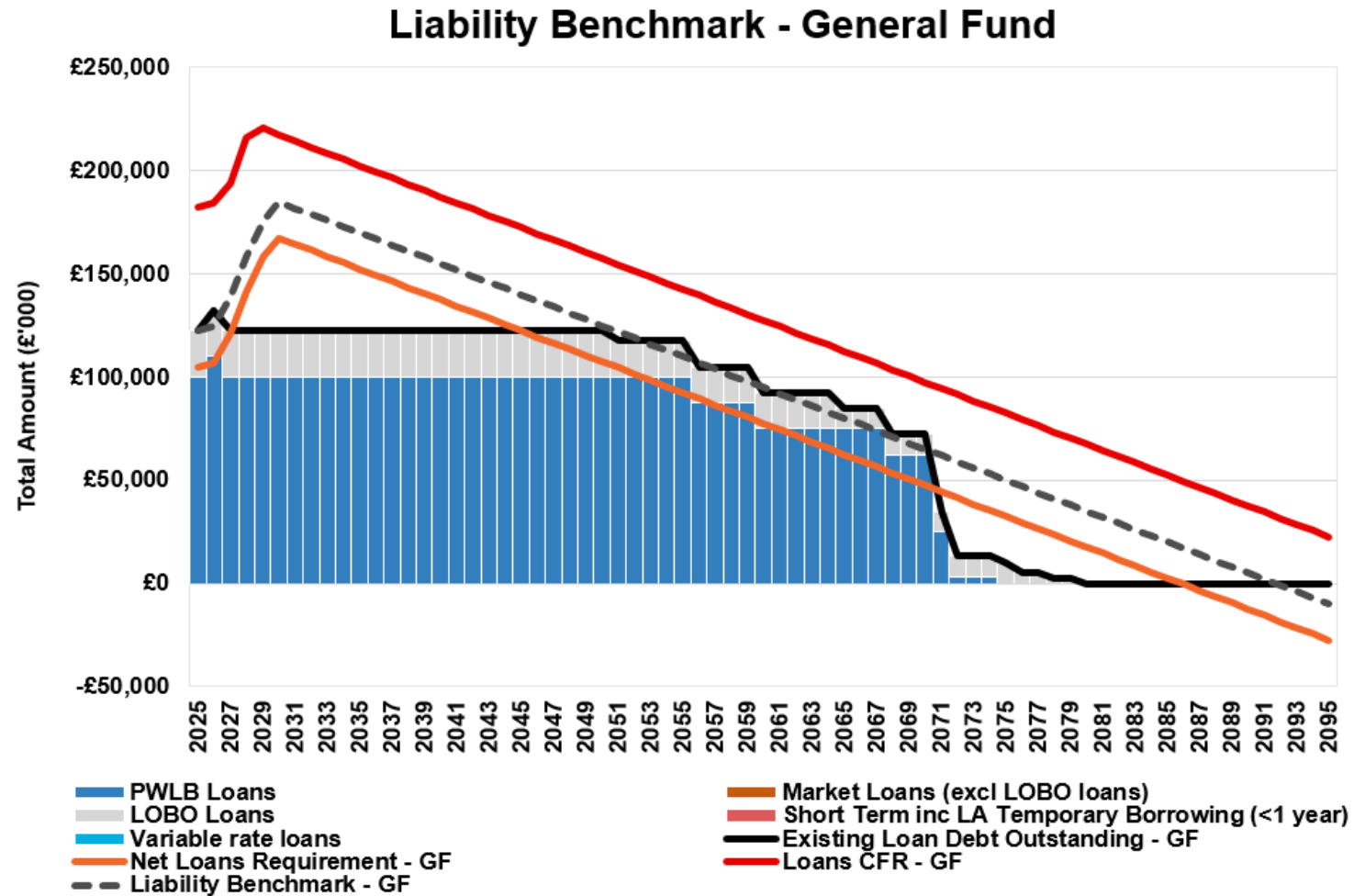
Appendix 3: The Treasury Management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe (say 20+ years – *to be determined in accordance with local priorities.*)
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:-
 - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
 - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
 - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

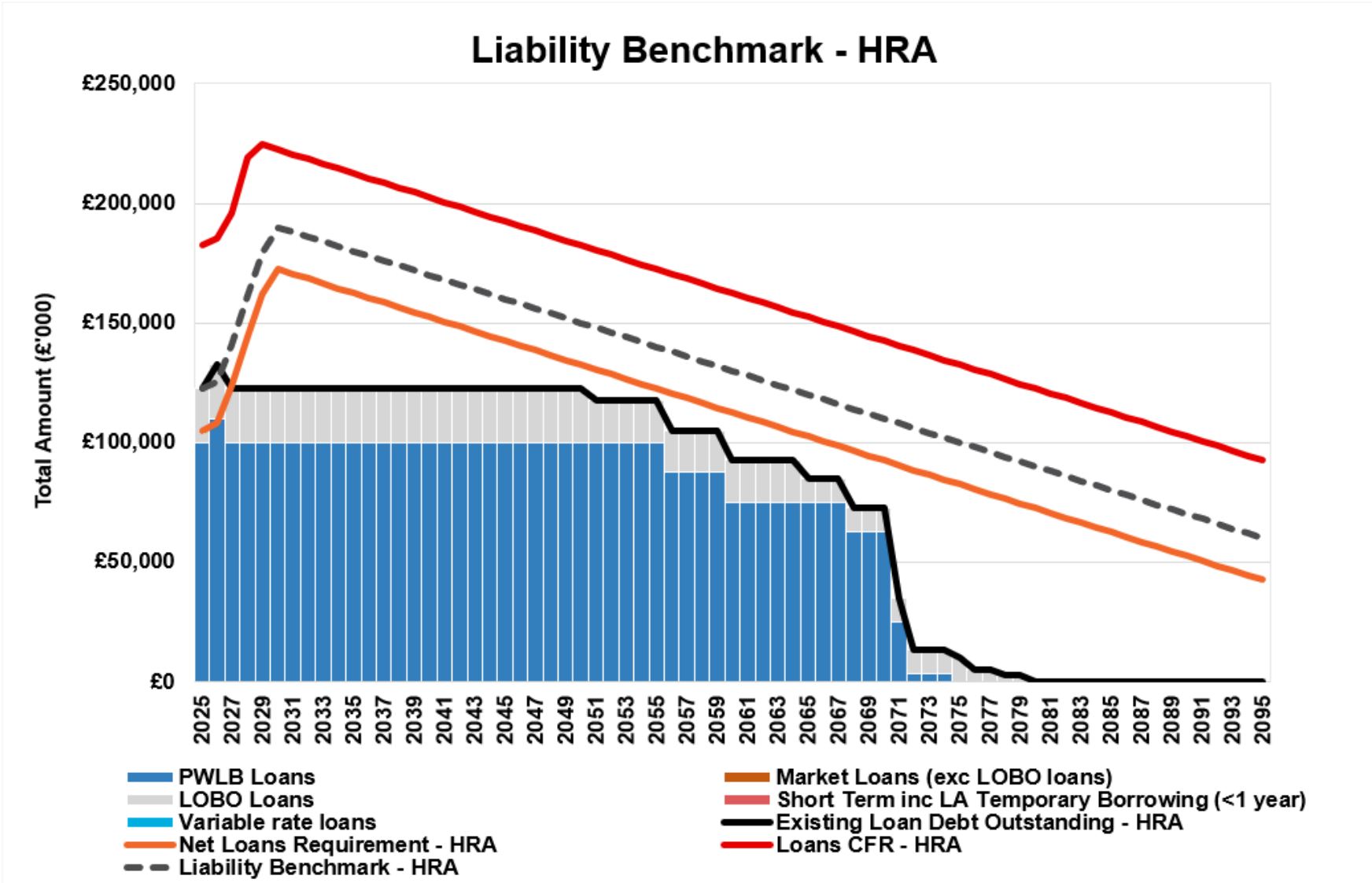
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

Appendix 4 – Liability Benchmark – General Fund



Appendix 4 – Liability Benchmark – HRA

£83



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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Risk Management - Corporate Risk Register Update
Meeting date	15 January 2025
Status	Public Report
Executive summary	<p>This report updates councillors on the position of the council's Corporate Risk Register. The main updates are as follows:</p> <ul style="list-style-type: none"> • No new risks have been added during the quarter. • No risks have been removed or de-escalated during the quarter. • Material updates for this quarter are outlined in section 11.
Recommendations	<p>It is RECOMMENDED that:</p> <p>Members of the Audit and Governance Committee note the update provided in this report relating to corporate risks.</p>
Reason for recommendations	To provide assurance that corporate risks are being managed effectively and continue the development of the council's arrangements for risk management and enhance its governance framework.

Portfolio Holder(s):	Councillor Mike Cox, Portfolio Holder for Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Fiona Manton Risk & Insurance Manager ☎01202 127055 fiona.manton@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Update and Information

Background

1. Risk can be broadly defined as the possibility that an action, issue or activity (including inaction) will lead to a loss or an undesirable outcome. It follows that risk management is about the identification, assessment and prioritisation of risks followed by co-ordinated control of the probability and impact of that risk.
2. In accordance with the Financial Regulations and the Risk Management Policy, the Audit and Governance Committee are specifically responsible for ensuring appropriate and effective risk management processes. In practice, this means that the committee members must assure themselves that the council's risk management framework is appropriate and operating effectively. The council's Corporate Risk Register is an important element of this framework and is reviewed and updated on a quarterly basis.
3. In line with the decision-making framework in place for BCP Council it was agreed that effective from day one BCP Council would, as an interim measure, adopt the legacy Bournemouth risk management framework. The scoring matrix in this framework was adjusted to reflect the increased remit of the new authority.
4. In addition to the quarterly reviews, in immediate practical terms, the Corporate Management Board (CMB) continues to monitor risks and ensure appropriate and proportionate mitigating actions continue and evolve as risks change.

Corporate Risk Review

5. Members will recall from the previous updates that the Corporate Risk Register was established at the commencement of BCP Council. It has been routinely reviewed on a quarterly basis.
6. In order to provide the committee with insight in terms of the approach to risk management, a summary of the process followed is shown at Appendix 1.
7. To assist in the understanding of prioritisation of risk, the council's risk matrix and definitions is shown at Appendix 2.
8. At Appendix 3 a dashboard is included with summarised information.
9. To assist the committee with the context of the corporate risks, at Appendix 5 is a diagram which outlines the risk hierarchy in place in the organisation.

10. Each risk is given a unique identifying number so where risks have been removed from the register the numbers will no longer run sequentially. To assist the committee a table of the full risks is shown at the beginning of Appendix 4. This is ranked according to the net risk score from the highest to the lowest.

Changes in Risk During Quarter 3 – 2025/2026

11. During the quarter, the risks have been reviewed and in addition to the updates to each risk, the material updates to the register are as follows:
 - a) Risk CR02 – We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding, an interim update is provided in relation to this risk and it should be noted that the outcome of the SEND Local Area Partnership Inspection is awaited.
 - b) Risk CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack, an interim update has been provided for this risk. In December 2025, a corporate cyber exercise took place to assist in testing the council's preparedness. The outcomes of this exercise will be taken into consideration in the next update of the risk.
 - c) Risk CR15 - We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support. In reviewing the risk during the quarter, consideration was given as to how any risks around the implementation of the new payroll solution for BCP Council should be reflected. The risk will be considered further in the next quarter.
 - d) Risk CR16 – Partnerships may not support delivery of the corporate strategy, objectives or priorities, the title and risk content has been updated for this risk. During the next quarter consideration will be given as to whether this risk should remain at a corporate level or whether it should be delegated to all director level risk registers to consider the risk levels across the organisation. Prior to this action, assurance will be sought that the partnership framework is operational and provides the relevant performance information facilitating corporate oversight.
12. In addition to the usual update process and as part of the on-going risk reviews, the re-addition of the previous corporate risk – CR08 – Inability to run an election/referendum, will be considered during the next quarter. This risk is routinely included as a corporate risk in the run up to any elections. This risk will be reviewed in the context of the new town council elections in May 2026.
13. Whilst it may be noted that many of the risk scores have not changed, this is not reflective of management action or inaction. Risks will continue to be influenced by a number of factors including national impacts and operational environment changes. During each quarter risk owners routinely review the allocated scores along with further discussion by CMB.
14. During this quarter in addition to the review of individual risks, the connectivity of risks continues to be considered in relation to the Corporate Risk Register. CMB will continue to be mindful of the accumulation of risk. New risk causes may impact across several risks and in turn compound the overall risk position for the council in a negative way.
15. Full details of the updates for this quarter can be found in Appendix 4.

Director Level Risk Review

16. As part of this quarter's considerations, Corporate Directors reviewed the risk registers within their directorates to identify whether any risks currently considered at Director level should be escalated to the corporate risk level. The position was then discussed by CMB as a group to confirm the decisions.
17. As a result of these discussions the following was noted and agreed:
 - a) Corporate Directors will continue to review all risks rated High within their directorates. This currently equates to 39% of the total Director level risks.
 - b) The above review will include the consideration of whether any risks or commonality of risk need to be escalated or added to the Corporate Risk Register.

Key Assurance Risk Review

18. As part of the overall risk framework and to ensure risks are considered at all levels, CMB also considered those risks identified as part of the key assurance risk framework. This included the following risk registers:
 - Health and Safety and Fire Safety Board
 - Resilience Governance Board
19. The Information Governance Board risk register was not available at the time of the compilation of the report to CMB.
20. CMB reviewed these risks and considered whether either individual risks or a board level risk needed to be included on the Corporate Risk Register. No risks were escalated from these registers during the quarter.

Dynamic Risk Review Process

21. Recognising the rapidly changing environment and the increasingly complex interaction between some of the corporate risks, a standard agenda item has been added to CMB to add a further layer to the risk review process.
22. This process allows for more dynamic consideration of the immediate responses required to some of the corporate risks, which will help the Corporate Risk Register to be considered, managed and communicated through the organisation.
23. The consideration of the risks in this way will also inform the regular quarterly reviews that continue to take place in a more timely manner, by flagging changes in risk profile ahead of the regular reviews with risk owners, which will continue to take place.
24. In support of the continuing development of the risk framework, the Corporate Strategy Delivery Board continues to complete review risks as part of the standard agenda.
25. Planned for the January 2026 meeting is a review of the risk framework to consider the overall process for future risk identification and reporting.

Risk Management Process and Development

26. The process of developing a new Risk Management Policy for the council continues. The policy draws upon best practice as set out in standards such as the Orange Book, ISO 31000, CIPFA and ALARM (Association of Local Authority Risk Managers).
27. The policy has been finalised and will be considered by the Corporate Strategy Delivery Board as part of the review of the risk management framework. Following this review an update on the position will be provided to this committee.

Service Development

28. In addition to the reviews of corporate risks, the Risk Management team continues to be engaged in the refresh of director level risk registers. This includes engaging with services to understand their current risk arrangements, how these can be improved to deliver a proactive and dynamic risk management environment and how the Risk Management team can support them in this to deliver a consistent and embedded approach to risk management throughout the council.
29. As part of the role of the team, continuous “horizon scanning” is undertaken to identify issues that may give rise to risk for the council. When matters are identified, these are raised with the relevant Corporate Director/Director for review and consideration of any necessary action. Examples during this quarter include:
 - Routinely reviewing the outcomes of partial assurance internal audit reports to raise risk issues with the relevant service risk champion to ensure, if appropriate, they are suitably reflected and captured in the directorate risk register.
 - Circulating information from a risk management perspective on various topics.
 - Sharing training opportunities on areas of risk.
30. The new Risk App is now in use with Director Level Risk Registers being updated directly on the system.
31. The suite of dashboards and reports have been identified and will now be considered by ICT in terms of the further development phase which is now underway.

Summary of financial implications

32. Financial implications relevant to risks are detailed within the relevant risk registers.

Summary of legal implications

33. There are no direct legal implications from this report.

Summary of human resources implications

34. There are no direct human resources implications from this report.

Summary of sustainability impact

35. There are no direct sustainability implications from this report.

Summary of public health implications

36. There are no direct Public Health implications from this report.

Summary of equality implications

37. There are no direct equality implications from this report.

Summary of risk assessment

38. The risk management implications are set out within the content of this report.

Background papers

Risk Management – Corporate Risk Register Update Report to the Audit and Governance Committee on 16 October 2025.

Appendices

Appendix 1 - Summary of Risk Management Process

Appendix 2 - BCP Council's Risk Matrix and Definitions

Appendix 3 - Risk Dashboard

Appendix 4 - Full Risk Details Including Summary

Appendix 5 - Risk Hierarchy

BCP Council - Risk Management

Identify Risks	Evaluate Risks	Treat Risks	Review Risks																																						
<p>Process to be integrated into council business as usual and considered by all business areas</p> <p>RISK is the effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences.</p> <p>Risk management is the planned approach and should consider the following:</p> <ul style="list-style-type: none">Those which threaten the achievement of our objectivesThose which go against our valuesThose relating to the legal and regulatory frameworks we work withinThose relating to our own policy and internal control framework <p>Consider what could go wrong or what more could we achieve?</p>	<p>Combination of the impact and likelihood of an event and its consequences (Gross or Inherent risk)</p> <table><tr><td colspan="2"></td><th colspan="4">THREATS</th></tr><tr><td rowspan="5">Likelihood</td><td>Almost Certain (4) >90%</td><td>4</td><td>8</td><td>12</td><td>16</td></tr><tr><td>Likely (3) 60-90%</td><td>3</td><td>6</td><td>9</td><td>12</td></tr><tr><td>Could Happen (2) 20-60%</td><td>2</td><td>4</td><td>6</td><td>8</td></tr><tr><td>Unlikely /Rarely (1) 0-20%</td><td>1</td><td>2</td><td>3</td><td>4</td></tr><tr><td></td><td>Low (1)</td><td>Medium (2)</td><td>High (3)</td><td>Extreme (4)</td></tr><tr><td colspan="2"></td><th colspan="4">Impacts</th></tr></table> <p>Red – High Risks, immediate action</p> <p>Amber – Medium priority, review current controls</p> <p>Green – Low priority, limited action, continue to review</p>			THREATS				Likelihood	Almost Certain (4) >90%	4	8	12	16	Likely (3) 60-90%	3	6	9	12	Could Happen (2) 20-60%	2	4	6	8	Unlikely /Rarely (1) 0-20%	1	2	3	4		Low (1)	Medium (2)	High (3)	Extreme (4)			Impacts				<p>Consider each risk and ask:</p> <ul style="list-style-type: none">Can we reduce the likelihood?Can we reduce the impact? <p>Risk Responses:</p> <ul style="list-style-type: none">Terminate (stop the activity or remove a risk cause)Transfer (pass specific loss risk ownership to another party)Treat (contain the risk at am acceptable level by the application of controls)Tolerate (accept the risk) <p>Consider the risk score after the risk responses have been considered.</p> <p>The revised combination of impact and likelihood and its consequences post current mitigations (Net or Residual risk)</p> <p>Devise contingencies and action plans to reduce the mitigated risks to an acceptable level.</p>	<p>Risk Registers</p> <ul style="list-style-type: none">Record all identified risks, risk owners, risk evaluation, risk treatment and risk action plansRegular monitoring as part of business as usual <p>Council risk monitoring</p> <ul style="list-style-type: none">Risk registers reviewed in Directorates quarterlyChallenge process via Risk TeamRegular reporting to CMB <p>Council’s Corporate Risks</p> <ul style="list-style-type: none">Regular review by CMBQuarterly review by Risk leadsQuarterly monitoring by Audit and Governance Committee
		THREATS																																							
Likelihood	Almost Certain (4) >90%	4	8	12	16																																				
	Likely (3) 60-90%	3	6	9	12																																				
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		Low (1)	Medium (2)	High (3)	Extreme (4)																																				
		Impacts																																							

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Risk Scoring Matrix and Impact and Likelihood Scoring Definitions

THREATS					
Likelihood	Almost Certain (4) >90%	4	8	12	16
	Likely (3) 60 - 90%	3	6	9	12
	Could Happen (2) 20 - 60%	2	4	6	8
	Unlikely/ Rarely (1) 0 - 20%	1	2	3	4
		Low (1)	Medium (2)	High (3)	Extreme (4)
	Impacts				

Please see below for an explanation of impact and likelihood scoring definitions.

Impact of Risk

Impact Scoring Guidance

Threat (Negative) Impacts Scores		
1	Low	<ul style="list-style-type: none"> a) Potential financial loss of less than £200k b) Minor injury c) Minor legal/regulatory consequence d) Minor impact outside single objective/local system e) Internal adverse publicity, minor reputational damage/ adverse publicity f) Minor service disruption g) Minimal service user complaints
2	Medium	<ul style="list-style-type: none"> a) Potential financial loss of between £200k and £999,999 b) More serious injury c) Significant legal/ regulatory consequence d) Significant impact on objective/s, processes or systems e) Significant localised reputational damage f) Significant service disruption g) Multiple service user complaints
3	High	<ul style="list-style-type: none"> a) Potential financial loss of between £1m and £1,999,999 b) Major disabling injury c) Substantial legal/ regulatory consequence d) Substantial impact on objective/s, processes or systems e) Prolonged adverse local and national media coverage f) Substantial service disruption g) A substantial number of service user complaints
4	Extreme	<ul style="list-style-type: none"> a) Potential financial loss of over £2m b) Fatality and/or multiple injuries c) Major legal/regulatory consequence d) Major impact on corporate level objective/s e) Major/severe reputational damage/ national adverse publicity f) Central government interest/ administration g) Loss of all critical services for a significant period of time

Likelihood of Risk

Likelihood Scoring Guidance

Threat (Negative) Likelihood Score		
1	Unlikely/ Rare	a) 0 - 20% chance of occurrence b) 1 in 20 year event c) May occur only in exceptional circumstances d) Has never or very rarely happened before
2	Could Happen	a) 20 - 60% chance of occurrence b) 1 in 10 year event c) Is unlikely to occur but could occur at some time/in some circumstances
3	Likely to Happen	a) 60 - 90% chance of occurrence b) 1 in 5 year event c) Will probably occur at some time/in most circumstances
4	Almost Certain	a) Over 90% chance of occurrence b) Occurs on an annual basis c) Is expected to occur in most circumstances

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Risk Ref	Risk Title	Risk Lead	Cabinet Member	Residual or Net Risk Scores				Direction of travel during Year
				Q04: 2024-25	Q01: 2025-26	Q02: 2025-26	Q03: 2025-26	
CR23	Risk CR23 – Potential implications of the Dedicated Schools Grant financial deficit	Chief Executive	Councillor Mike Cox	16	16	16	16	↔
CR27	Risk CR27 - We may fail to adequately address concerns around environmental impacts - cliff management/instability	Chief Operations Officer	Councillor Richard Herrett Councillor Andy Hadley	16	16	16	16	↔
CR04	Risk CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack	Director of IT and Programmes	Councillor Jeff Hanna	12	12	12	12	↔
CR09	Risk CR09 – We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP	Director of Finance	Councillor Mike Cox	12	12	12	12	↔
CR15	Risk CR15 – We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support	Director of People and Culture	Councillor Jeff Hanna	16	12	12	12	↓
CR20	Risk CR20 – Potential of climate change to outstrip our capability to adapt	Director of Marketing, Comms & Policy	Councillor Andy Hadley	12	12	12	12	↔
CR18	Risk CR18 – We may fail to provide adequate customer interfaces	Director of Customer & Property Operations	Councillor Andy Martin	9	9	9	9	↔
CR26	Risk CR26 - Risks Associated with the availability of Generative Artificial Intelligence (GenAI)	Director of IT and Programmes	Councillor Jeff Hanna	9	9	9	9	↔
CR02	Risk CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding	Corporate Director for Children's Services	Councillor Richard Burton	12	12	8	8	↓
CR21	Risk CR21 – Impact of global events causing pressure on BCP Council & increase in service requirements	Director of Housing & Public Protection	Councillor Kieron Wilson	6	6	6	6	↔
CR28	Risk CR28 - We may fail to adopt a Bournemouth, Christchurch and Poole Local Plan	Chief Operations Officer	Councillor Millie Earl	N/A	N/A	6	6	↔
CR16	Risk CR16 – Partnerships may not support delivery of the corporate strategy, objectives or priorities	Director of Marketing, Comms and Policy	Councillor Millie Earl	6	4	4	4	↓
CR25	Risk CR25 – We may be unable to effectively transform services to achieve efficiencies and improve service standards	Corporate Management Board Collective	Councillor Jeff Hanna	4	4	4	4	↔
CR24	Risk CR24 – We may fail to adequately address concerns around community safety	Director of Housing & Public Protection/Director of Health & Communities	Councillor Kieron Wilson Councillor Andy Hadley	2	2	2	2	↔

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Audit and Governance Committee – January 2026

Corporate Risk Register – Risk Table

Risk Ref	Risk Title	Net Risk Score	Target Risk Score	Risk Owner	Risk Status
CR27	We may fail to adequately address concerns around environmental impacts - cliff management/instability	16	16	Glynn Barton, Chief Operations Officer	Corporate Risk
CR23	Potential implications of the Dedicated Schools Grant financial deficit	16	8	Aidan Dunn, Chief Executive (Cathi Hadley, Corporate Director for Children's Services and Adam Richens, Director of Finance)	Corporate Risk
CR09	We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP	12	12	Adam Richens, Director of Finance	Corporate Risk
CR15	We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support	12	12	Sarah Deane, Director of People and Culture	Corporate Risk
CR04	We may suffer a loss or disruption to IT Systems and Networks from cyber attack	12	9	Sarah Chamberlain, Director of IT and Programmes	Corporate Risk
CR20	Potential of climate change to outstrip our capability to adapt	12	8	Isla Reynolds, Director of Marketing, Comms and Policy	Corporate Risk
CR26	Risks associated with the availability of Generative Artificial Intelligence (GenAI)	9	6	Sarah Chamberlain, Director of IT and Programmes	Corporate Risk
CR18	We may fail to provide adequate customer interfaces	9	2	Matti Raudsepp, Director of Customer and Property Operations	Corporate Risk
CR02	We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding	8	8	Cathi Hadley, Corporate Director for Children's Services	Corporate Risk
CR21	Impact of global events causing pressure on BCP Council & increase in service requirements	6	6	Kelly Deane, Director of Housing & Public Protection	Corporate Risk
CR28	We may fail to adopt a Bournemouth, Christchurch and Poole Local Plan	6	6	Glynn Barton, Chief Operations Officer	Corporate Risk

Risk Ref	Risk Title	Net Risk Score	Target Risk Score	Risk Owner	Risk Status
CR25	We may be unable to effectively transform services to achieve efficiencies and improve service standards	4	4	Corporate Management Board Collective	Corporate Risk
CR16	Partnerships may not support delivery of the corporate strategy, objectives or priorities	4	2	Isla Reynolds, Director of Marketing, Comms and Policy	Corporate Risk
CR24	We may fail to adequately address concerns around community safety	2	2	Kelly Deane, Director of Housing & Public Protection/Rob Carroll, Director of Public Health & Communities	Corporate Risk
CR01	Failure to respond to the needs arising from a changing demography.	N/A	N/A	N/A	Risk removed Q4 2022
CR03	Failure to ensure adequate Information Governance – now Key Assurance – Information governance Board Risk	N/A	N/A	N/A	Risk removed Q2 2020
CR05	Failure to plan effectively for EU Transition	N/A	N/A	N/A	Risk Removed Q2 2020
CR06	Failure to adequately respond to an incident involving the activation of the emergency plan– now Key Assurance – Resilience Governance Board Risk	N/A	N/A	N/A	Risk Removed Q2 2020
CR07	Failure to provide adequate services as a result of an incident requiring a business continuity response– now Key Assurance – Resilience Governance Board	N/A	N/A	N/A	Risk Removed Q2 2020
CR08	We may fail to run a fair and open Election/ referendum	N/A	N/A	N/A	Risk Removed Q2 2024
CR10	Failure to deliver effective health and safety to protect staff, councillors including the public	N/A	N/A	N/A	Risk removed Q3 2020

Risk Ref	Risk Title	Net Risk Score	Target Risk Score	Risk Owner	Risk Status
CR11	Ability of the council to function and operate efficiently in the delivery of single services across the area of BCP	N/A	N/A	N/A	Risk removed Q1 2023
CR12	Failure to achieve appropriate outcomes and quality of service for young people	N/A	N/A	N/A	Risk removed Q4 2023
CR13	Failure to deliver the transformation programme	N/A	N/A	N/A	Risk removed Q4 2023
CR14	Continuity of Public Health arrangements for health protection	N/A	N/A	N/A	Risk removed Q3 2023
CR17	Risk to Reputation of Place & Council if summer arrangements are not managed	N/A	N/A	N/A	Risk Removed Q3 2022
CR19	We may fail to determine planning applications within statutory timescales, or within agreed extensions of time (EOT)	N/A	N/A	N/A	Risk Removed Q1 2025
CR22	Failure of local care market to meet increasing demand	N/A	N/A	N/A	Risk removed Q4 2023




AUDIT AND GOVERNANCE COMMITTEE

January 2026

CORPORATE RISK REGISTER UPDATE Q3 – 2025/26

1.1 Mitigation actions and significant changes this quarter are detailed below.

1.2 The table below is a key to arrow directions in relation to individual risk scoring.

RISK DIRECTION OF TRAVEL STATUS	
	Risk impact or likelihood has <u>increased</u> since last review.
	Risk impact or likelihood has <u>decreased</u> since last review.
	There is <u>no change</u> to the risk impact or likelihood

Risk CR27 – We may fail to adequately address concerns around environmental impacts – cliff management/instability

Risk Owner – Glynn Barton, Chief Operations Officer

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Richard Herrett, Cabinet Member for Destination, Leisure and Commercial Operations, Councillor Andy Hadley, Cabinet Member for Climate Response, Environment and Energy

Links to Corporate Objective(s):

- Our communities have pride in our streets, neighbourhoods and public spaces
- Climate change is tackled through sustainable policies and practice
- Using data, insights and feedback to shape services and solutions

Risk Information

This risk has been created to capture emerging risks in relation to environmental impacts. The first risk to be included under this group is that of cliff instability and the risk will primarily reflect this initially. The risk will continue to develop to include further areas over the next several months.

Risk Causes (definite situational facts affecting our objective) (please list):

In respect of cliff stability, the cause is linked to natural elements of cliff movement as well as groundwater penetrating the cliff face. Increased risk is through lack of maintenance of existing specialist drainage infrastructure over the last couple of decades.

No budgeted funding to look after existing cliff drainage infrastructure and undertake the remedial works required.

Risk Impacts (contingent effect on objective) (please list):

Failure of Seafront assets such as retaining walls and access pathways.



Risk of damage to property and inability to operate services – both have an asset and financial risk. Potential for larger failures such as the East Cliff Lift slip in 2016, also posing risk to life.

Financial impact linked to cost of work associated with works to stabilise the cliffs and respond to slips as well as lost income from the inability to operate commercial services when impacted directly by slips or within a compound exclusion area.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Environmental, Physical, Economic, Political, Social, Technological, Legislative, Customer, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



A Cliff Management Strategy (CMS) is being developed by the Flood and Coastal Erosion Risk Management Team (FCERM) to inform Seafront as to engineering investment needs. A Specialist Geotechnical Engineer has been employed to lead on strategy delivery and provide future technical advice. The Cliff Management Working Group has been set up to table and discuss ongoing risks and actions.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	4	16		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		April 2025
List All Significant Actions Below:		
Action 1:	CMS risk register to be developed	31 Dec 2025
Action 2:	CMS to demonstrate funding needs for immediate priority issues and future likely needs	31 Dec 2025
Action 3:	Maintenance regime to be developed, funded and action commenced	31 Dec 2025
Action 4:	Monitoring of cliffs via visual inspection as well as GPS and drone technology, in line with CMS recommendations	Ongoing
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	4	16		




Quarter Update

A report was supported at Cabinet on 26 November for recommendation to Council seeking support for the immediate allocation of £1.446m from reserves to support responses to current cliff management issues and mitigate the lost income from commercial services on the seafront.

The Cliff Management working group met most recently on 1 December and work is underway to identify the priority list for interventions should the above-mentioned report be approved at Council.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		
Net Score		
Target Score		

Risk CR23 – Potential implications of the Dedicated Schools Grant financial deficit
Risk Owner – Aidian Dunn, Chief Executive (Cathi Hadley, Corporate Director for Children’s Services and Adam Richens, Director of Finance)
Cabinet Member (BCP Council – Democracy) – Councillor Mike Cox, Deputy Leader of the Council, Vice-Chair of Cabinet and Cabinet Member for Finance
<u>Links to Corporate Objective(s):</u> Using our resources sustainably to support our ambitions
Risk Information <p>In respect of 2024/25 the July 2025 Financial Outturn report to Cabinet set out that the council spent £111.8m on SEND revenue expenditure, which was £49.8m more than the £62m Dedicated Schools Grant (DSG) grant allocation and £5.2m more than the quarter 3 forecast.</p> <p>In respect of 2025/26 the February 2025 Budget and Medium-Term Financial Plan (MTFP) Update report set out that the council was originally forecasting revenue spending of £123.2m on Special Educational Needs and Disability (SEND) services. This was £57.5m more than the £65.7m revenue grant provided by the Department for Education (DfE) as part of the DSG, High Needs Block allocation.</p> <p>The 2025/26 quarter two budget monitoring report presented to Cabinet on the 26 November 2025 set out that the deficit in 2025/26 is now £69.8m once funding adjustments and prior year adjustments are considered.</p> <p>This means the accumulating DSG deficit which was £113.3m on the 31 March 2025 is now forecast to be £183.1m on the 31 March 2026.</p> <p>Government have put in place a Statutory Instrument (SI) which states the council cannot contribute to the deficit, cannot hold a reserve to act as a counterweight and has been required to move the deficit to an unusable reserve where it will sit as though it did not exist within the council’s accounts or balance sheet. In June 2025 the government set out plans, as part of a consultation of the Fair Funding Formula, to extend the period covered by this statutory instrument to 31 March 2028.</p> <p>2025/26 was a watershed moment, it is the first time the council starts a financial year with an accumulated deficit on its DSG in excess of the total amount of its reserves and balances. In other words, it was the first time the council started a financial year in a technically insolvent position. The total reserves and balances of the council were £83m as of 31 March 2025.</p> <p>In setting the budget for 2025/26 the council also had to address the fact that it had run out of headroom to be able to cashflow the accumulating DSG deficit. Options explored included the possibility of the council entering the government Exceptional Financial Support (EFS) programme and seeking a capitalization direction which would be formal permission to borrow to fund the £57.5m original deficit for 2025/26. This approach could have led to government intervention, for example a further Best Value Notice. Eventually, the government recommended that we temporarily borrow the £57.5m as part of our Treasury Management activity. This is on the basis that councils can exceed their agreed borrowing limits provided it is seen as just being temporary and is associated with the ebb and flow of Treasury Management activity. The government advocated this approach on the basis that they have committed to putting forward in 2025 a plan to return the national SEND system to financial sustainability.</p> <p>The risks posed by this annual imbalance between revenue expenditure and government funding for the SEND service presents an existential threat to the financial viability and sustainability of the council and one which government must address in 2025.</p>
Risk Causes (definite situational facts affecting our objective) (please list): Insufficient grant funding is provided to the council by the government with insufficient recognition of growing demand and high costs of provision.



Risk Impacts (contingent effect on objective) (please list):

Financial sustainability of the council, including insufficient cash flow to meet normal service expenditure with further risk of illegality from the need to borrow to meet revenue expenditure to maintain appropriate levels of statutory services.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

- **Economic** – inability to meet financial commitments
- **Legal** - breach of regulations that prohibit borrowing for revenue expenditure
- **Resources** – impact on other areas of the council (capital and revenue) as expenditure is limited to preserve cashflow.
- **Reputation** – lack of confidence in the ability of the council to manage its financial affairs as indicated by the issue of a S114 notice (effective bankruptcy).

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

Cabinet Report: December 2024: Assessing the serious cashflow issue caused by ever-increasing demand and cost outstripping High Needs Dedicated Schools Grant government funding. Set out not just the background and context to the issue but all the activity including that of the Chief Executive, Director of Finance, Leader and Local MPs in trying to draw attention to and resolve the issue.

Council Report: February 2025: Set out the conclusion and approach to be taken in drawing the 2025/26 Budget. This included the acknowledgement of both the External Auditor and CIPFA that temporary borrowing via Treasury Management powers was a pragmatic but not sustainable outcome.

14 February 2025: CIPFA published paper: Reforming SEND finance: meeting need in a sustainable system.

Cabinet Report: May 2025: MTFP Update report. Reminded members of the risk and included a brief update on messaging from government.

Cabinet Report: July 2025: MTFP Update. Included letters from the Leader to the Secretary of State and Director of Finance to the Ministry of Housing, Communities and Local Government (MHCLG) setting out the ongoing concerns about the SEND deficit.

Cabinet Report: October 2025: MTFP Update. Provided details of a conversation with representatives of MHCLG further to the letter included in the July report.

Cabinet Report: December 2025: DSG High Needs Expenditure Forecast 2025/26. Seeking Council approval for a £14.3m in-year increase in the originally approved overspend and requests the Corporate Director of Children's Services implement deficit management measures.

Cabinet Report: December 2025: MTFP Update. Provides an update based on.

- 20 November 2025 Local Government Policy Statement. This included the statement that Government recognises local authorities are continuing to face significant pressure from the impact of DSG deficits on their accounts and that these authorities will need continued support during the transition to a reformed Special Educational Needs and Disabilities (SEND) system. This will include working with local authorities to manage their SEND system and deficits. The statement referenced that the government would set out further details on its plans to support local authorities with historic and accruing deficits in the provisional 2026/27 local government finance settlement.

- b) 26 November 2025: National Autumn Budget. This sets out that the government are proposing that they will take over the responsibility for day-to-day funding of Special Educational Needs and Disability (SEND) from 1 April 2028 onwards, which is when the current statutory override ends. The current accumulated deficit and any further increase in the deficit between now and the 31 March 2028 will be retained by BCP Council with any support for these elements announced as part of the December 2025 provisional local government finance settlement for 2026/27.

Provisional Local Government Finance Settlement 2026/27: Conditions for accessing any support with historic and accruing deficits would be provided later in the settlement process with any such support linked to the submission and quality of a Local SEND Reform Plan to be completed within the 2 months after the release of the school's white paper early in 2026 and based on five principles.

- **Early.** Children should receive the support they need as soon as possible. Intervening upstream, including earlier in children's lives when this can have most impact, will start to break the cycle of needs going unmet and getting worse.
- **Local.** Children and young people with SEND should be able to learn at a school or college close to their home, alongside their peers, rather than travelling long distances from their family and community. Special schools should continue to play a vital role supporting those with the most complex needs.
- **Fair.** Every school education setting should be resourced and able to meet common and predictable needs, including as they change over time, without parents having to fight to get support for their children. Where specialist provision is needed for children and young people in mainstream, special or alternative provision, we will ensure it is there, with clear legal requirements and safeguards for children and parents.
- **Effective.** Reforms should be grounded in evidence, ensuring all education settings know where to go to find effective practice that has excellent long-term outcomes for children and young people.
- **Shared.** Education, health and care services should work in partnership with local government, families, teachers, experts and representative bodies to deliver better experiences and outcomes for all our children and young people.



Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking, but it is possible to avoid a particular identified cause.	Not possible to eliminate the funding gap through reduced expenditure as there are statutory requirements. Strategy is to secure additional DSG grant.
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	Not possible - the solution must be additional funding or a completely redesigned system.
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	The service are implementing a management plan to build and address sufficiency as appropriate.

Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases, the most appropriate response may be to tolerate or accept the risk.	No – it cannot be tolerated, and government have to deliver a solution.
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Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	4	16		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Continue to reflect on good practice examples of how any annual deficit can be kept to a minimum.	Ongoing
Action 2:	Monitor activity and statements delivered by the government	Ongoing
Action 3:	SEND White Paper	Early 2026
Action 4:	Final 2026/27 Local Government Finance Settlement	February 2026
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		

Quarter Update




We have secured DfE funding to support our work to manage and reduce our use of alternative provision providers. We seek support and direction from DfE advisors and participated in the SEND Regional Association of Directors of Children's Services' peer challenge to reflect on good practice.

The White Paper has been delayed until early 2026 so it is difficult to consider the government's direction of travel.

We await the final local government settlement for 2026/27 to determine what, if any, support the government intends to provide towards the council's historic and accruing deficit.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		
Net Score		
Target Score		

Risk CR09 – We may fail to maintain a safe and balanced budget for the delivery of services, and managing the MTFP

Risk Owner – Adam Richens, Director of Finance

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Mike Cox, Deputy Leader of the Council, Vice-Chair of Cabinet and Cabinet Member for Finance

Links to Corporate Objective(s):

Using our resources sustainably to support our ambitions

Risk Information

The council has a legal responsibility to ensure it can balance its budget. As part of this framework, it is not permitted to have negative reserves.

Council approved its **2024/25** Budget at Council on 20 February 2024, based on the following main aspects:

- 4.99% Council Tax increase (2.99% basic and 2% Social Care Precept) in line with the maximum threshold for upper tier authorities
- £38m of savings, efficiencies, increases to fees and charges, and service reductions of which £13.5m is in relation to transformation
- Provision of £7.5m in extra resources to cover demand and inflationary pressures, including any pay changes, in the council's highest priority area, Children's Services
- Provision of £15.2m in extra resources to cover demand and inflationary pressures, including any pay changes, to the most vulnerable members of our community via investment in Wellbeing Services be that adult social care or housing services
- Elimination of the £30m structural deficit/funding gap created by using £30m of reserves to balance the 2023/24 budget.

The Financial Outturn position as set out in a July 2025 Cabinet report provides the evidence that the council delivered services in 2024/25 within the parameters of the approved General Fund Budget.

Council approved its **2025/26** Budget at Council on 11 February 2025, based on the following main aspects.

- 4.99% Council Tax increase (2.99% basic and 2% Social Care Precept) in line with the maximum threshold for upper tier authorities
- £7.8m of savings, efficiencies, increases to fees and charges, and service reductions of which £1.7m is in relation to transformation
- Provision of £6.5m in extra resources to cover demand and inflationary pressures in the council's highest priority area, Children's Services
- Provision of £14.4m in extra resources to cover demand and inflationary pressures in the most vulnerable members of our community via investment in Wellbeing Services be that adult social care or housing services
- Temporary borrowing of £57.5m to finance the difference in 2025/26 between the £122m revenue expenditure on Special Educational Needs and Disability (SEND) services and the £64.5m Department for Education (DfE) grant allocation as part of the Dedicated Schools Grant (DSG) High Needs Block allocation.

Council on the 11 February 2025 were presented with a balanced Medium Term Financial Plan (MTFP) covering the period 2026/27 and 2027/28. Notably there is a £4.9m funding gap in **2026/27** which is then recovered in 2027/28.

Cabinet on the 13 May 2025, 16 July 2025, 29 October 2025, and the 17 December 2025 were provided with updates on the MTFP which tends to ebb and flow through to formal Budget Council in February each year. This included updates on the impact of the government's new funding formula, the November 2025 provisional local government policy statement and the Chancellor's Autumn Budget. As per the December 2025 MTFP Update report, the funding gap for **2026/27** had increased to £8.9m.

Risk Causes (definite situational facts affecting our objective) (please list):

- Expenditure of the authority is higher than all available sources of income.



Risk Impacts (contingent effect on objective) (please list):

- S151 Officer would be required to issue a formal s114 report.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

- Customer/Citizen, Economic, Political, Reputational

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



- Microsoft Dynamics Enterprise Resources System implemented in April 2023 to improve the provision of financial management information underpinned by the principle of self-service. Therefore, real time budget monitoring information made available to budget holders.
- Regular meetings between portfolio holders and senior officers in respect of the financial strategy and the budget position.
- Regular MTFP update reports to Cabinet.
- Quarterly budget monitoring reports to Cabinet including progress against budget savings.
- Bi-weekly Corporate Management Board/Cabinet meetings.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Cabinet report: Quarter 3 Budget Monitoring 2025/26	Feb 2026
Action 2:	Cabinet report: Budget 2026/27 and MTFP Update report	Feb 2026

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	3	12		

Quarter update




Setting a legally balanced budget for 2026/27 is a challenging process. There is an ongoing relentless demand for council services such as children's / adults social care and homelessness let alone the impact on the cost of these services either through national policy changes, such as the 2025 Employers National Insurance increase or annual National Living Wage increases or through the impact of high inflation. Coupled with this is the implementation of the government's Fair Funding Formula, the complete reset of the business rates system, and ongoing delays in the government's clarification as to what, if any, financial help will be provided to local authorities with historic and accruing DSG deficits.

The council continues to have a dialogue with the Ministry of Housing, Communities and Local Government reflecting on the implications of the ongoing delays to their announcement of support or otherwise towards historic and accruing DSG deficits, and consequentially any other support that they might provide towards the 2026/27 budget setting process.

The outcome of this process will be presented to Cabinet and Council in February 2026.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		
Net Score		
Target Score		

Risk CR15 – We may fail to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support

Risk Owner – Sarah Deane, Director of People and Culture

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Jeff Hanna, Cabinet Member for Transformation, Resources and Governance

Links to Corporate Objective(s):

Developing a passionate, proud, valued and diverse workforce

Risk Information

The People Strategy was launched in December 2023 covering the period from 2024 to 2027. The People Strategy is closely aligned to the corporate vision and ambitions, and the previous transformation agenda. There are twelve key workstreams in the People Strategy together with a three-year detailed implementation plan. BCP Council needs to have the right staff, at the right time, in the right roles to deliver front line and corporate services effectively and efficiently.

Key outcomes:

- single pay structure and terms and conditions to ensure fair and equal pay
- high performance culture
- improved workforce planning
- improved talent attraction and retention
- improved wellbeing and absence rates
- improved leadership development
- full automation of HR systems to support efficiencies and new ways of working.

Risk Causes (definite situational facts affecting our objective) (please list):

Pay and Reward has created significant risks to the delivery of the overall objectives within our People Strategy but following Council approval on 22 July 2025, the threat of industrial action has been removed and the potential for significant numbers of equal pay claims has now greatly reduced. There do remain some risks to the organisation, however, as follows:

Potential for claims to arise

It is still the case, and has been the experience of others, that the introduction of a new job evaluation scheme and pay structure could bring the potential for a range of employment claims and challenges to grading and role assessment. We have built appropriate appeals mechanisms, involving trades union colleagues, into the agreement.

Risk of increased levels of turnover

The updated certainty that the ballot outcome now gives us provides clarity for our colleagues on the way forward together with the associated timescales for this. It is acknowledged, however, that there are colleagues who still remain unsatisfied with the outcome and these changes will present challenges and anxiety. Support will be provided to those who wish to access it, but others may choose to seek alternative employment and it is possible that our turnover levels may be slightly higher than normal as we move forward into implementation and beyond into the period of pay protection for those colleagues seeing a reduction in pay.

Financial risk - Incremental drift

The Medium Term Financial Plan and corporate resources provided for the cost of Pay and Reward, do not include additional exposure by the authority to annual incremental drift. Services have been required to manage this cost historically within their base budget allocation and will continue to do so. However, it

should be highlighted that this cost is estimated to have increased significantly due to the additional head room in this enhanced offer. For 1 April 2026, this cost is estimated to now amount to circa £4.0m for 2026/27 and can be compared to an annual cost of around £1.5m under the current arrangements. This cost will be mitigated by various issues including turnover, take-up of colleague benefits (eg salary sacrifice schemes) and performance. There will then be further similar exposure in future years which this enhanced offer has increased due to the additional headroom on grades.

Risk to viability of services

The increases in base salary costs, including the additional incremental drift and changes to terms and conditions, may challenge the viability of numerous services including those that are expected to achieve full cost recovery and those covered by fees and charges where the fee is based on the level acceptable to the market. It will also reduce the amount of grant funding available for non-salary cost expenditure.

Appeals

The numbers of colleagues wishing to appeal their role profile mapping is low currently but the window for appeals to be lodged will remain open until the end of January 2026 and so these numbers could increase. Previous experience of implementing job evaluation in the preceding councils has highlighted the likelihood of significant numbers of requests. Successful appeal outcomes will mean greater financial impacts on services and could ultimately impact further on the viability of services and balancing the budget.

Attracting new talent

Recruitment literature and job information will provide certainty to prospective colleagues and it is hoped that our improved offer and new colleague benefits will significantly support our employer value proposition, encouraging a wider range of applications for our vacancies and reducing our need to appoint agency cover for vacant posts.

National skills shortage

As well as the Pay and Reward impact, there remains a national shortage of skills which means that there are still significant recruitment difficulties in some areas of the council. The council relies heavily on agency workers to fill hard-to-recruit business critical roles, particularly in frontline services, which affects our ability to serve residents effectively. Agreement of the new Pay and Reward offer will help this situation but will probably not solve it completely.

Other People Strategy delivery

The People and Culture team have prioritized the delivery and implementation of the Pay and Reward programme which is running concurrently with the implementation of a new payroll solution. This work has been huge and has meant other work in progressing deliverables aligned to our People and Culture Strategy have fallen behind schedule.



Risk Impacts (contingent effect on objective) (please list):

The developments in Pay and Reward have created more certainty for our colleagues and for the majority will be seen as a positive step forward but it is acknowledged that the situation will also bring concern and anxiety for some who will see a reduction in their pay. It is anticipated that the ongoing process of implementation leading on to appeals will continue to destabilise the workforce for a period of time. During this time there will be an increased risk of grievances, and higher turnover with resultant increase in recruitment costs, low morale and employee engagement in specific areas, together with a negative impact on employees' wellbeing and financial situations. This could mean that some service delivery may be affected.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Resource, Legal, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



- The threat of immediate industrial action has been removed since achieving a vote to accept the offer from both recognised trade unions
- Support for colleagues impacted negatively by Pay and Reward is in place
- Services have been working through the financial impact that Pay and Reward will have on their budgets to better understand mitigation strategies
- Potential sources of mitigation for budgetary pressures include national insurance savings delivered from new benefits such as the salary sacrifice additional pension fund voluntary contributions and other salary sacrifice schemes and reduced costs from any current market supplements not required or required at a lower level.
- Services continue to work with People and Culture to undertake risk assessment of retention issues in relation to Pay and Reward and look to put mitigation options in place.
- Change and wellbeing training sessions have been delivered together with signposting to relevant toolkits and means of support.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	✓
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	✓

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

			Due Date/s:
Overall Target Score Expected Completion Date:			
List All Significant Actions Below:			
Action 1:	Implementation of Pay and Reward		1 Dec 2025
Action 2:	People Strategy Implementation Plan		2027
Action 3:			
Action 4:			
Action 5:			
Action 6:			

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	3	12		

Quarter Update

This quarter remains in line with the previous quarter as we are still progressing towards implementation of the Pay and Reward new pay and terms and conditions on 1 December 2025 which carries the potential for the risks outlined in the previous quarter.

Regrettably some of the deliverables for other aspects of the People and Culture Strategy have fallen behind schedule to ensure that the priority is given to Pay and Reward and the new Payroll solution. These will be picked back up at the earliest opportunity.

Ongoing Actions and Monitoring:

- **Implementation of Pay and Reward:** Scheduled for 1 December 2025, this is a key milestone for stabilising the workforce.
- **People Strategy Implementation Plan:** Running through to 2027, this plan covers improvements in talent attraction, retention, wellbeing, and leadership development.
- **Support for Colleagues:** Ongoing support and training for staff affected by changes.
- **Monitoring Retention and Turnover:** Regular assessment of retention risks and turnover rates, with mitigation actions as required.
- **Appeals Process:** Open until January 2026, allowing staff to challenge role profile mapping

- **Financial Impact Monitoring:** Services are continually reviewing the financial effects of Pay and Reward and implementing cost mitigations.
- **Wellbeing and Change Training:** Delivered to help staff adapt to changes and maintain morale.
- **Regular Review:** Progress is monitored quarterly, with updates provided on risk direction and the effectiveness of mitigations.

In summary:

BCP Council is managing CR15 mainly by treating and terminating the most significant risks (through pay reform, support measures, and ongoing monitoring), while accepting some unavoidable disruption during implementation. These strategies, supported by continuous actions and regular review, are designed to maintain the risk at the target level, accepting new risk elements are being identified and included, and whilst ensuring a stable, supported workforce.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.



Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	↔	See commentary
Net Score	↔	See commentary
Target Score	↔	See commentary

Risk CR04 – We may suffer a loss or disruption to IT Systems and Networks from cyber attack
Risk Owner – Sarah Chamberlain, Director of IT and Programmes
Cabinet Member (BCP Council – Democracy) – Councillor Jeff Hanna, Cabinet Member for Transformation, Resources and Governance
<u>Links to Corporate Objective(s):</u> Working together everyone feels safe and secure
Risk Information BCP Council relies heavily on digital technology and online capability, including in the delivery of essential and public-facing services. Disruption can come in many forms (some described below), both deliberate through acts of cyber-crime, or accidental through loss of hardware or infrastructure. Both can cause immense disruption to the council by denying staff and public access to key services. Even traditional face-to-face services can be impacted by a loss of IT systems as many back-office functions rely entirely on the availability of computers and data. Nationally, the threat of cyber-attack remains high on the UK.GOV National Risk Register, featuring prominently across the register with the potential for disruption to national infrastructure, finance, telecommunications, transport and social care systems. Cyber is ranked the number one surveyed risk by the Business Continuity Institute in 2024 and again moving into 2025. While there are huge opportunities and benefits for the council by continuing to actively leverage technology in support of the transformation agenda, our vulnerabilities become greater as we increasingly rely on cyberspace.
Risk Causes (definite situational facts affecting our objective) (please list): Some of the highest risk causes include: Phishing attacks: These attacks use social engineering tactics to trick individuals into revealing sensitive information, clicking on malicious links or trying to defraud the council of money. These often lead to further breaches by allowing the attacker to gain access to the council's systems and data. Ransomware attacks: These attacks involve encrypting the council's data and demanding payment in exchange for the decryption key. Insider threats: These threats can come from employees, contractors, or other individuals with access to the council's systems and data. Supply chain attacks: These attacks target third-party vendors or suppliers to gain access to the council's systems and data.
Risk Impacts (contingent effect on objective) (please list): A loss or disruption to IT systems, specifically those caused by cyber-attacks, can incapacitate essential networks, for example, by encrypting or destroying data on which vital services depend. Such attacks could cause a variety of real-world harm if services such as Social Care, Housing or Place (Highways etc) are impacted. Financial loss is the most common impact through direct loss of funds, recovery costs and Information Commissioner's Office fines. There are also reputational impacts. Public confidence may be affected if the council is not able to adequately protect its IT systems and networks against loss or disruption, whether caused accidentally or intentionally.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Technological, Customer/Citizen, Economic, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

IT and Programmes have in place robust mitigations to assist in the management of this risk, however this is still considered a “when, not if” event and the risk will never be totally mitigated. Continued focus on end-user training as it is ALL staff and councillors who provide the best and last line of defence against cyber attacks. IT Security Course Completion Rates continue to show an upward trend in most areas of the council.



IT Security Course completion is now actively tracked by managers as part of annual performance reviews under our new framework, and as such we are expecting to see this upward trend continue.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	No
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the ‘whole’ risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	Partial – via contractual arrangements
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Yes – a significant number of controls are in place to mitigate the risk.
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	Given the persistent and evolving nature of cyber threats and BCP Council’s increasing reliance on digital systems, it is both pragmatic and necessary to accept a level of residual risk.

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		Ongoing
List All Significant Actions Below:		
Action 1:	Training and increase user awareness of risks: ITSEC teams continue to deploy monthly cyber awareness training to all staff digitally.	Ongoing
Action 2:	Increased cyber detection and response tooling: Annually, IT and Programmes undertake an exercise to bid for capital or additional revenue funding to improve or maintain its IT infrastructure and cyber security posture.	Ongoing

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	3	9		

Quarter Update

We have been working closely with our Information Governance colleagues to prioritise and drive project activity related to the Data Loss Prevention (DLP) Initiative. This is a major programme led by Information Governance and includes implementing an information classification scheme across all council documents to reduce data leakage and improve compliance. A draft report is being prepared to be shared with our Corporate Management Board to agree that this should be a corporate project and delivered and prioritised collaboratively to accelerate and achieve implementation.

Digital Strategy & Data and Innovation Programme

The discovery phase of the Data and Innovation Programme has been signed off and we are moving into phase 2. This programme underpins the council's Digital Strategy and includes governance improvements, IT and data projects, and controls for AI and cyber security risks.

Cyber Incident Response Plan

The plan remains in force and has been reviewed internally to ensure readiness for operational, tactical and strategic response to cyber incidents. Staff with roles in response and recovery have been reminded to complete training.

Testing of the effectiveness of the Corporate Cyber Incident Response Plan is due to take place in December 2025, via table-top exercise, being led by the Southwest Cyber Crime Unit.

Mandatory Cyber Awareness Training

MetaCompliance training continues to be rolled out to all staff, reinforcing vigilance against phishing and social engineering attacks.

Threat Monitoring and Incident Handling

Over the last 30 days, the council has blocked thousands of phishing attempts, spam emails, and malware, demonstrating the effectiveness of the layered defence approach.

Corporate Cyber Exercise

This is planned for December 2025.



Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	↔	Threat profile and exposure remains the same
Net Score	↔	Threat profile and exposure remains the same
Target Score	↔	Threat profile and exposure remains the same

Risk CR20 – Potential of climate change to outstrip our capability to adapt
Risk Owner – Isla Reynolds, Director of Marketing, Comms and Policy
Cabinet Member (BCP Council – Democracy) – Councillor Andy Hadley, Cabinet Member for Climate Response, Environment and Energy
<u>Links to Corporate Objective(s):</u> <ul style="list-style-type: none"> • Climate change is tackled through sustainable policies and practice • Using data, insights and feedback to shape services and solutions
Risk Information <p>The International Panel on Climate Change's 5th report has robustly concluded that climate change is unequivocally real and caused by human activity such as the burning of fossil fuels and destruction of habitats releasing greenhouse gases at unprecedented levels and limiting the earth's ability to reabsorb them.</p> <p>The UK Government has committed to achieving 'net zero' greenhouse gas emissions by 2050, and a challenge of this scale will require transformative change to the UK economy. BCP Council has declared a climate and ecological emergency committing the council and region to decarbonising the economy and society by 2030 and 2045 respectively (the latter having been agreed by Cabinet on 6 March 2024).</p> <p>There are a number of departments across BCP Council that are central to the response to climate change. However, the all-encompassing nature of achieving net zero means that all council departments and arms-length bodies, have a role to play. To be more resilient to the threat posed by climate change, in addition to meeting the challenges of achieving net zero, it is vital that all of BCP Council and its organisations effectively manage climate change risks.</p> <p>Climate change risks should not be considered in isolation and should be clearly integrated into the strategy of an organisation. It is vital for organisations to recognise that the potential impacts of climate change are not only to do with the physical effects on people and the environment, but also to do with the effects of the transition to a changing climate and the adaptation and mitigation work involved. Similarly, the impacts of climate change should not only be considered as long-term risks.</p>
Risk Causes (definite situational facts affecting our objective) (please list): Floods, sea level rise and coastal change, changes in temperature and rainfall.
Risk Impacts (contingent effect on objective) (please list): Floods will have a significant impact on infrastructure causing damage to buildings and wide-scale disruption to service delivery; sea level rise and coastal change will pose risks to certain communities and organisations; and changes in temperature and rainfall will place additional pressures on infrastructure. Physical risks can also lead to indirect economic and social impacts through supply chain disruptions, subsequent impacts from infrastructure damage (for example, lack of transport, communication, manufacturing) or market shifts (such as increases in insurance premiums, changes in the need for government support, consumer attitudinal and expectation changes).
Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best: Citizen, Social, Environmental, Economic, Physical, Resource, Political, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

Physical risk mitigations in place:

The most immediate risk to the Bournemouth, Christchurch and Poole area comes from flooding and coastal erosion. As a result, most of the council's adaptation resources have been dedicated to addressing these.



The Flooding and Coastal Erosion Risk Management (FCERM) team have been involved in joint authoring of draft policies relating to flood risk, coastal change risk and Sustainable Urban Drainage to support Bournemouth, Christchurch and Poole's development agenda for the next 15 years. A Strategic Flood Risk Assessment (SFRA) is also in preparation, which includes a new assessment for Bournemouth, Christchurch and Poole's open coast to establish the risk from wave action. A new Christchurch Bay and Harbour FCERM Strategy is in preparation for managing flood and coastal erosion risks for the next 100 years in a sustainable way from Hengistbury Head to Hurst Spit, as is a new integrated cliff management strategy for all the Bournemouth, Christchurch and Poole area sea cliffs and chines. The team is also preparing a new beach management plan that will draw together historic information on how beaches between Sandbanks and Hengistbury Head have been managed, to create a single reference for how the beach is managed to ensure it provides its vital coast protection function.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place and flooding and coastal erosion management measures in place as described above.



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	3	12		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score expected completion date and list all the significant actions required to achieve this score and when they are each individually due to be completed.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Sustainability Officer to prepare climate change vulnerability data to aid adaptation planning/awareness. The vulnerability tool was created in October.	October 2025
Action 2:	Poole Bridge to Hunger Hill is the last remaining undefended waterfront in the town centre, with a high risk of tidal flooding, increasing significantly over the next century due to climate change and sea level rise. Community Infrastructure Levy funding to contribute to a permanent flood defence along 1.5 km of the eastern side of Holes Bay is to be considered by Cabinet in June 2025.	June 2025

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		




Quarter Update

A new vulnerability tool has been developed using GIS data. This tool provides maps of areas across Bournemouth, Christchurch and Poole that are most at risk of climate impact; the tool identifies areas of high flood risk and areas of deprivation. The tool has been socialised across BCP Council departments and will eventually be accessed through the climate/sustainability web site.

This tool will form a suite of climate decision tools to help the council and Bournemouth, Christchurch and Poole residents mitigate against climate risk. The tool will assess climate risks, social vulnerability, and adaptive capacity across each Lower Super Output Area. It will guide future council adaptation plans with targeted, data-driven actions. Local businesses will be able to use it to shape their own climate resilience strategies. It will help raise public awareness of how climate change may affect our town.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		Whilst the vulnerability tool has been developed, it still needs to be embedded into BCP's decision process. Poole Bridge to Hunger Hill improvements will commence during 2026, this remains a flood risk to the surrounding area.
Net Score		Climate risk remains the same
Target Score		Climate risk remains the same

Risk CR26 – Risks associated with the availability of Generative Artificial Intelligence (GenAI)

Risk Owner – Sarah Chamberlain, Director of IT and Programmes

Cabinet Member – Councillor Jeff Hanna, Cabinet Member for Transformation, Resources and Governance

Links to Corporate Objective(s):

- Using data, insights and feedback to shape services and solutions
- Intervening as early as possible to improve outcomes
- Working closely with partners, removing barriers and empowering others
- Creating an environment for innovation, learning and leadership

Risk Information

Artificial intelligence (AI) is a way of using computers to replicate human intelligence - Generative AI (GenAI) is one of many forms of AI.

GenAI produces texts, images and other content from people telling the model what to do (sometimes referred to as 'prompting'). GenAI models have learnt from a huge amount of information, often taken from the internet, to produce this content.

GenAI can already be accessed by staff and councillors through:

- Websites (e.g. ChatGPT, Bing or Dal-E)
- Individual apps for personal computers or phones (e.g. Google Assistant lets you ask when your first meeting is)
- Plug-ins for websites (e.g. Expedia allows people to use GenAI to ask for travel plans and flight details)
- New features within computer software (e.g. Microsoft CoPilot and CoPilot365)

Currently, GenAI is most used to support individual tasks and act as a personal assistant, for example:

GenAI can help you be more creative:

- Create images and videos from scratch by simply telling a tool what you want to see
- Come up with lots of new ideas in seconds - for example, coming up with icebreakers for meetings

It can help you be more productive:

- Create first drafts of an email or document for you to finish writing, and then find ways to improve the quality of your writing once you have done so
- Quickly find sources of information and break down complex topics into easy-to-understand information
- Summarise meeting notes and documents

However, improvements and the widespread availability of GenAI tools mean it can also be used for many other tasks, changing how we work, how residents engage with us and how the council runs and makes decisions.

The Local Government Association has identified several key risks the use of GenAI places on councils ([external link to LGA website](#)).

The risks identified include insufficient data foundations, a lack of capacity or knowledge within information governance and data protection teams, the perpetuation of digital exclusion and wider forms of exclusion, insufficient knowledge across different business areas in the council, a lack of transparency, job losses, and the impact on resident trust if not implemented transparently and appropriately.

To achieve a balance between innovation and regulation, this high-level risk will attempt to lay out some of the early identified risks, and potential mitigation, that BCP Council will consider as it embraces the use of GenAI within the organisation.

Risk Causes (definite situational facts affecting our objective) (please list):

Trust and Transparency: There are risks about the potential for GenAI to generate misleading or false information, also known as “hallucinations”. This could lead to the spread of misinformation or disinformation or even lead to incorrect advice being provided to residents if unchecked which could lead to undesirable outcomes.

Ethics and Bias: GenAI models can inadvertently perpetuate or amplify existing biases present in the data they were trained on. This could lead to unfair or discriminatory outcomes.

Data Privacy: GenAI often requires access to large amounts of data for training and operation. Ensuring the privacy and security of this data is a significant concern. Without sufficient technical controls or user-training in place it is likely that potentially sensitive data may be exposed.

Data Retention and Compliance: GenAI models often retain training data, which may conflict with Subject Access Request requirements to delete or anonymise personal data upon request and affect the ability to comply fully with Freedom of Information Act requests.

Misuse of Technology: GenAI could be used for political propaganda, compromising local/national security, leaking confidential data, vexatiously increasing council officer workloads, and disseminating inaccurate information.

Cybersecurity Risks: As with any digital technology, GenAI systems can be vulnerable to cyber-attacks or can be leveraged to initiate more complex or sophisticated attacks (such as spear-phishing).

Erosion of Public Trust: If not properly managed, the issues above could lead to a loss of public trust in the council’s use of GenAI and data in general.

Risk Impacts (contingent effect on objective) (please list):



As described above, the impacts are largely financial or reputational:

- Financial impacts through fines if data breaches occur without appropriate technical, procedural or policy controls being in place
- Reputational impacts with residents and erosion of trust in council use of data
- Increasing cyber security risks (CR04)
- Progressing with our Data and Innovation Programme with corporate buy-in is imperative to ensure we optimise the output of our Transformation Programme. We need to continue to innovate and drive continual improvement, to meet our vision to deliver seamless, accessible, and personalised digital experiences that empower our customers, simplify interactions and ensure every service is intuitive, efficient and designed around customers’ needs.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Technological, Customer/Citizen, Economic, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions



- Microsoft CoPilot365 GenAI tool is currently only in a Project Managed proof of concept stage amongst 300 colleagues from all areas of the council. Review of pilot and next steps linked to Data and Innovation Programme being shared and scoped.
- BCP Council's existing [Information Security Policy](#) already describes expected staff and councillor behaviours in respect of responsible use of IT in general.
- IT Security Training published to all staff and councillors is available through the MetaCompliance Training portal.
- Rules regarding ethical and responsible use of AI published to [Our Intranet](#).
- Our Digital Strategy reflective of our Digital vision for BCP Council has been shared with our Directors Strategy Group, Corporate Strategy Board and with our portfolio holder. Our Data and Innovation Programme will drive the delivery of this and the initial 'discovery phase' of this programme has been signed off by our Corporate Strategy Board and is underway.
- AI briefing and overview has been delivered to Cabinet.
- The Data Loss Prevention (DLP) initiative is progressing. Led by Information Governance to put in place an information classification scheme to be applied to all council documents.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	No
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	No
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	Yes
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	Yes

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	3	9		



All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	<p>Develop and implement GenAI Strategy document. This should describe:</p> <ul style="list-style-type: none"> • How use of GenAI will be governed within BCP Council • How BCP will be training staff and councillors and providing regularly updated guidance on the responsible use of GenAI to support their work • To our residents, how BCP Council will use GenAI, especially if we start to use it to support public facing or critical service areas • How BCP Council's professional areas (IT, Information Governance, Legal, Risk, Audit etc) will continue to account for potential future uses of Generative AI, ensuring all necessary technical infrastructure, safeguards and policies are in place for responsible uses and are compliant with required legislation (UK GDPR etc) <p>UPDATE: Our Digital Strategy reflective of our Digital Vision for BCP Council has been shared with our Directors Strategy Group, Corporate Strategy Board and with our portfolio holder. Our Data and Innovation Programme will drive the delivery of this. Our 'Discovery Phase 1' has been completed and signed off as we move into phase 2 and our continued focus on AI governance.</p>	Complete
Action 2:	<p>Implement Microsoft Data Loss Prevention (DLP).</p> <p>CoPilot and CoPilot365 has access to whatever data the user has access to. It is therefore imperative that additional technology is implemented to help mitigate the risks of staff or councillors "sharing" content that could make it visible to a wider set of users than intended.</p> <p>DLP is a security solution, already available under existing licencing (but not enabled), that identifies and helps prevent the unsafe or inappropriate sharing, transfer or use of sensitive data contained in the M365 eco-system (Teams, OneDrive, SharePoint).</p>	In progress

	<p>A project has been agreed and is currently being scoped to deliver DLP and timelines for deployment will be published in due course.</p> <p>UPDATE: We are working with our Information Governance team to achieve Corporate Management Board sign off of this project and drive delivery collaboratively and at pace.</p>		
Action 3:	<p>Formation of AI Governance Board for long term policy setting and decision making around appropriate use of specific GenAI tools for agreed use-cases. Linked to Data and Innovation Programme.</p> <p>UPDATE: We maintain conversations with other local authorities and business to understand approaches in other organisations. Our current governance is controlled through our Corporate Management Board with return on investment, employee and customer updates processed through our Corporate Strategy Board.</p>	Complete	
Action 4:	<p>Consider any upskilling/resourcing of the council's Information Governance Teams to be able to provide effective professional advice to support any established AI Governance bodies and wider colleagues. Our Data and Innovation Programme will have a key workstream focusing on how our organisation is set up operationally to support our Digital Strategy and requirement for strong governance in support of this.</p> <p>UPDATE: Ongoing as we work with our Information Governance colleagues to establish the most effective structure and approach for the organisation.</p>	Ongoing	
Action 5:	<p>Develop IT and Programmes expertise on the topic of GenAI through formal training. Several staff in IT and Programmes are just starting a 13-month programme called "AI for Business Value". Topics covered include AI ethics, Identifying Opportunities for AI, Managing AI change in your organisation and Measuring AI ROI (return on investment) and Business Impact.</p> <p>UPDATE: AI business analysis training underway as described above for 5 staff within IT and Programmes. Additionally, we have extended our training offering across the organisation and are seeing some very positive uptake.</p> <p>Technical training on developing secure and effective AI tools, as well as more detailed and formalised end-user training on how to effectively adopt and leverage these tools continues. Our staff are carrying out continued 'side of desk' activity to build their knowledge and capability in our drive to optimise our approach to AI and ensure this is focused on from a governed and ethical data perspective.</p>	In progress	

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place




Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	2	6		

Quarter Update

We continue to focus on embedding AI risk management across the organisation through robust governance, technical safeguards, and cultural change initiatives, ensuring responsible and transparent adoption of GenAI. Our focus remains into phase 2 of our Data and Innovation programme and the operational governance and checks we have in place through our IT Infrastructure Board.



Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		
Net Score		
Target Score		

Risk CR18 – We may fail to provide adequate customer interfaces
Risk Owner – Matti Raudsepp, Director of Customer & Property Operations
Cabinet Member (BCP Council – Democracy) – Councillor Andy Martin, Cabinet Member for Customer, Communications and Culture
Links to Corporate Objective(s): Providing accessible and inclusive services, showing care in our approach
Risk Information <p>The Transformation Programme for the council closed in March 2025 and as part of the ongoing commitment to service improvement it was agreed that remaining workstreams would move into business-as-usual activity or into dedicated programmes.</p> <p>Whilst this programme of work is established, and then delivered, there is a risk that our current customer service capabilities, capacity, systems and processes fail to provide the level of responsiveness that our communities and residents expect.</p> <p>The Transformation Programme upgraded the council's legacy telephony system and introduced an updated version of the council's Customer Relationship Management (CRM) system onto which existing processes have been migrated. A single improved web platform was also introduced.</p> <p>The remaining requirement is initially to improve the performance of the corporate customer contact centre, easing the journey for our residents and creating business efficiency for improved service delivery. A second stage will be required to fulfil the requirements of the Customer Strategy creating a single front door and consistency across the council. This means identifying customer activity sitting across service areas which need to be brought into management via the CRM with performance monitored and reported under a single customer umbrella.</p>
Risk Causes (definite situational facts affecting our objective) (please list): <ul style="list-style-type: none"> - The end-to-end customer journey is affected by a range of factors, both within the contact centre and within services. Delays in redesigning any aspect of the journeys can impact the customer experience. - The availability of new digital functionality has not been introduced to the service environment which has restricted our ambitions. - There are varying degrees of sign up to the Customer Target Operating model which was formally agreed within the Transformation Programme.
Risk Impacts (contingent effect on objective) (please list): <ul style="list-style-type: none"> - Call answering performance that does not meet customer expectations. Customer contact is subject to ongoing handoffs to services, which may complicate and extend the process and increases the risk of failure and customer dissatisfaction. - Phone contact is heavily relied on in the absence of other effective options and staff numbers cannot cope. - Frustrating customer journeys which are not efficient for either the business or customer. - Problems arising from ineffective processes create issues for customers which impact their lives.
Risk Categories (for impacts) – please see pages 2-5 of this guidance – choose all that apply in either Service or Corporate Categories whichever fits best: <ul style="list-style-type: none"> - Customer/Citizen - Technological - Political

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	3	12		

Mitigations in Place & Completed Actions



- Call handling performance data is used to monitor performance.
- Staff have been trained on a wider range of skills to support areas where staff numbers have been lost to support the Medium Term Financial Plan.
- New contact centre telephony system successfully implemented in December 2023 with pilots completed to understand potential additional functionality.
- New CRM system now in place with legacy processes moved across.
- New CRM has some improved functionality and has repeatable service patterns to support end to end process reviews.
- Customer Strategy is being refreshed for adoption in early 2026.
- Programme Board has been set up to progress a range of actions to bring efficiency to the service and improve the customer offer.
- Resourcing needs being considered to ensure delivery.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking, but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of acting may be disproportionate to the potential benefit gained. In these cases, the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	3	9		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Agree refreshed Customer Strategy	March 2026
Action 2:	Implement end to end process reviews across the functions currently delivered through the existing corporate customer contact centre to drive efficiency, deploy new functionality and improve service for Customer	April 2026 - March 2027
Action 3:	Develop and implement a programme to reduce reliance on the telephone as a contact method, increasing digital service uptake	March 2027
Action 4:	Create and continuously update the list of technical enhancements required to improve service delivery connected with the Dynamics 365 System	March 2027
Action 5:	Continue to innovate and learn new technologies to support efficiency to support the Customer Strategy	March 2027

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		

Quarter Update

Following the closure of the Transformation Programme a commitment was given to either move outstanding work into business-as-usual activity or dedicated programmes to underpin and refresh delivery plans.

The Customer Board has been set up to deliver the requirements of the Customer Strategy, and the programme is currently being mobilised. Customer Services are currently in their discovery phase, extracting data from a myriad of sources to support decisions to enable a priority order work list to be generated. The Customer Strategy has been refreshed and will be passed through relevant committees during quarter 4.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	↔	The gross risk remains the same until the programme is mobilised and resourced
Net Score	↔	The net risk remains the same until the programme is mobilised and resourced
Target Score	↔	The target risk score is still an appropriate target

Risk CR02 - We may fail to achieve appropriate outcomes and quality of service for children and young people including potential inadequate safeguarding

Risk Owner – Cathi Hadley, Corporate Director for Children's Services

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Richard Burton, Cabinet Member for Children, Young People, Education and Skills

Links to Corporate Objective(s):

- High quality of life for all, where people can be active, healthy and independent
- Working together, everyone feels safe and secure
- Those who need support receive it when and where they need it
- Skills are continually developed, and people can access lifelong learning
- Intervening as early as possible to improve outcomes
- Working closely with partners, removing barriers and empowering others
- Providing accessible and inclusive services, showing care in our approach

Risk Information

Corporate Context

Safeguarding is the responsibility of all councillors and corporate officers, and this is reflected in the Corporate Safeguarding Strategy which was agreed by Cabinet in September 2019.

BCP Council had a Special Educational Needs and Disabilities (SEND) inspection in June 2021 which identified significant gaps in services which are being addressed through a SEND Improvement Plan and a Department for Education (DfE) Statutory Notice. A review by the DfE and NHS England (NHSE) in July 2023 concluded that not enough progress was being made and a Statutory Direction from the Secretary of State has been issued to BCP Council.

BCP Council Children's Services had an ILACS inspection (an Inspection of Local Authority Children's Services) in December 2024 and achieved a Good rating from Ofsted. This acknowledges that children's services provide

Quality of education and care:

Children's services rated as "good" provide a good standard of education, care, and support for children.

Effective safeguarding:

Safeguarding practices are deemed to be effective, meaning children are protected from harm and their welfare is prioritized.

Positive impact on children and families:

The services have a positive impact on the lives of children, young people, and their families, with evidence of sustained improvement.

Partnerships

BCP Council must ensure that it is working with all partners in the most effective way to identify, assess and respond to safeguarding issues, and those which cut across Children's, Adults' and Community Safety. BCP Council does this through various boards: the Pan Dorset Safeguarding Partnership, BCP Children's Safeguarding Board and Community Safety Partnership being examples.

Communities

Key consideration for the Communities directorate in discharging the range of duties provided across a range of services, community safety and domestic abuse.

Children's Services

There is an increase in demand for services and in the complexity of need in children and young people presenting to Children's Services across Children's Social Care and Education and Skills. This is placing demand on resources and budgets. For example, there is an increase in the number of children with complex needs placed in residential care which creates additional pressure on the Children's

Service's budget; providers also increase their costs and there is an increase in Education, Health and Care Assessments.

There is a shortage of Children's Services social workers nationally, which means that there is a reliance on agency staff which puts pressure on budgets and can affect the continuity and consistency of service to our children and young people. Whilst there has been significant progress in stabilising the workforce the Pay and Reward programme may have an impact on this going forward.

Risk Causes (definite situational facts affecting our objective) (please list):

- Lack of collaboration with partners
- Shortage of staff and staff capacity
- Insufficient specialist local and national placements from both in-house and external provision which also drives up the cost of placements
- Failure to deliver safe service to children and families as per the findings of the Ofsted ILAC inspection December 2021 and the Care Quality Commission/Ofsted SEND Inspection July 2021
- Poor identification and management of risk across the service and partnership.



Risk Impacts (contingent effect on objective) (please list):

- Victims, death or serious injury
- Children and Young People being placed further away from networks
- Delays in finding suitable homes
- Poor performance assessment
- Poor staff morale and further retention issues
- Litigation costs and failure to meet legislative requirements
- Council-wide economic impact with more children being placed out of borough and additional budget pressure
- Adverse media coverage - damaged reputation/public image.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Customer, physical, legislative, resource, social, contractual, political, reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	4	4	16		

Mitigations in Place & Completed Actions

Children's Directorate

- Focus on the SEND improvement journey to ensure core services are safe for vulnerable children and young people.
- Since the Good Ofsted rating and removal of Children's Social Care Statutory Intervention the governance for Children's Social Care has been reviewed and new accountability structures put in place, a new development plan has been put in place to drive forward the service in place of an Improvement Plan.
- The strongest mitigation is to have the capacity and resources to meet the rising demand of need across the services and to have the assurance of the quality of practice through quality assurance frameworks and governance processes.
- Robust governance is in place to ensure that improvement continues at pace in SEND.



- Partners have launched the Children and Young People's Partnership plan which clearly identifies the shared priorities for delivering improved services for our children, young people and families. There is a SEND Improvement Board which is chaired by a DfE Advisor and the Board holds service, council and partners accountable for the delivery of improvements identified in the improvement plan.
- DfE Advisor and Improvement Officers have been assigned by the DfE to oversee and support the improvement of services as identified in the Statutory Notices to Improve from the Secretary of State for SEND.
- Education Services are subject to termly Ofsted Monitoring meetings which oversee improvement and hold the service accountable for meeting statutory standards.
- A Quality Assurance Framework has been embedded into Children's Social Care practice giving the assurance that practice standards are maintained or improving. Governance processes introduced in 2022 continue to review practice and give increasing assurance that children are safeguarded. Ofsted in their ILACs Inspection 2024 confirmed that Children in BCP are safeguarded.
- Scheme of Delegation reviewed and updated for Children's Services.
- Monthly budget management meetings between Finance and budget holders.
- Financial accountability is held at Senior Leadership Team and Children's Strategic Transformation Board through reporting by the Finance Manager.
- Ensure the BCP model of corporate support services and systems is fully conducive to the children's improvement journey.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking, but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	4	2	8		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Deliver on the SEND and Alternative Provision Improvement Plan	2026
Action 2:	Deliver on the Education Improvement plan	June 2026
Action 3:	Sufficient suitable accommodation available for our care experienced young people and placement choice of good quality locally for children in care	June 2026
Action 4:	Deliver on the new Children's Social Care Development Plan	April 2027

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	4	2	8		




Quarter Update

We are currently having our SEND Local Area Partnership Inspection. We will know the outcome of this at the end of December 2025 or early January 2026. We have been working well across the partnership to deliver the inspection.

We have been working with Housing to support and develop our approach to meeting the housing needs of our care experienced young people.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		
Net Score		
Target Score		

Risk CR21 – Impact of global events causing pressure on BCP Council & increase in service requirements

Risk Owner – Kelly Deane, Director of Housing & Public Protection

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Kieron Wilson, Cabinet Member for Housing and Regulatory Services

Links to Corporate Objective(s):

Working together everyone feels safe and secure

Risk Information

Several global conflicts have required a humanitarian response/offer of refuge to those fleeing and in each case the UK government has set out its policy for accommodating and resettling refugees in every local authority area. The schemes in operation are:

- UK Refugee Resettlement (UKRS - previously known as the Gateway Scheme/Syrian Resettlement scheme)
- Afghan Resettlement Programme
- Homes for Ukraine/ Ukraine Permanent Extension Scheme
- Communities for Afghans Scheme

In addition to these schemes the Home Office also accommodates all who arrive and apply for asylum in the UK and, if granted refugee status, these households require access to accommodation and support with community integration. Due to the exponential increase in the volume of asylum seekers arriving in the UK, the government has become reliant on contingency accommodation (nightly let hotels). Bournemouth, Christchurch and Poole currently have hotels who are contracted by the Home Office to provide this accommodation while those housed await their asylum decision. There is also a growing portfolio of private rented properties in use as asylum accommodation in the conurbation.

Risks related to asylum and refugee resettlement include:

- Potential homeless presentations from Ukrainian refugees should the HfU scheme support from government (financial incentives to sponsors) be discontinued
- Potential homeless presentations from Afghan families given notice to leave their 9-month limited MOD accommodation
- Lack of required support for those seeking asylum and those who are already refugees
- Safeguarding risks to asylum seekers/refugees as well as to staff or the public not being mitigated
- Pressure on the Bournemouth, Christchurch and Poole housing market which is already inhospitable and unable to meet demand of Bournemouth, Christchurch and Poole families
- Pressure on Primary, Secondary and Community NHS services from these cohorts of new patients
- Pressure on social care services (notably Children's Services as a result of Unaccompanied Asylum Seeking Children)
- Pressure on Homelessness services as asylum seekers receive positive decisions on their applications and are given notice to vacate their Home Office funded hotel accommodation
- Repeat homelessness where single people subsequently apply for family reunion visas
- Pressure on schools to provide education and related support to refugee children
- A detrimental impact on the tourism economy in Bournemouth, Christchurch and Poole as hotels in use are a significant portion of the available rooms (impact anticipated more in summer months)
- Concerns around community cohesion and tensions in relation to asylum and refugee resettlement
- Concerns around Community Safety from Bournemouth & Poole College
- Potential increase in activity of extremist groups

Gaza and Israeli conflict

In addition to the information provided above we are also monitoring any localised tensions relating to the conflict in Israel and Gaza and receive regular updates regionally and nationally regarding the complex situation.

Protests

The Public Protection team is working closely with Dorset Police around an increase in planned and unplanned protests both in relation to the Gaza and Israel conflict and around immigration. The protests have continued weekly but have remained peaceful, with minimal arrests or dispersals. There has been a national rise in protests, with some areas of the country experiencing violence and rioting, however, this has not transpired locally. Dorset Police hold the lead, however a separate command structure has been set up within BCP Council to support. Teams such as Facilities Management, CSAS (Community Safety Patrol Officers) and highways have been engaged to provide security to the Civic site, manage traffic flow on the network and engage with protest groups. Risks from protests include:

- Damage to the Civic Centre or cenotaph
- Disruption at council meetings affecting the civic process
- Disruption to communities
- Disruption to businesses
- Disruption to the transport network

Extensive planning between BCP Council and Dorset Police is undertaken for each protest to mitigate these risks.

Home Office Engagement

The Home Office have recently engaged with the Chief Executive and relevant Directors to advise that they are moving towards increased engagement to ensure there is a triangulated approach between the government, councils and police in regard to community safety and cohesion.

Risk Causes (definite situational facts affecting our objective) (please list):

- Conflict in Israel and Gaza and increasingly in the surrounding territories
- Home Office policy and related notices to vacate hotels
- 9-month limited transitional MOD accommodation offer for Afghan Resettlement Programme households
- National and local tensions around the asylum and immigration process and trend of increased protests
- Confirmation of Thank You Payments to hosts being discontinued once a Ukrainian guest has exhausted HfU visa and first Ukraine Permission Extension scheme period
- Mis and dis-information circulating on social media unchallenged



Risk Impacts (contingent effect on objective) (please list):

- Heightened community tensions and inter-faith relationships
- Crime and disorder risks
- Number of homeless applications increased
- Number of former asylum seekers found to be street homeless increased
- Disruption to the transport network, business operations and community

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Economic, Social, Environmental, Citizen, Resource, Physical, Political, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		

Mitigations in Place & Completed Actions



- Multi-agency partnership working and governance framework in place, communication channels in place e.g. briefings, webpages, dedicated staff team established, links with government agencies
- Strategic leadership from BCP Council in relation to asylum accommodation and refugee resettlement, identifying need for collaboration with all stakeholders and progressing with impact assessment for the council and its partners of asylum and refugee resettlement
- Additional grant funded resource recruited to manage this new programme and case manage households now resident in the Bournemouth, Christchurch and Poole area and enable proactive preventative support
- Engagement with the Home Office and their contracted providers to discuss and deliver dispersed asylum accommodation in the community
- Work with the voluntary and community sector (VCS) to address gaps in support required across all schemes
- Appropriate use of tariff incomes to incentivize hosting sustainment and access to move-on accommodation for Ukrainian refugees
- Intensive prevention/welfare case support to Ukrainian scheme guests and hosts to discuss options and planned exit from the scheme if funding does end
- Lobbying of the Ministry of Housing, Communities and Local Government and the Home Office re pressures and required resources to address family reunion homelessness
- Participation in Local Authority Housing Fund programme (government grant funded) to mitigate the risk of homelessness for Ukrainian and Afghan refugees while adding to housing portfolio of BCP Council longer term
- Lobbying on the pressures being experienced by local authorities to Ministers and the Home Office
- Regular updates from the Home Office on the situation in Gaza and Israel, both abroad and in the UK
- BCP Council command structure working with Dorset Police to manage protest intelligence and responses.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	2	6		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Continue to monitor community tensions relating to the conflict in Gaza and Israel and work with partners to address as needed	ongoing
Action 2:	Continue to work with Dorset Police regarding regular planned protests	ongoing
Action 3:	Continue to monitor community tensions relating to protests and work with partners to address as needed	ongoing
Action 4:		
Action 5:		
Action 6:		

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place




Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	2	6		

Quarter Update

Ongoing work with partners, the Home Office and the voluntary sector. No significant issues to raise.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		Being managed as business as usual currently
Net Score		Being managed as business as usual currently
Target Score		Being managed as business as usual currently

Risk CR28 – We may fail to adopt a Bournemouth, Christchurch and Poole Local Plan
Risk Owner – Glynn Barton, Chief Operations Officer
Cabinet Member (BCP Council – Democracy) – Councillor Millie Earl, Leader of the Council and Chair of Cabinet
<p><u>Links to Corporate Objective(s):</u></p> <ul style="list-style-type: none"> • High quality of life for all, where people can be active, healthy and independent • Good quality homes are accessible, sustainable and affordable for all • Employment is available for everyone and helps create value in our communities • People and places are connected by sustainable and modern infrastructure • Revitalised high streets and regenerated key sites create new opportunities • Our green spaces flourish and support the wellbeing of both people and nature • Climate change is tackled through sustainable policies and practice
<p>Risk Information</p> <p>The council has a statutory duty to prepare and maintain a Local Plan. The National Planning Policy Framework (NPPF) sets out that the planning system should be genuinely plan-led with succinct and up-to-date plans. Currently BCP Council is operating using the Local Plans of the predecessor authorities that include over 300 policies, a significant proportion of which are out of date.</p> <p>The Bournemouth, Christchurch and Poole Local Plan will provide one plan that sets out the vision and planning framework for the Bournemouth, Christchurch and Poole area for the next 15 years. It will provide the land use policies that help us to implement our commitment to address the climate and ecological emergency. It will confirm our strategic approach to the delivery of a range of development, including market and affordable housing, employment, tourism, community facilities and supporting infrastructure. The Local Plan has to balance these development requirements against the need to protect the built and natural environment. Once adopted, all planning applications will be determined against the Local Plan, making it the most important place-shaping document for the Bournemouth, Christchurch and Poole area.</p> <p>A new Local Development Scheme has been agreed by the council which sets out the timeline to prepare the Local Plan by 2028 under the government's new planning system which requires plans to be prepared in 30 months. This includes a period of time for the soundness of the plan to be examined by the Secretary of State before it is adopted by the council.</p> <p>There is a risk that the Local Plan will not be adopted by the end of 2028 as set out in the Local Development Scheme.</p>
<p>Risk Causes (definite situational facts affecting our objective) (please list):</p> <ul style="list-style-type: none"> - Failure of the council to agree a spatial strategy to meet the development needs of the area, particularly in the context of the high housing target for the area (set by national policy), changes to national Green Belt policy and the possible options for development - That the Plan is not supported by the Secretary of State at examination, which could be due to issues with the quality and extent of evidence required to support the plan, that the duty to cooperate has not been met or the spatial strategy is not robust to meet development needs - Changing national policies and requirements in relation to Plan Making



Risk Impacts (contingent effect on objective) (please list):

Failure to adopt a new Local Plan will result in the policies from the predecessor local plans becoming increasingly out of date for decision making. Without a Local Plan to allocate new sites and demonstrate a five-year supply of land for housing there is 'presumption in favour of sustainable development' in favour of granting residential planning applications and resulting in less control over the location, scale, quality and design of development and any supporting infrastructure. There is also a result of a higher number of appeals to planning decisions and refused applications being approved on appeal.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

- Environmental: Failure to have up to date policies to protect the environment, habitat sites, flood risk, climate change
- Social – Failure to deliver the homes needed to meet the needs of our communities
- Legal – Failure in statutory duty to prepare a Local Plan potentially leading to government intervention. Legal challenges in relation to applications determined in the absence of an up-to-date plan
- Political: Failure to deliver government policy
- Reputational: Reputational damage over the ability of the council to effectively plan for the area and determine applications.

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		

Mitigations in Place & Completed Actions

- Monitoring and management of the Local Plan by the Director of Planning and Transport
- Assigning resources and project management support to enable Local Plan delivery
- Providing regular progress updates to senior management and councillors
- Review of the existing evidence base and the early procurement of up-to-date evidence
- Working closely with relevant external organisations and delivery partners to obtain information as efficiently as possible
- Development of early engagement and communications strategy, including workshops with councillors, and wide public communications and consultation
- Completing the proposed Gateway stages under the new planning system which enables early engagement with the Planning Inspectorate on examination soundness issues
- Regular (monthly) Duty to Co-operate meetings with Dorset Council planning officers as a key neighbouring authority. Includes having a standing agenda and keeping meeting notes.

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	3	2	6		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

	Due Date/s:
Overall Target Score Expected Completion Date:	
List All Significant Actions Below:	
Action 1:	Deliver briefing to all councillors Completed June 2025
Action 2:	Undertake call for sites exercise Completed Aug 2025
Action 3:	Procure evidence base May 2026
Action 4:	Formally update governance arrangements Sept 2025
Action 5:	Complete early engagement activity Feb 2026
Action 6:	Complete Gateway 1 May 2026

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	3	2	6		

Quarter Update

We have completed the call for sites exercise and an overview of the sites received have been published online.

A series of councillor engagement sessions have been completed.

The procurement of a number of evidence studies has been completed and other studies are out to tender due to be formally procured over the coming weeks. Some of the procurement activities remain outstanding.




Governance arrangements are ongoing to set up a Local Plan working group. Corporate Management Board and Cabinet updates remain in place.

The government has announced a new National Planning Policy Framework and National Development Management Policies will be published before Christmas. These may have implications on Plan Making.

At present while there are uncertainties nationally and some activities have been delayed there is progress and enough contingency has been factored into this early part of the Local Plan timetable to accommodate these and remain on track. Over the next quarter a clearer picture will emerge regarding any fundamental programme delays.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		We currently remain on timetable
Net Score		We currently remain on timetable
Target Score		We currently remain on timetable

Risk CR25 – We may be unable to effectively transform services to achieve efficiencies and improve service standards

Risk Owner – Corporate Management Board Collective

Cabinet Member ([BCP Council – Democracy](#)) – Councillor Jeff Hanna – Cabinet Member for Transformation, Resources and Governance

Links to Corporate Objective(s):

- Creating an environment for innovation, learning and leadership
- Using our resources sustainably to support our ambitions
- Using data, insights and feedback to shape services and solutions

Risk Information

With the closure of the BCP Transformation Programme in March 2025, it is essential we maintain our focus on achieving the efficiencies targeted as outputs of the programme and that we have a sustained focus on improving service standards.

Efficiencies and improved service standards are predicated on having the resource (financial and people) to identify and implement the changes necessary to achieve the council's operating model. An environment of increasing financial challenges or other demands on council resource could slow the rate of tangible benefits associated with transformation or require the council to reassess its initial ambitions based on what is achievable.

Risk Causes (definite situational facts affecting our objective) (please list):

- Reduction in financial and human resources available to deliver, support and drive a culture of change, innovation and focus on efficient approach to service delivery and practice
- Increase in demand on services to deliver business as usual and lack of workforce engagement with innovation
- Conflicting corporate and service led priorities
- Further requests for service transformation funding
- Lack of funds to build growth, capacity and capability in established Centres of Expertise i.e. Data and Analytics, Procurement, Projects and Programmes (PPM)
- Transformation Programme closing without a sustained plan of approach for continuous improvement and strategic intent, to build on the outputs of transformation, to drive efficiencies and realise ongoing associated benefits.

Risk Impacts (contingent effect on objective) (please list):

- Slower pace of change
- Unable to achieve Target Operational Model and foundations to enable ongoing efficiencies across our organisation
- Negative view of the Transformation Programme and what it promised, both internally within our organisation and outwardly by our residents. Detrimental to our reputation and great success with the Transformation Programme and its outputs.
- Poor return on the investment we have made on our technology stack and the opportunities we have to link this with strategic systems and innovation/efficiencies
- Inability to meet our vision to deliver seamless, accessible, and personalised digital experiences that empower our customers, simplify interactions and ensure every service is intuitive, efficient and designed around their needs
- Longer term associations to our ability to recruit if we are unable to offer modernised, efficient approaches to our work, service delivery and processes through technology.



Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

The following risk categories apply:

Corporate Risk Categories: Technological, Customer/ Citizen, Economic, Political

Service Risk Categories: Resource, Technological

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		

Mitigations in Place & Completed Actions

Following the closure of the Transformation Programme we maintain the following mitigations:

- The Transformation Programme, formally agreed by Cabinet and Council, was closed in March 2025. The Data and Innovation Programme has been initiated and is in first-stage discover phase; signed off by the BCP Council Corporate Strategy Delivery Board to ensure robust governance, reporting is maintained and that we continue to drive outputs and deliverables.
- Our Digital Strategy has been written and published, with the Data and Innovation Programme focused on delivering this vision.
- Corporate Strategy Delivery Board established to ensure maintained focus on continuous improvement and strategic delivery to meet Corporate Strategy objectives.
- Resourcing/capacity (both within the core programme team and service areas) is on the programme risk register and we are actively reviewing our corporate priorities with our Corporate Management Board (CMB) and councillors to ensure we are focused on delivering agreed priorities. The Corporate Transformation Programme closed in March 2025. However, our exposure to this risk remains as we maintain our focus on continued improvement and optimisation of the foundations we have established, through the delivery of the Data and Innovation Programme, our Customer Strategy and our efforts to build the capacity and capability to deliver this.
- Digital Working Group provides monthly updates to our members on outputs of the initial programme. Our aim is to continue to share insight and progress of our digital strategy to meet the associated aims of BCP Council Corporate Strategy.

We must remain focused on achieving our digital vision and realising associated benefits:

Data and Innovation Programme:

- First phase 'discovery' is underway, aligned to corporate Digital Strategy. The programme and strategy have been agreed with our Corporate Strategy Board and in ongoing conversations with our Portfolio Holder. Continued focus on Artificial Intelligence and innovation; development of our corporate approach to Co-Pilot and response to first phase rollout.
- Identification of use cases: working with our Microsoft partner to identify funded opportunities to help us demonstrate tangible opportunities for efficiencies using technology to drive and support workforce engagement and build our business case for growth.
- Ongoing focus on evolving and establishing the service offering of the Data and Analytics Centre of Expertise
- Focus on data quality, integrity and accuracy across the organisation
- Data migration and ownerships
- Information governance, data protection and compliance
- Strategic focus on how we drive, govern and agree innovation as an operational model within IT and Programmes and across the organisation.
- Drive organisational change through data led decision making

- We have agreed an initial triage approach to substantive AI Use Cases that have business cases associated with them; led by associated Directors. These will commence in September 2025 Corporate Management Boards.
- We aim to playback the outputs of this first 'discovery' phase in November 2025.
- Strong focus as we move out of this phase on our future IT and Programmes operating model to ensure a sustainable approach to digital governance and optimal digital efficiencies.

Digital Strategy:

- Digital Strategy published and has been shared with Corporate Strategy Board and our Directors Strategy Group. It will also feed into the delivery of the Customer Strategy.

Systems Ownership, Consolidation & Integration:



- Sustained focus on successful implementation and support of systems
- Deliver systems ownership model
- Maintain strategic supplier relationships
- Consolidate and rationalise

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	2	2	4		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

		Due Date/s:
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Continue Children's Transformation Programme – programme extended UNDERWAY	April 2026
Action 2:	Continue Adults' Transformation Programme UNDERWAY	April 2027
Action 3:	Develop and establish a new Data and Innovation Programme UNDERWAY	Phase 1 November 2025
Action 4:	Continue Strategic Corporate Management Board and Cabinet Members Digital Working Group (ensuring robust knowledge exchange)	Ongoing

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	2	4		

Quarter Update

Following the closure of the BCP Transformation Programme in March 2025, we have maintained strong momentum in delivering efficiencies and improving service standards through the Data and Innovation Programme and the Continuous Improvement and Innovation Programme (CIIP).

Phase 1 Achievements

The first phase of the Data and Innovation Programme successfully laid the foundations for a modernised digital operating model. Key outcomes included establishing governance structures, improving data management capabilities, and aligning our approach with the Corporate Strategy 2024–2028. These steps have strengthened our ability to deliver efficiencies and enhance service quality.

Transition to Phase 2

We are now progressing into Phase 2, which focuses on embedding innovation and enabling staff to leverage data-driven insights. This phase prioritises technology adoption, process redesign, and governance improvements to ensure sustainable transformation and measurable benefits.

CIIP Focus

The CIIP has been launched to accelerate continuous improvement across services. Current priorities include mobilising stakeholder groups, securing dedicated resources, and identifying

invest-to-save opportunities. The programme is designed to deliver tangible efficiency gains while improving customer experience and service standards.

Risk Alignment

These initiatives directly address the risk associated with sustaining transformation benefits post-BCP Council Programme closure. By prioritising efficiency, governance, and capability building, we are mitigating the impact of financial pressures and resource constraints. Our structured approach ensures that ambitions remain achievable and benefits are tracked and realised.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score	↔	
Net Score	↔	
Target Score	↔	



Risk CR16 – Partnerships may not support delivery of the corporate strategy, objectives or priorities
Risk Owner – Isla Reynolds, Director of Marketing, Comms and Policy
Cabinet Member (BCP Council – Democracy) – Councillor Millie Earl, Leader of the Council and Chair of Cabinet
<u>Links to Corporate Objective(s):</u> Working closely with partners, removing barriers and empowering others
Risk Information The 2019/20, 2020/21, 2021/22 Annual Governance Statements included partnership governance as a significant governance weakness. In 2021/22, the identified actions were: “BCP Council Partnership governance will be strengthened through the development of the following: <ol style="list-style-type: none"> Agreement of a partnership definition Production and maintenance of a Corporate Partnership Register Establishment of corporate oversight of partnerships Production of corporate partnership guidance to supplement Financial Regulations, which can also be used for compliance purposes” This has also previously been raised by external audit. The issue was removed from the Annual Governance Statement for 2022/23 as partnership guidance has been produced and compilation of the Corporate Partnership Register was in process. In relation to the action points above, the audit confirmed that: <ol style="list-style-type: none"> Partnership definition had been agreed and included in the partnership guidance. Corporate partnership guidance was available on the intranet. A partnership register template has been produced, which includes a method of determining ‘significant’ partnerships. Of the 12 service areas who had existing partnership registers, 6 have now completed in the new format and saved in the designated corporate area. A standalone corporate partnership register has not been produced but it is, in effect, the aggregation of the individual service partnership registers. Corporate oversight of partnerships has yet to be established. In March 2025 Internal Audit liaised with the then recently appointed Head of Policy, Partnerships and Strategy, to ascertain the status of corporate partnership arrangements and the implementation of recommendations raised in the 2023/24 audit of this area. The Head of Service confirmed that a review of corporate partnership arrangements would be undertaken during 2025/26, with a view to ensuring full compliance with the recommendations, including a framework enabling corporate oversight.
Risk Causes (definite situational facts affecting our objective) (please list): <ul style="list-style-type: none"> Lack of resources to maintain a council partnership register, develop and gain approval for a partnership governance framework Lack of resources to ensure guidance is shared, promoted and championed

Risk Impacts (contingent effect on objective) (please list):

- Poor knowledge of its partnerships, the way they are governed and the value derived from them puts the council at risk in terms of resources, reputation, legal and financial impacts.
- Council is not compliant with its own policy and/or recommended guidance from Government/other organisations.

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:
Economic, Social, Environmental, Citizen, Resource, Physical, Political, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	3	9		

Mitigations in Place & Completed Actions



- Staff resource is now in place to drive this work forward
- Requests have been made to Directors to update their registers
- A report proposing corporate oversight via a framework will be presented to Corporate Management Board

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	2	2	4		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score expected completion date and list all the significant actions required to achieve this score and when they are each individually due to be completed.

Due Date/s:		
Overall Target Score Expected Completion Date:		
List All Significant Actions Below:		
Action 1:	Review and update the Partnership Register	April 2025
Action 2:	Templates to be circulated to Directors for review and update of the partnership register	Sept 2025
Action 3:	Corporate Management Board (CMB) to determine what level of corporate oversight is required for partnerships. Head of Service to bring a report to CMB outlining actions taken and to enable CMB to: <ul style="list-style-type: none"> consider whether all existing partnerships are still required and fit for purpose to deliver corporate priorities efficiently and effectively, and thereafter to: provide assurance (such as via a best practice checklist) over the governance arrangements in place for key partnerships agree and co-ordinate production of relevant performance information to facilitate corporate oversight 	December 2025
Action 4:	Ensure framework is operational/provide relevant performance information facilitating corporate oversight	April 2026

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		

Quarter Update




Directors have been asked to update their partnership registers, with the latest deadline of end of November 2025.

The Policy, Strategy & Partnerships team who are leading this work will:

- Review the responses
- Create a framework enabling corporate oversight, regular monitoring of the register and performance reporting
- Write a report for Corporate Management Board to consider as per Action 3 in the action table above

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		Although work is progressing at this stage responses have not yet been reviewed
Net Score		As above
Target Score		As above

Risk CR24 – We may fail to adequately address concerns around community safety
Risk Owner – Kelly Deane, Director of Housing & Public Protection/Rob Carroll, Director of Public Health & Communities
Cabinet Member (BCP Council – Democracy) – Councillor Kieron Wilson, Cabinet Member for Housing and Regulatory Services, Councillor Andy Hadley, Cabinet Member for Climate Response, Environment and Energy
<u>Links to Corporate Objective(s):</u> Working together everyone feels safe and secure
Risk Information <p>Emerging public concerns around areas including, but not limited to, Bournemouth Town Centre show public concern for residents and visitor safety.</p> <p>A number of initiatives are in place to mitigate the risks including:</p> <ul style="list-style-type: none"> • Police Operation Clear, Hold, Build that tackles organised crime which is significantly linked to serious violence • A new Serious Violence Strategy that works with partners to address the root cause of serious violence • Policing operations increasing visibility such as Operation Nightjar and Operation Track • Town Centre Action Partnership Group and tactical groups that have a multi-agency response to tackle issues in Bournemouth Town Centre • Evidence-led approaches to the deployment of resources • Six-weekly multi-agency walk arounds in Bournemouth Town Centre to identify issues relating to environmental concerns and safety concerns • Community Safety Partnership (CSP) in place to tackle the most prevalent issues in relation to community safety • Initiatives delivered based on CSP priorities around serious violence, violence against women and girls, exploitation and anti-social behaviour. <p>In the Bournemouth, Christchurch and Poole area, violence against women and girls (VAWG) is one of the four key priorities for the Safer BCP Community Safety Partnership. Tackling issues relating to VAWG and all gender based violence is also a key priority for the Safer BCP Serious Violence Strategy, following the detailed analysis undertaken through our Serious Violence Needs Assessment. To this effect we have a BCP Adults Safeguarding Board, and Pan-Dorset Children's Safeguarding Board alongside other groups including a Domestic Abuse Strategic Group, Serious Violence Delivery Group (Sexual Offences), Sex Workers Risk Assessment Conference, MARAC (multi-agency risk assessment conference - high risk domestic abuse) and other task and finish groups as identified through the monthly data analysis.</p>
Risk Causes (definite situational facts affecting our objective) (please list): <ul style="list-style-type: none"> • Reduction in resources to address community safety concerns • Public perception of issues and local media reporting • Changes to partner objectives, funding or behaviour • Policy changes and funding opportunities following the 2024 change in government • Global and political decisions, including asylum policies and conflict in the Middle East



Risk Impacts (contingent effect on objective) (please list):

- Reduction in public perception and public confidence
- Failure to deliver on statutory duties
- Fear of crime increases
- Potential risk to exploitation from extreme ideology

Risk Categories (for impacts) – please [see pages 2-5 of this guidance](#) – choose all that apply in either Service or Corporate Categories whichever fits best:

Citizen, Social, Physical, Resource, Economic, Environmental, Political, Reputation

Gross Risk Score – this is the rating of a risk as if there were no mitigations in place:

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Gross Score	3	2	6		

Mitigations in Place & Completed Actions



- Six-weekly multi-agency street audits to identify defects and issues in Bournemouth Town Centre
- Supporting Dorset Police in Clear, Hold, Build initiative, hotspot policing and key operations to enhance visible presence across the conurbation
- Partnership Action Group for Bournemouth Town Centre
- Serious Violence Strategy and Serious Violence Delivery groups to identify and tackle serious violence issues in Bournemouth, Christchurch and Poole, monitored through the statutory BCP Community Safety Partnership
- Safer Streets 5 funding - completed
- Successful grant funding from Department for Transport (DfT) for an anti-social behaviour (ASB) Community Safety Accreditation Scheme pilot managing anti-social behaviour on the public transport network - completed
- Successful grant funding under the Bus Service Improvement Programme to install 250 CCTV cameras at the most used bus stops – completed
- Pan-Dorset Prevent Partnership working to raise awareness of Prevent and Contest with partners across BCP
- Pan-Dorset Prevent Partnership to raise awareness of Prevent, the signs and symbols to look for and how to refer someone if appropriate
- Prevent Week of Action in October 2025 providing a range of webinars, information events and training for professionals, parents and carers, governors etc
- Independent Advisory Group with Dorset Police to gather information, concerns and monitor any community tensions

Risk Response Strategies

Please indicate all strategies which are being utilized in the management of this risk:

	Chosen strategy/ies:
Termination: It is impossible to remove or eliminate all risk from an undertaking but it is possible to avoid a particular identified cause.	
Transfer: Transfer does not change the risk directly but involves others in its management. The risk transfer strategy aims to pass ownership and/or liability for a particular threat to another party nearly always for payment of a risk premium. This strategy rarely transfers the 'whole' risk. Risk transfer falls into two groups: financial instruments and contractual arrangements.	
Treat: By far the greatest number of threat risks will be treated in this way. The purpose of risk treatment or mitigation is to contain the risk at an acceptable level.	✓
Tolerate/accept: There may be limited ability to do anything about some risks, or for a limited number of minor threats the cost of taking action may be disproportionate to the potential benefit gained. In these cases the most appropriate response may be to tolerate or accept the risk.	

Net risk Score – this is the rating of a risk with current mitigations in place



Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Net Score	2	1	2		

All Significant Actions to Achieve Proposed Target Risk Score:

Please confirm the overall target score **expected completion date** and list all the significant actions required to achieve this score and **when they are each individually due to be completed**.

	Due Date/s:
Overall Target Score Expected Completion Date:	April 2025
List All Significant Actions Below:	
Action 1:	Continue Partnership Action Group and associated tactical delivery
Action 2:	Community Safety Partnership Executive Board to review Community Safety concerns
Action 3:	Prevent Week of Action to take place in October 2025 - BCP leading for the South West region
Action 4:	Prevent Partnership Away Day session held in October as part of our quality assurances process

Target Risk Score – this is projecting forward to what the scoring of a risk will be when further actions or mitigations have been completed and are in place

Assessment Level	Impact (I)	Likelihood (L)	Risk Score (IxL)	Risk Matrix	Movement during Quarter
Target Score	2	1	2		

Quarter Update

Prevent Week of Action:




The South West Prevent Week of Action was held from Monday 6 – Friday 10 October 2025, organised by the Pan-Dorset Prevent Partnership Board. The primary aim of the week was to improve awareness of Prevent, and to improve the quality of Prevent referrals received. This year aimed to reach more widely than previous years, so most webinars were made available to professionals throughout the South West via Prevent Leads, rather than just Dorset as in previous years.

Prevent Partnership Away Day

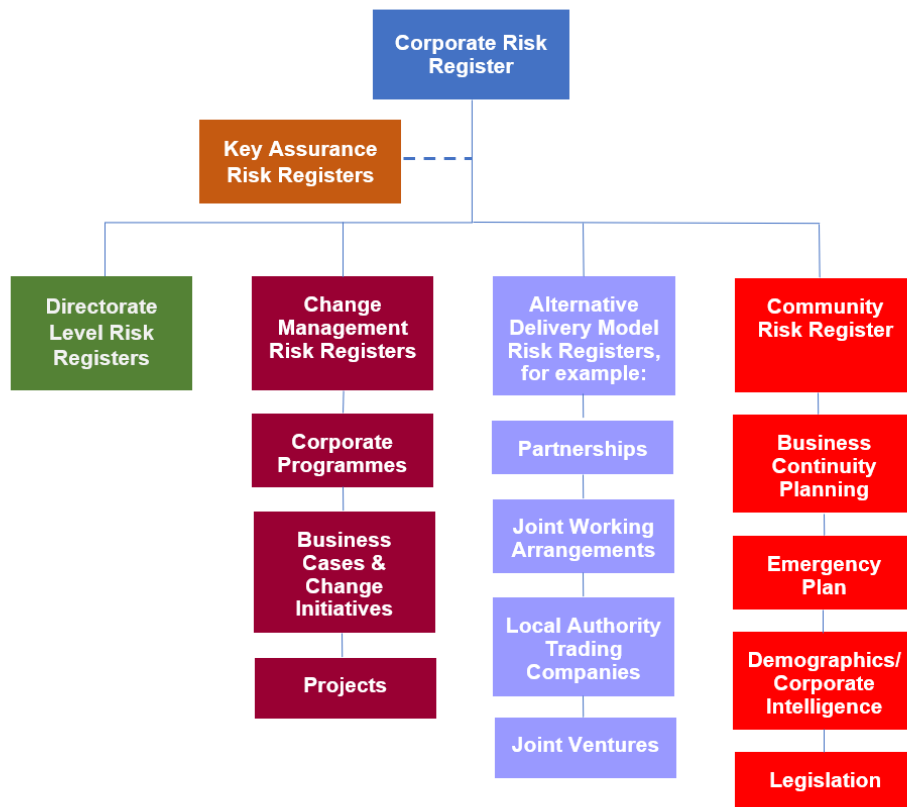
The Board met face to face on 3 October 2025 for an extended meeting as part of its annual development and improvement process. We undertook deeper dives into updates from the Home Office following the terror attack the previous day; upcoming antisemitism training; discussed opportunities for information sharing and gathering through staff and student networks; misinformation and disinformation; 'Active Clubs' and current extreme right wing activities; reviewed our Terms of Reference and looked at anonymised prevent referrals to see whether we thought they were appropriate, how they could have been checked before being submitted and how they could have been improved.

Direction of Travel

Please provide a commentary on the direction of travel of the risk. It is appreciated risks may not change enough in a quarter to warrant a change to the scoring but please provide a direction of travel for the risk and provide an explanation against each assessment level.

Assessment Level	Direction of Travel during Quarter (please indicate: the same, increased, decreased)	Explanation
Gross Score		No major change this quarter
Net Score		No major change this quarter
Target Score		No major change this quarter

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Governance Statement 2024/25 Action Plan Update
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues identified in the 2024/25 AGS.</p> <p>Progress against the agreed action plan is as follows:</p> <p>Dedicated School Grant (DSG) - The DSG deficit continues to increase, with an accumulated DSG deficit of £113.3m as of 31 March 2025. This is predicted to grow to £183.1m by the 31 March 2026. A detailed update report was taken to November Children's Overview and Scrutiny Committee. A further report is going to the January committee which includes potential suggestions for mitigations.</p> <p>Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 – a revised SEND and Improvement Plan was signed off in September 2025. This is reviewed monthly and reported to the SEND Improvement Boards. The local area SEND inspection by Ofsted and CQC took place in November, and the final report will be published in February 2026.</p> <p>Mandatory Training – training completion rates for Members has increased slightly but still falls below the expected rates.</p>
Recommendations	It is RECOMMENDED that Audit & Governance Committee note the progress made to address the significant governance issues on the BCP Council AGS Action Plan 2024/25.
Reason for recommendations	Audit & Governance Committee has the responsibility for considering the arrangements for Corporate Governance including reviewing and approving the AGS.
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	Nigel Stannard - Head of Audit & Management Assurance

	 01202 128784  nigel.stannard@bcpcouncil.gov.uk Ruth Hodges – Audit Manager (Deputy Chief Internal Auditor)
Wards	Not applicable
Classification	For Update

Background

1. The 2024/25 draft Annual Governance Statement (AGS) for BCP Council was agreed by Audit and Governance Committee in July 2025.
2. Subsequently, the Statutory Officer Group (Chief Executive, Monitoring Officer, S151 Officer and Chief Internal Auditor) have given further consideration as to whether there are any additional significant governance issues which should be included in the AGS. This is because:
 - the AGS must cover governance issues pertinent to the year in question (2024/25) including those which emerge between year end and the publication of the Statement of Accounts (not yet published)
 - the public inspection period ran until 8 August 2025 which meant that a small number of objections / comments were received after the draft was agreed
3. No additional governance issues have been identified as a result and therefore no changes to the draft version of the AGS has been deemed necessary. The final will be included in the Statement of Accounts is being presented to this Committee.
4. The AGS concluded that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”. However, the following significant governance issues were identified:
 1. Dedicated School Grant (DSG)
 2. Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024
 3. Mandatory Training
5. An Action Plan to address the issues identified was approved and it was agreed that a progress report be presented to this Audit and Governance Committee.
6. Work will shortly commence to prepare the 2025/26 AGS, including the completion of assurance statements by directors. These will be used to assess the adequacy of the governance framework. The draft will be available for public inspection in line with the statutory time frame.

2024/25 Action Plan Progress

Table 1 shows progress against the actions identified in the action plan.

Table 1 - showing Update against Annual Governance Statement 2024/25 Action Plan:

1	<p>Dedicated School Grant (DSG) - 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> <p>Update – December 2025 - The DSG deficit continues to increase, with an accumulated DSG deficit of £113.3m as of 31 March 2025. This is predicted to grow to £183.1m by the 31 March 2026.</p>			
	Action Points	Responsible Officer	Target Date	Update – December 2025
	a) Review of expenditure in high needs to identify mitigations.	Corporate Director of Children's Services	On-going	<p>A report was taken to November Children's Overview and Scrutiny Committee. A further report is going to the January committee which includes potential suggestions for mitigations.</p> <p>Transformation work is underway to address the barriers and process inefficiencies in the funding and payment processes that make it difficult to understand the detailed cost and volume picture.</p> <p>The Government's November 2025 Budget statement has:</p> <ul style="list-style-type: none">• Confirmed that the Dedicated Schools Grant Statutory Override, which helps LAs to manage SEND costs, will stay in place until the end of the March 28.• Set out that, from 2028/29, central government support to LAs for SEND will be set at a level that means that LAs will not need to build up any further deficits• And set out that the funding for that, in 2028/29, will be absorbed within the overall government budget, not the Core Schools Budget.

				<ul style="list-style-type: none"> • Budgets from 2028/29 onwards will be confirmed in the 2027 Spending Review • Further detail on support for LAs with historic and accruing deficits, up to 2028/29, and conditions for accessing such support, were anticipated to be shared in the December 2025 provisional 2026/27 Local Government Finance Settlement. They are now being promised later in the settlement process. • Further detail on SEND policy changes will be set out in the full Schools White Paper in the new year.
	b) Progress in achieving the DSG deficit recovery plan is being monitored through the SEND Improvement Board.	Corporate Director of Children's Services Chief Executive	Ongoing	<p>This was an agenda item discussed on the November SEND and AP Local Area Partnership Executive Board.</p> <p>Terms of reference for a new governance board for oversight of the High Needs Block Deficit Recovery Plan have been established, and the inaugural meeting of the board takes place in January 2026. The new Deficit Recovery Plan will be discussed and signed off at that board meeting.</p>

2	Department for Education Statutory Direction for special educational needs and disability services (SEND) – February 2024 - BCP 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			
	Action Points	Responsible Officer	Target Date	Update – December 2025
	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	On-going March 2026	The previous SEND Improvement Plan has been reviewed by the partnership, closed and a revised SEND and AP Improvement Plan created and signed off by the SEND Improvement Board in September 2025. This is reviewed monthly and progress reported into the SEND Improvement Boards at partnership and executive level, along with Children's Overview and Scrutiny Committee as per their forward plan. The local area SEND inspection by Ofsted and CQC took place in November, and the final report will be published in February 2026. The improvement plan will be revised as needed based on the report.

3	Mandatory Training - 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.			
	Action Points	Responsible Officer	Target Date	Update – December 2025
	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 Head of HR	Monthly	<p>As at end November 2025, there had been a slight increase in the uptake of mandatory training by Councillors.</p> <p>There have previously been varied reasons for non-compliance. This includes the need to provide reasonable adjustments in the way that the training is delivered. Ways to increase take up will continue to be explored.</p> <p>Group Leaders will also be consulted to promote take up of mandatory training within their groups.</p> <p>IT & Programmes have continued to encourage engagement with Digital, Data and associated cyber risks through their 6-weekly engagement with our Digital Working Group.</p> <p>In addition, the Chair of Standards Committee has been invited to Audit & Governance Committee in February 2026 to appraise the Committee on the status of councillors training.</p>

Options Appraisal

16. An options appraisal is not applicable for this report.

Summary of financial implications

17. There are no direct financial implications from this report.

Summary of legal implications

18. There are no direct legal implications from this report.

Summary of human resources implications

19. There are no direct human resources implications from this report.

Summary of sustainability impact

20. There are no direct sustainability impacts from this report.

Summary of public health implications

21. There are no direct public health implications from this report.

Summary of equality implications

22. There are no direct equality implications from this report.

Summary of risk assessment

23. There are no direct risk implications from the report. However, failure to improve the governance arrangements in the areas identified will mean those risks are not addressed.

Background papers

Annual Governance Statement 2024/25 (Audit & Governance Committee July 2025)

Appendices

There are no appendices to this report.

AUDIT AND GOVERNANCE COMMITTEE

Report subject	Assurance Framework & Internal Audit Planning Consultation
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>To comply with the Global Internal Audit Standards (GIAS) and to ensure early consultation with the Audit & Governance Committee, this report outlines the BCP Assurance Framework and the 2026/27 Internal Audit Plan proposed approach.</p> <p>The Assurance Framework (Appendix A) has been updated with some minor changes to reflect current organisational structure and 'Ethics' has been added as a new Key Assurance Function.</p> <p>The proposed 2026/27 Internal Audit Plan approach shows the amount of resource required to provide core audit & assurance work (includes high level risks, key assurance functions and key financial systems audits). Other work (includes investigations) is also planned to be carried out alongside corporate assurance (includes corporate fraud) and governance work (includes annual governance statement).</p> <p>The main change for the 2026/27 Internal Audit Plan is a reduction in overall available resource of 220 days. This reflects the planned conversion of three Apprentice posts into two Auditor roles during 2025/26 and the appointment of a replacement Audit Manager on a part-time basis. This brings the team back to the position prior to the appointment of apprentices with a higher level of experienced and skilled staff.</p> <p>The proposed 2026/27 Internal Audit Plan approach has been designed to comply with the GIAS and enable the Head of Internal Audit to provide an annual conclusion on the Councils' governance, risk management and control arrangements.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <p>(a) Agree the BCP Assurance Framework</p> <p>(b) Consider and comment on the proposed 2026/27 Audit Plan approach including high level allocation of resource</p> <p>(c) Note that the Internal Audit Plan is delivered within the Finance base budget approved as part of the wider Council's budget setting process</p>
Reason for recommendations	To comply with Global Internal Audit Standards including the Application Note for the public sector, and CIPFA's Code of

	<p>Practice for the Governance of Internal Audit in UK Local Government.</p> <p>To set out the Council's Assurance Framework.</p> <p>To ensure Audit & Governance Committee are informed of the proposed 2026/27 Internal Audit Plan approach.</p>
Portfolio Holder(s):	Cllr Mike Cox, Deputy Leader of the Council, Vice-Chair of Cabinet and Cabinet Member for Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	<p>Nigel Stannard</p> <p>Head of Audit & Management Assurance</p> <p>☎01202 128784</p> <p>✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Information

Background

1. The authority for setting standards for internal audit in the United Kingdom public sector rests with the Relevant Internal Audit Standard Setters (RIASS) which for local government is the Chartered Institute of Public Finance and Accountancy.
2. The RIASS have determined that the Global Internal Audit Standards (GIAS) issued by the Institute for Internal Auditors (IIA) are a suitable basis for the practice of internal auditing in the UK public sector, subject to interpretations and requirements set out in the 'Application Note'.
3. The Application Note provides UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.
4. Auditors working in the UK public sector must follow the requirements of the GIAS subject to the interpretations and additional requirements set out in the Application Note, and also CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government which all came into effect from the 1st April 2025.
5. On 27 November 2025, the Audit & Governance Committee received an overview of the process for developing the Internal Audit Plan, including the methodology used to select audits for inclusion in the annual plan, to support its review and approval.

Assurance Framework

6. The Council's Assurance Framework (Appendix A) assists the Audit & Governance Committee with their role of providing independent assurance to the Council on the effectiveness of the Council's governance arrangements, risk management framework and internal control environment.
7. It also contributes to the Council's Annual Governance Statement (AGS), which evaluates the effectiveness of the governance framework and provides an additional source of assurance to the Audit & Governance Committee

8. For each of the key assurance functions identified, it shows the 'first line' (those with management responsibility for implementing risk management and governance processes), the 'second line' (corporate and management oversight, including advice, expertise and compliance), and the 'third line', Internal Audit. It also shows where some external assurance sources exist.
9. The Assurance Framework has been updated with some minor changes to reflect current organisational structure arrangements and some additional external assurance providers (regulators) have been added.
10. The new GIAS, introduced in April 2025, places an enhanced emphasis on ethics by requiring auditors to assess the organisation's ethical culture. As a result, a new Key Assurance Function: **Ethics** has been added to the Assurance Framework. This function covers the principles, values, and standards that guide how the Council behaves and makes decisions and supports the [Nolan Principles](#). It consolidates existing Internal Audit assurance work under a single heading and includes arrangements such as:
 - Code of Conduct (officers and members) & supporting Council Procedures (e.g. equality & diversity, bullying & harassment)
 - Corporate structures (e.g. declarations of interests, gifts & hospitality)
 - Whistleblowing (including policies/procedures and reporting)
 - Counter Fraud (including policies/procedures, training and reporting)
 - Appraisals (including policies/procedures, training and compliance reporting)
 - Complaints (including policies/procedures, training and corporate oversight)
11. The GIAS, and more specifically the Application Note, state that in the UK public sector, the Head of Internal Audit must prepare an overall conclusion on the organisation's governance, risk management and control arrangements, at least annually, in support of wider governance reporting. The Assurance Framework identifies the sources of assurance that will be used to form the basis of the annual conclusion.
12. The GIAS also state that the Head of Internal Audit must co-ordinate with internal and external providers of assurance services and consider relying on their work. The Assurance Framework sets out the way Internal Audit consider other assurance providers and this forms part of the planning process for undertaking audit reviews across the Council. Coordination of services minimizes duplication of efforts and highlights gaps in coverage of key risks.
13. Audit & Governance Committee are asked to agree the updated Council's Assurance Framework.

Proposed Audit Plan 2026/27 – High level allocation of resource

Best Practice Compliance

14. The Internal Audit planning process is informed by the Council's Assurance Framework and compliance with GIAS as detailed above. The audit plan also considers the purpose, authority and responsibilities of the Internal Audit team as described in the Audit Charter.
15. According to the GIAS standards, the Head of Internal Audit must:
 - create an internal audit plan that supports the achievement of the organisation's objectives
 - base the internal audit plan on a documented assessment of the organisation's strategies, objectives and risks
 - ensure the internal audit plan is informed by input from the board and senior management
 - develop a budget that enables the successful implementation of the internal audit strategy and achievement of the internal audit plan

- ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan

The arrangements outlined in the rest of this report below are designed to meet these requirements.

16. Internal Audit identify, document and risk assess the audit universe (i.e. the auditable areas of the Council), which includes consideration of the following areas:
 - Risks to achieving the Council's Priorities and Objectives as stated in the Corporate Strategy
 - Risks to delivering key Council projects, including those overseen by the Corporate Strategy Delivery Board
 - Risks identified in the Corporate Risk Register and in Service / Directorate Risk Registers, including consideration of the risk framework/maturity of the organisation
 - Risks to achieving Service / Directorate Priorities and Objectives as stated in business plans and other service documentation
 - Council overall governance arrangements including the annual governance statement, local code of governance and decision records/reports
 - Other sources of data, including financial/performance/procurement/ partnerships information, assets held, business continuity arrangements, corporate ethics activities, IT governance and systems, last audit/investigation findings, other internal/external reports and legislation.
17. The relative priority of planned audit work, based on the audit risk assessment, helps to determine which High Level Risk audits will be undertaken during the year.
18. Assurance work is planned to be carried out across a range of High Level Risk areas at corporate, directorate and service areas, as well as Key Assurance Functions (compliance with corporate policies), Key Financial Systems, Counter Fraud and Other areas (see core audit and assurance work in table below).
19. The proposed work in the draft 2026/27 Audit Plan has been designed to enable the Head of Internal Audit to provide an annual conclusion on the Council's governance, risk management and control arrangements.
20. The table below outlines the Audit Plan days for 2026/27, with comparison to the 2025/26 Audit Plan.
21. The primary change for 2026/27 is a reduction in overall resources (220 days). This is partly due to the conversion of three apprentice posts to two full time Auditor Level I posts during 2025/26. This takes the team back to the position prior to the appointment of the apprentices, which was always intended to be a temporary measure to facilitate the recruitment of auditors in a challenging market. The remaining reduction in overall resource is due to the appointment of a replacement Audit Manager on a part-time basis.

AUDIT ACTIVITY	DETAIL	A	B	C	
		2025/26 Original Plan Days	2026/27 Plan Days	Difference vs Original Plan (Days) (B-A)	Reason for Difference
CORE AUDIT & ASSURANCE WORK					
HIGH LEVEL RISKS	As per audit risk assessment using Corporate Strategy, Corporate & Directorate Risk Registers and other sources	860	765	-95	Staff FTE reduction
KEY FINANCIAL SYSTEMS	Financial systems with significant value / materiality	160	180	+20	Different system coverage
KEY ASSURANCE FUNCTIONS	As identified on Assurance Framework (Appendix A)	195	170	-25	Some coverage now in high level risks
COUNTER FRAUD RISKS	As per Internal Audit's Counter Fraud Risk Register	180	180	0	
SCHOOLS	As per Internal Audit's Schools Risk Assessment	50	50	0	
OTHER	Including audit planning, advice and follow ups	270	270	0	
TOTAL		1,715	1,615	-100	
OTHER AUDIT WORK					
INVESTIGATIONS	Fraud/management investigations	100	105	+5	
CONTINGENCY WORK	Other audit reviews as requested and carry forwards	20	25	+5	
GRANT CERTIFICATION WORK	Head of Internal Audit certification as required per grant conditions	45	30	-15	Less grants
FINANCIAL REGULATIONS COMPLIANCE	Responding to requests for support and advice and instances of breaches	20	25	+5	Supporting Procurement & Contracts Board
VALUE FOR MONEY WORK	Specific reviews to ensure resources are used economically, efficiently and effectively	35	20	-15	BCP Transformation work ceased
TOTAL		220	205	-15	
CORPORATE ASSURANCE WORK					
CORPORATE FRAUD	Includes service support on right to buy applications, housing tenancy and blue badge fraud referrals	125	95	-30	Less service support needed
FREE EARLY EDUCATION FUNDING AUDITS	Assurance on funds allocated to providers	50	50	0	
OTHER CORPORATE ASSURANCE WORK	Includes ill health pension review role	30	15	-15	Removal of Charter Trustees work
TOTAL		205	160	-45	

GOVERNANCE WORK					
CORPORATE MANAGEMENT & LIAISON	Work with External Audit and Senior Management	70	55	-15	Less staff network support
MEMBER LIAISON	Audit & Governance Committee work	65	80	+15	Increased level of meetings
AGS (Annual Governance Statement)	Preparation & monitoring of the Council's Annual Governance Statement and Local Code of Governance	75	75	0	
TOTAL		210	210	0	
IA SERVICE MANAGEMENT WORK					
MANAGEMENT & MEETINGS	Staff management and meetings, including 1-2-1s and recruitment	280	270	-10	Staff FTE reduction
AUDIT DEVELOPMENT	Development of computerised audit management system, audit techniques (e.g. data analytics) and associated processes	80	80	0	
PERFORMANCE MANAGEMENT	Monitoring/reporting on team performance and quality assurance processes	45	45	0	
TOTAL		405	395	-10	
NON-PRODUCTIVE TIME					
LEAVE	Including bank holidays	520	535	+15	More bank holidays offset by staff FTE reduction
SICK/DOWNTIME	Including service interruption from equipment/technology failure	55	50	-5	
TRAINING & CPD	Including staff appraisals and qualification training	200	140	-60	No apprentice training
TOTAL		775	725	-50	
TOTAL DAYS		3,530	3,310	-220	Staff FTE reduction

Audit Plan Delivery

22. The Core Audit & Assurance Work audits will generally be completed on a Directorate basis covering a selection of Key Assurance Function areas, any appropriate Financial Systems, High Level Risks and relevant Counter Fraud work determined by the relative priority of the audits identified during the annual planning process. This approach enables Internal Audit to prioritise work within and between each Directorate and be able to respond to any changes in the Council's business, risks, operations, programmes, systems and controls.
23. In 2026/27, as the Council navigates a challenging financial and economic environment, it will continue to seek efficiencies, maximise opportunities, and implement innovative ways of working. To support this, a flexible audit approach will be adopted. The Audit Plan for 2026/27 will remain dynamic, with timely updates to reflect changes in the Council's risks, controls, systems, projects, and organisational culture.
24. Internal Audit will facilitate organisational change by proactively identifying emerging risks, providing expert advice on process and control enhancements, and supporting management in sustaining robust governance arrangements. Throughout the year, real-time assurance will be delivered, underpinned by the application of advanced data analytics and continuous assurance activities in alignment with the Internal Audit Strategy.

Audit Plan Consultation/Agreement

25. This proposed Audit Plan approach for 2026/27 has been discussed and agreed with senior management via the Statutory Officers Group.
26. Following this consultation with Audit & Governance Committee, the Corporate Directors and Service Directors will be consulted to inform the plan and capture any emerging risks/pertinent issues.
27. Following the full consultation process the final 2026/27 Audit Plan will be brought back to this Committee for formal approval in March 2026 which will include a detailed breakdown of audit days required in each Directorate and a list of provisional audits for quarter one of 2026/27.
28. Any impact on the delivery of the Audit Plan arising from resource constraints, competing stakeholder priorities, changes to planned high-risk audit areas, or limitations in audit scope will be reported to the Committee through quarterly progress updates. Furthermore, any material amendments to the Audit Plan will be subject to discussion and formal agreement with senior management and the Audit & Governance Committee.
29. Audit & Governance Committee are asked to consider and comment on the proposed 2026/27 Audit Plan approach.

Options Appraisal

30. See audit plan approach option above.

Summary of financial implications

31. The Audit Plan is delivered within the Finance base budget approved as part of the wider Council's budget setting process. The 2026/27 Audit Plan outlined above assumes the 2026/27 Internal Audit budget will be approved broadly on the same basis as 2025/26 (£818,500) and allowing for inflationary growth only.
32. The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools (as considered as part of the Internal Audit Strategy). This level of resource is considered sufficient to enable the Head of

Internal Audit to provide an annual conclusion on the Councils' governance, risk management and control arrangements.

33. Spend against the Internal Audit budget will be regularly reviewed and any variances reported as part of Internal Audit activity quarterly reporting to Audit & Governance Committee.
34. In accordance with GIAS in the UK Public Sector, the Head of Internal Audit considers that the level of financial resources is sufficient to fulfil its mandate and deliver the 2026/27 Audit Plan, and therefore an alternative financial resource strategy is not considered necessary.

Summary of legal implications

35. There are no direct legal implications from this report.

Summary of human resources implications

36. There will be 13.0 budgeted full-time equivalent (FTE) Internal Audit staff planned for the 2026/27 Audit Plan, inclusive of the Head of Audit & Management Assurance who manages several other teams and an Auditor who specialises in corporate fraud prevention, detection and investigation.
37. All Internal Audit staff are subject to a formal competency assessment and undergo regular professional development training to ensure skills are kept up to date and to provide succession planning. The team has all of the necessary technical expertise, experience and relevant qualifications to carry out the function effectively and to achieve the Internal Audit Plan. The only exception is for some technical IT audit areas, for which a specialist contractor is externally procured each year.
38. It is the opinion of the Head of Internal Audit that these human resources are appropriate and sufficient to achieve the internal audit plan and provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.

Summary of sustainability impact

39. There are no direct sustainability impact implications from this report.

Summary of public health implications

40. There are no public health implications from this report.

Summary of equality implications

41. There are no direct equality implications from this report.

Summary of risk assessment

42. This report ensures compliance with the Global Internal Audit Standards and Application Note for the public sector.

Background papers

None

Appendices

Appendix 1 – BCP Assurance Framework



BCP COUNCIL ASSURANCE FRAMEWORK 2026

COUNCIL

Audit & Governance Committee Annual Report

AUDIT & GOVERNANCE COMMITTEE

AGS - REVIEW OF EFFECTIVENESS OF GOVERNANCE FRAMEWORK

Management				Internal Audit	External Assurance Providers	Member Oversight
Assurance Function	First Line Assurance	Second Line Assurance		Third Line Assurance	<ul style="list-style-type: none"> - External Audit Reviews & Inspections - Regulatory Bodies - Benchmarking 	<ul style="list-style-type: none"> - Audit & Governance Committee - Overview & Scrutiny Committees - Cabinet/Council
		Corporate advice & compliance	Corporate Oversight			
Asset Management	Directors and managers	Finance, Estates & Benefits; Housing & Public Protection; Customer & Property Operations	Corporate Property Group (CPG); Capital Investment Programme Board; Corporate Management Board (CMB)	Chief Internal Auditor annual conclusion on the Council's governance, risk management and control arrangements	External Audit (Grant Thornton - GT) * Social Housing Regulator Care Quality Commission	Cabinet/Council (acquisitions/disposals)
Business Continuity		Finance, Estates & Benefits	Resilience Governance Board; Resilience Forum; CMB		Outsourced Business Continuity, ICT inspections	Audit & Governance Committee (annual report)
Business Planning and Performance Management		Marketing, Comms & Policy	Various – including Corporate Strategy Delivery Board; Children's Services (SEND) Improvement Board; Planning Improvement Board; CMB; Children & Young People's Partnership Board; Performance and Quality Executive Board for ASC		Local Government and Social Care Ombudsman (complaints) Housing Ombudsman Service (complaints) Peer Review	Cabinet/Council (annual performance report)
Counter Fraud		Finance, Estates & Benefits	Statutory Officer Group (SOG)		National Fraud Initiative (NFI) annually	Audit & Governance Committee (annual report and quarterly updates)
Ethics		People & Culture. Finance, Estates & Benefits, Law & Governance and all other services	Statutory Officers Group Standards Committee; CMB (mandatory training/performance management)		Unions External Audit (GT) *	Standards Committee Audit & Governance Committee (Whistleblowing and Declaration of Interests reports)

Financial Management		Finance, Estates & Benefits	Corporate Management Board		Financial Conduct Authority Prudential Regulation Authority External Audit (GT) *	Cabinet/Council (Quarterly MTFP update and budget and financial outturn) Audit & Governance Committee (VFM, Treasury management quarter update)
Fire Safety		Customer & Property Operations	Health & Safety & Fire Safety Board; Safety Supporters Forum; CPG		Fire Safety Inspections Building Safety Regulator	Audit & Governance Committee (annual report)
Health & Safety (H&S)		Finance, Estates & Benefits	Health & Safety & Fire Safety Board; Safety Supporters Forum; CPG		H&S Executive (inc. unannounced inspections) Building Safety Regulator	Audit & Governance Committee (annual report)
Human Resources		People & Culture	Directors Strategy Group (DSG); CMB		Unions Teaching Regulation Agency Healthcare Professional Regulators Legal Services Regulators	Cabinet/Council as required, e.g. Pay & Reward, Performance Framework
ICT		IT & Programmes	IT & IS Infrastructure Board; Information Governance Board (IGB); CMB		Public Services Network (PSN) NCSC	Corporate Risk Management, Overview & Scrutiny, Cabinet/Council as appropriate
Information Governance		Law & Governance	Information Governance Board		Information Commissioner	Audit & Governance Committee (annual report)
Partnerships		Marketing, Comms & Policy	Various – including service/partnership specific boards e.g. BCP/BH Live Strategic Partnership Board; Children's and Young Peoples Partnership Board; CMB			Health & Wellbeing Board Lower Central Gardens Trust Board Russell Cotes Art Gallery and Museum Management Committee
Procurement		Finance, Estates & Benefits	Procurement & Contracts Board		Procurement Review Unit (PRU) part of the Cabinet Office (enhanced role following the Procurement Act 2023)	Audit & Governance Committee (ad hoc reports/deeper dives)
Project & Programme Management		IT & Programmes	Corporate Strategy Delivery Board; CMB; Infrastructure Board; Project specific boards			Project Committees /Boards as appropriate
Risk Management		Finance, Estates & Benefits	DSG; CMB		External Audit (GT) *	Audit & Governance Committee (quarterly update reports)

Appendix A

Safeguarding		Adult Social Care; Children's Services	Safeguarding Boards (Adults & Children's which include independent scrutineers); CMB		Care Quality Commission; Ofsted; Child Safeguarding Practice Review Panel Social Work England
Sustainable Environment		Marketing, Comms & Policy Environment	Overall arrangements currently in development; CMB		Environment Agency (EA) and Office for Environmental Protection (OEP)

Appendix A

Children's Services Overview & Scrutiny Committee Was the Improvement Board, going forward it will be the Children and Young Peoples Partnership Board Health & Adult Social Care Overview & Scrutiny Committee
Environment & Place Overview & Scrutiny Committee (Sustainability)

*It is not the External Auditor's (Grant Thornton) primary role to provide assurance on the adequacy of key assurance functions. Nevertheless, through their auditing of the statement of accounts and in providing their value for money opinion, a form of external assurance exists across a number of functions, most notably those marked with an asterisk.

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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Internal Audit - Quarterly Audit Plan Update
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>This report details progress made on delivery of the 2025/26 Audit Plan for the 3rd quarter (October to December 2025 inclusive). The report highlights that:</p> <ul style="list-style-type: none"> • 17 audit assignments have been finalised, including 15 'Reasonable' and two 'Partial' audit opinions; • 25 audit assignments are in progress, including 8 at draft report stage; • Progress against the audit plan is on track and will be materially delivered to support the Chief Internal Auditor's annual audit opinion; • There is one medium priority recommendation still outstanding from 2023 together with four high and seven medium priority recommendations from 2024. Detailed explanation has been received from the relevant Directors as to why these have not been completed; • Seven 'High' priority audit recommendations have not been fully implemented by the original target date in addition to those outstanding from 2024. Explanations from respective services have been provided and revised target dates have been agreed. <p>The Revenues Compliance Team continue to identify and recover Single Person Discount errors and have so far achieved an additional council tax yield of £233,230 since December 2024 (for 2023/24 NFI matches).</p> <p>The current score of the assessment of the Council's arrangements on managing the risk of fraud and corruption using a CIPFA tool is 94%. The reasons for the 6% not achieved are identified along with actions to improve.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <ol style="list-style-type: none"> Note progress made and issues arising on the delivery of the 2025/26 Internal Audit Plan. Note the explanations provided for non-implemented recommendations (Appendix 1) and determine if further explanation and assurance from the Service / Corporate Director is required, particularly those from 2023 and 2024.

	<p>c) Note that the SPD project now operates as ‘business as usual’ and that it will no longer be included in this quarterly update as standard.</p> <p>d) Note the explanations and actions in relation to achievement of the CIPFA tool for managing the risk of fraud and corruption.</p>
Reason for recommendations	<p>To communicate progress on the delivery of the 2025/26 Internal Audit Plan.</p> <p>To ensure Audit & Governance Committee are fully informed of the significant issues arising from the work of Internal Audit during the quarter.</p>
Portfolio Holder(s):	Cllr Mike Cox, Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎ 01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Not applicable
Classification	For Information

Background

1. This report details Internal Audit’s progress against the 2025/26 Audit Plan for the period October to December 2025 inclusive (“Quarter 3”) and reports the audit opinion of the assignments completed during this period.
2. The report also provides an update on significant issues arising and implementation of internal audit recommendations by management as at 31 December 2025.

Delivery of Internal Audit Plan –Quarter 3 2025/26

3. 17 audit assignments have been **finalised** as outlined below (including 2 combined reports):

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
	2025/26 Audit Plan					
1	Investment & Development	Business Continuity (Service KAF) ➤ Compliance with corporate policies and procedures ➤ Adequacy of business resilience plan	Reasonable	0	1	0
2	People & Culture	Business Continuity (Service KAF) ➤ Compliance with corporate policies and procedures ➤ Adequacy of business resilience plan	Reasonable	0	0	1
3	Planning & Transport	Business Planning & Performance Management and Risk Management (Service KAFs) Compliance with corporate policies and procedures including: ➤ service planning and performance monitoring ➤ review and update of risk register and robustness of mitigating actions	Reasonable	0	2	1
4	Commercial Operations	Cash Income - Seafront Arcade (Counter Fraud) ➤ Unannounced cash-up of cash office ➤ Procedures for confirming amounts taken from arcade machines ➤ Income recording including: ○ procedures are established and staff are trained ○ process to ensure all cash income is recorded ○ income record amendments are authorised ➤ Income storage & banking including: ○ process to ensure prompt and regular banking of cash and other income ○ ensure cash is securely stored ○ ensure cash is promptly and regularly reconciled to actual bank records. ○ procedures and training are available to all staff ➤ Reconciliation of income including: ○ Adequate procedures and training ○ Income records are reconciled to actual cash collected prior to being banked ○ Reconciliations are overseen by management and variations are investigated	Reasonable	0	5	2

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
5	Finance, Estates and Benefits	Contract Payments (All Services) (Counter Fraud) <ul style="list-style-type: none"> ➤ Review a sample of contracts to ensure the payments have been made legitimately, accurately & in compliance with Council corporate payment processes 	Reasonable	0	1	0
6	Adult Social Care	Deprivation of Liberty Safeguards (DoLS) Review of: <ul style="list-style-type: none"> ➤ training and guidance arrangements in place to ensure that staff operate effectively and consistently ➤ arrangements for assessing, recording and authorising both new and ongoing DoLS applications to ensure they meet with regulatory requirements ➤ performance reporting and management information for DoLS to ensure it is of adequate quality and regularity to inform decision making and is being submitted centrally where required 	Partial	2	2	0
7	Finance, Estates and Benefits	Main Accounting (KFS) and Financial Management (Core KAF) combined report <ul style="list-style-type: none"> ➤ Main Accounting – confirm that: <ul style="list-style-type: none"> ○ reconciliations carried out on a regular basis & reviewed by management ○ journals are appropriately authorised ○ bank reconciliations are carried out on a regular basis ○ feeder systems are regularly reconciled to the general ledger ○ suspense accounts are regularly reviewed & transactions reallocated ○ capital accounting is regularly reviewed and monitored ○ user permissions are correctly set up and regularly reviewed ○ assets are correctly valued and depreciated ➤ Financial Management – confirm that: <ul style="list-style-type: none"> ○ rigorous processes in place for budget setting ○ regular reporting of financial information takes place ○ processes in place to ensure that the MTFP is being achieved ○ there is adequate awareness of grants and external funding ○ arrangements in place for authorising grants and external funding bids 	Reasonable	0	6	0
8	IT & Programmes	Guest WIFI Networks <ul style="list-style-type: none"> ➤ Review of security & network segregation, including segmentation process and security processes ➤ Review of access arrangements, including how users access the network, session timeouts, and terms of use and privacy notices / policies ➤ Review of monitoring and incident response 	Reasonable	0	3	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
9	People & Culture	Payroll (KFS & Data Analytics) <i>combined report</i> <ul style="list-style-type: none"> ➤ Starters Process <ul style="list-style-type: none"> ○ review process for onboarding new employees ○ assess timeliness and accuracy of data entry ➤ Leavers Process <ul style="list-style-type: none"> ○ review procedure & processes followed when an employee leaves ○ assess the accuracy and timeliness of removing leavers from the system ➤ Amendments to pay <ul style="list-style-type: none"> ○ review contract amendments to ensure in line with policy and authorised ○ ensure amendments to pay accurately reflected in the payroll system ➤ Deductions <ul style="list-style-type: none"> ○ ensure that tax, pensions, schemes and national insurance correctly deducted ○ ensure that all deductions have been authorised by the appropriate manager ➤ Payments – review BACS run to ensure: <ul style="list-style-type: none"> ○ there is a sign off process in place ○ controls in place to make sure the run is completed on time ➤ Reconciliations <ul style="list-style-type: none"> ○ review of reconciliations between Payroll system and financial system ○ review of reconciliations of expected payroll outgoings against real payroll out ➤ Access to data - ensure only authorised & active users have access to payroll system ➤ Data analysis – including: duplicate employees, duplicate payments, employees sharing bank details with suppliers and emergency tax codes 	Reasonable	0	1	0
10	IT & Programmes	ICT (Core KAF) <ul style="list-style-type: none"> ➤ Governance - Review of the strategy, action plan and oversight arrangements in place for the delivery of directorate objectives ➤ Risk Management - Review of risk identification, assessment and management arrangements ➤ Policy & Procedures - Review of the updating, content and availability of ICT policies and procedures and their effective communication to officers ➤ Training - Review of provision and management of any ICT-led training programmes 	Reasonable	0	0	0

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
11	Customer & Property	In House Team Operating Model – Housing Revenue Account Charges <ul style="list-style-type: none"> ➤ Confirm policy/procedure for ensuring that charges made to HRA are appropriate ➤ Review process for charging salaries, materials and overheads from BBML to HRA ➤ Review sample of invoices from BBML to HRA to confirm costs are appropriate 	Reasonable	0	2	1
12	Corporate	Moveable Assets (Counter Fraud) <ul style="list-style-type: none"> ➤ Review of arrangements across the Council to ensure that Moveable Assets are: <ul style="list-style-type: none"> ○ Recorded in local inventories maintained by service units ○ Held securely ○ Used solely for Council business (unless explicitly authorised otherwise) ○ Disposed of appropriately in accordance with Financial Regulations & the Schedule of Financial Delegations 	Reasonable	0	2	0
13	Children's Commissioning, Resource & Quality	Out of Borough Placements <ul style="list-style-type: none"> ➤ Strategy - relating to children in care residing in out of borough Children's Homes ➤ Home finding process, decision making & allocation <ul style="list-style-type: none"> ○ Compliance with procedures, internal policies, legislation & regulations including decision making & authorisation process. ○ Use of non-framework providers for all home finding options relating to out of borough provision including emergency provision and retainer payments. ○ Supporting documentation to provide a clear audit trail ➤ Monitoring <ul style="list-style-type: none"> ○ On going due diligence monitoring to ensure providers are compliant with Financial Regulations & that Children are safe ○ Statistics used for reporting relating to out of borough placements 	Partial	1	4	1
14	Adult Social Care	Direct Payments (Counter Fraud) <ul style="list-style-type: none"> ➤ Direct Payment Policies, Procedures and Agreements are in place which mitigate the risk of fraud ➤ Set up of Direct Payment accounts <ul style="list-style-type: none"> ○ set up in line with BCP Council Direct Payments Policies & Procedures ○ checks are carried out to verify recipient and carer identities ○ checks are carried out to ensure PA employment compliance ○ approval for employing household members are documented and authorised ○ assessments have been carried out for authorised and nominated persons ➤ Payment of Direct Payment Monies <ul style="list-style-type: none"> ○ confirm payments made are accurate, authorised and supported by care plans 	Reasonable	0	0	4

	Service Area	Audit & Scope	Audit Opinion	Recommendations		
				High	Med	Low
		<ul style="list-style-type: none"> ○ changes to direct payments amounts are supported by a revised care plan ○ ensure no duplicates made nor payments to deceased or ineligible individuals ○ DP payments for hospital stays exceeding 4 weeks are suspended ➤ Direct Payments returns <ul style="list-style-type: none"> ○ processes to monitor expenditure and balances of direct payments accounts ○ expenditure is used as per the care plan in place ○ processes are in place to raise and investigate any financial irregularities concerns in Direct Payment Accounts ○ any organised fraud indicators ➤ EML Accounts <ul style="list-style-type: none"> ○ ensure missed or delayed payments were tracked and reconciled ○ ensure all monies paid to EML accounts can be identified, tracked & reconciled ○ process to address any financial hardship caused by the outage ○ emergency payment methods available and activated 				
15	Children's Social Care	Parenting Assessment Team <ul style="list-style-type: none"> ➤ Review internal policies/procedure to ensure they adhere to the Department of Health's framework for Children in Need and Their Families ➤ Assess whether roles and responsibilities are clearly defined ➤ Review of training requirements and arrangements ➤ Review of performance management arrangements ➤ Assess compliance with the Department of Health's framework for Children in Need and Their Families and internal policies throughout the assessment process 	Reasonable	0	3	0
16	Law & Governance	Officer Decision Records (ODRs) <ul style="list-style-type: none"> ➤ Review of ODR process guidance including where recorded, format of template & legislative requirements ➤ Review of ODR authorisation & financial thresholds for decisions ➤ Review of how ODRs are reported and published 	Reasonable	0	3	0
17	Education & Skills (Schools)	St Edwards RC/CE VA School <ul style="list-style-type: none"> ➤ Review arrangements to ensure effective internal controls are in place over: Governance, Budgeting, Purchasing, Income & Banking, Payroll, Asset Management, and Insurance 	Reasonable	0	10	5
Total Recommendations				3	45	15

Key:

- **Substantial Assurance** - There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied
- **Reasonable Assurance** - Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk
- **Partial Assurance** - There are weaknesses in the control framework which are putting service objectives at risk
- **Minimal Assurance** - The control framework is generally poor and as such service objectives are at significant risk
- **KFS** – Key Financial System
- **KAF** – Key Assurance Function

Partial Assurance Audit Opinions

4. There were 2 'Partial' assurance audit reports issued during the quarter as follows:

Adult Social Care – Deprivation of Liberty Safeguards (DoLS) – two high and two medium priority recommendations were made to address the following issues:

High Priority	
Applications and Assessments	There is a significant waiting list of Deprivation of Liberty Safeguards assessments awaiting allocation, the majority of which are outstanding in excess of legislative timeframes.
Applications and Assessments	The capacity and effective deployment of different types of Best Interest Assessors requires improvement.
Medium Priority	
Applications and Assessments	Assessments that have been awaiting allocation for the longest period have not been prioritised for review.
Performance Reporting	The Mosaic system allows for only limited performance reporting, improvements to which could drive service improvements.

Children's Commissioning, Resource & Quality – Out of Borough Placements – one high, four medium and one low priority recommendations were made to address the following issues:

High Priority	
Out of Borough notifications	It cannot be confirmed that there are Out of Borough notifications for all 2025/26 Out of Borough provision.
Medium Priority	
Out of Borough Notifications	No evidence of the Out of Borough notifications being sent to the host authority has been retained.
Processes & Procedures	Procedures are outdated and have not undergone review for an extended period.
Document Retention	Testing identified provisions where documentation had not been retained.
Authorisation	Testing identified provisions which had not been appropriately authorised.
Low Priority	
Sufficiency Strategy	The version of the Sufficiency Strategy currently published on the Council's website is outdated.

5. There were no 'Minimal' assurance audit reports issued during the quarter.

6. There were no "Risks Accepted" formally accepted during the quarter.

7. The status of **audits in progress** at the end of the quarter are outlined below:

	Service Area	Audit	Progress
1	Investment & Development	Procurement - Investment and Development	Draft
2	Education & Skills (Schools)	The Priory CE VA Primary School	Draft

3	Law & Governance	Risk Management (Service KAF)	Draft
4	Finance, Estates and Benefits	Council Tax	Draft
5	Finance, Estates and Benefits	Non-Domestic Rates (NNDR)	Draft
6	Finance, Estates and Benefits	Treasury Management	Draft
7	Customer & Property	Business Continuity (Service KAF)	Draft
8	Environment	Passenger Transport Operations (KAF)	Draft
9	Public Health & Communities	Public Health Grant	Fieldwork
10	Adult Social Care	Extra Care Housing	Fieldwork
11	Children's Social Care	Pathway Plans	Fieldwork
12	Education & Skills	Adult Learning	Fieldwork
13	Housing & Public Protection	Procurement & Contract Management (KAF)	Fieldwork
14	IT & Programmes	Application Development	Fieldwork
15	IT & Programmes	Project & Programme Management (Core)	Fieldwork
16	Education & Skills (Schools)	Highcliffe St Mark Primary School	Fieldwork
17	Education & Skills	Capital Programme	Fieldwork
18	Customer & Property	Blue Badges (Counter Fraud)	Scoping
19	Adult Social Care	Better Care Fund	Scoping
20	Customer & Property	Fire Safety - Corporate Buildings (KAF)	Scoping
21	Finance, Estates and Benefits	Risk Management (Core)	Scoping
22	Children's Commissioning, Resource & Quality	Safeguarding - BCP Safeguarding Partnership	Scoping
23	Finance, Estates and Benefits	Creditors	Scoping
24	Marketing, Comms & Policy	Service Planning & Performance (Core KAF)	Scoping
25	Adult Social Care	Safeguarding (Core KAF)	Scoping

8. The 2025/26 Audit Plan has been kept under review to ensure that any changes to risks, including emerging high risks, are considered along with available resource. The table below shows the changes which have been made to the Audit Plan during quarter 3.

Table showing amendments to the 2025/26 Internal Audit Plan (during Quarter 3)

Service Area	Audit	Added / Removed (Days)	Internal Audit Risk Score	Rationale
Customer & Property	Libraries Strategy Implementation Governance Arrangements	Removed (- 20)	Medium	Libraries Strategy has not progressed beyond an outline approach, so the audit has been deferred for consideration in 2026/27.
Customer & Property	Business Continuity (KAF)	Added (+10)	High	This audit was carried out in place of the Libraries Strategy audit, as it was identified as a high-risk area that had not previously been reviewed.
Adult Social Care Commissioning	Better Care Fund (BCF)	Added (+ 20)	High	A joint audit with the NHS and Dorset Council has been agreed. Previous joint audits at other local authorities have been viewed positively.
Adult Social Care Commissioning	Care Technology	Removed (-15)	Medium	This was removed from the plan to accommodate the BCF audit, following discussion with the relevant director who advised that there no known areas of concern in the service following its recent review (audit risk assessed as medium).
Adult Social Care	Contact Centre	Removed (-20)*	Medium	As reported in the October Quarterly update, Adult Social Care audits, anticipated to be in the region of 40 days, would be removed from the Audit Plan, due to the Care Quality Commission (CQC) inspection. Once the CQC report have been released, it may be that further amendments to the ASC plan are required, dependent on scope and findings.
	Carers Service	Removed (-20)*	Medium	Whilst this time has already been reported, this confirms the audits which were selected. Both of the audits selected were 'medium' priority and will be considered for inclusion in future audit plans as part of the normal audit planning process.
Total		Reduction of 5 days*		
		*Note – Excludes reduction in days for the two ASC audits already reported in Oct '25		

9. Quarter 4 planned audits are shown below. As the audit plan is risk-based, it may be that the plan is amended, for example, following emergence of higher risk areas.

2025/26 Audits Planned for Quarter 4 – Provisional

Unless otherwise stated, all audits are 'assurance'

	Service Area	Audit	IA Risk Score	Provisional Scope – to be agreed with Management
1	People & Culture	HR (Core KFS)	Medium	Annual KAF on provision of core HR services, such as key policies, training, sickness management.
2	Housing & Public Protection	Right to Buy (Counter Fraud)	High	Review arrangements to prevent and detect fraud within the right to buy process.
3	Marketing, Comms & Policy	Business Planning & Performance (Core KAF)	Medium	Annual KAF to review corporate guidance and process for Service Planning and performance monitoring arrangements and guidance.
4	Commercial Operations	Asset Management (FM) BCP Leisure Health & Safety Compliance (KAF)	High	Review compliance arrangements following leisure centres being brought back in-house.
5	Commercial Operations	Business Continuity (Service KAF)	Medium	Review compliance with corporate requirements.
6	Planning & Transport	Strategic CIL Governance & Operational Planning Contributions Arrangements	High	Assess implementation of Cabinet agreed new strategic CIL approach. Review operational arrangements for the collection and spend of planning contributions.
7	Marketing, Comms & Policy	Sustainable Environment (Core KAF)	High	Annual KAF to review progress made on the corporate objective of reducing the impact the Council has on the environment.
8	Public Health & Communities	Public Health (KAF Overview)	High	New service directorate 1/4/25 - review to ensure key assurance / governance processes are in place.
9	Adult Social Care	Safeguarding (Core KAF)	High	Annual KAF review of corporate safeguarding arrangements
10	Housing & Public Protection	Temporary Accommodation and B&B Financial Management - Follow Ups	High	Follow up to ensure high (& other recs) implemented & embedded following previous partial audit opinion.
11	Finance, Estates and Benefits	Health & Safety (Core KAF)	Medium	Annual KAF on the compliance within the organisation on Health and Safety matters.
12	Finance, Estates and Benefits	Procurement (Core KAF)	Medium	Annual KAF on operation of the Procurement function, including compliance with laws and regulations.
13	Adult Social Care	Emergency Duty Service	Medium	Review the operation of the Emergency Duty Service.

14	Law & Governance	Local Land Charges	Medium	Review process for processing of land charges and income gained from this service including review of potential new systems.
15	Schools	Burton CE Primary School	Medium	Ensure adequate financial management at maintained schools.
16	Marketing, Comms & Policy	Partnerships (Core KAF)	Medium	Annual KAF to review corporate guidance and arrangements for dealing with key partners the Council works with.
17	Finance, Estates and Benefits	Debtors	High	Annual Key Financial System review of key controls in the debtors system.
18	Finance, Estates and Benefits	Debt Data Analysis	High	To be completed with Debtors KFS audit. Specific analytical work to be undertaken on Debtors data to ascertain anomalies or errors.
19	IT & Programmes	IT Equipment Asset Management (Service KAF)	High	Review adequacy of arrangements for management of IT equipment, including prevention of theft.
20	Finance, Estates and Benefits	Human Resources (Service KAF)	Medium	Review HR process within Finance, Estates and Benefits to ensure that corporate policies are being complied with.
21	Wellbeing Directorate Wide	Human Resources (Service KAF)	High	Review HR process within Wellbeing Directorate to ensure that corporate policies are being complied with.
22	Adult Social Care	Community Mental Health	Medium	Review of the Community Mental Health service.
23	Finance, Estates and Benefits	Business Continuity (Core KAF)	High	Review compliance with corporate requirements.
24	Finance, Estates and Benefits	Asset Management (Estates)(KAF)	High	Annual KAF to ensure robust controls in operation over key Council assets (Land and Buildings).
25	Law & Governance	Information Governance (Core KAF)	High	Annual Key Assurance review on core provision of information governance compliance across the organisation.

10. Based on the progress against the plan to date, as shown in the paragraphs above, the plan is on track to be materially delivered in time to support the Chief Internal Auditor's annual audit opinion.

Significant Issues Arising and Other Work

Single Person Discount

11. Following the success of the pilot Council Tax Single Person Discount (SPD) carried out by Internal Audit, the Compliance Team have been undertaking the Council Tax Single Person Discount (SPD) reviews since December 2024. Quarterly updates have been provided to this Committee to provide assurance that the reviews remained effective.

12. As this has been operating as 'business as usual' for a year, it is our intention to stop reporting this to Audit & Governance Committee. The scheme will continue to be monitored by Finance, Estate and Benefit management through key performance indicators, who will make decisions on how to best utilise the Team's resources. In addition, the Internal Audit (fraud) team review the National Fraud Initiative database which provides data on SPD matches.
13. The Compliance Team's work to date resulted in an additional council tax yield of £233,230, which includes financial penalties being issued for on 213 SPDs totalling £14,910.

BCP FuturePlaces Ltd

14. An investigation has been undertaken by the Chief Internal Auditor into BCP FuturePlaces Ltd. The investigation report was brought to this Committee on 24 September, 6 November and 3 December 2025. This Committee is now considering next steps which includes asking stakeholders specific questions and comments.

Counter Fraud Update

15. As reported as part of the annual report on counter fraud work to the Audit & Governance Committee on 16/10/25, an annual assessment was carried out to review the Council's arrangements on managing the risk of fraud and corruption using a tool provided by CIPFA.
16. The current assessment outcome was scored at 94% and it was requested at the committee meeting that further information was provided in relation to 6% of the assessment score not achieved and also to consider whether a form of external verification was possible for future years.
17. The table below shows the areas requested and proposed action to further improve the assessment score.

Section	Performance statement	Action Required To Improve	December 2025 Update
Identify Risks	Fraud risk reporting is made regularly and there is a clear allocation of responsibility for managing the risks	Ensure BCP Risk Management Strategy considers the risks of fraud & corruption & gives guidance on how these should be assessed	BCP Risk Management Policy has been updated with guidance on the risks of fraud & corruption
	The organisation identifies the main areas of activity where the risk of corruption is present	Service risk registers need to consider fraud risk as standard	Corporate Fraud Risk Register has been shared with Service Directorates to consider inclusion in own risk registers
	The organisation identifies appropriate fraud loss estimates that are appropriate for its sector or fraud risk types. It uses these to inform its fraud risk assessment and to quantify	Carry out regular fraud loss estimate exercise for BCP	To carry out further up to date exercise to determine fraud loss estimate

	the value of fraud prevention.		
	As part of a fraud risk assessment it is made clear where the harm caused by fraud lies	Service risk registers need to consider fraud risk as standard	Being addressed as above
Develop a Strategy	The strategy sets out how the organisation will publicise its anti-fraud and anti-corruption activities to its staff, contractors and customer, including its commitment to tackle fraud and corruption and the outcomes of successful cases	Publicise more successful cases outcomes to staff, contractors & customers.	Consider further publication of fraud incidents to staff and other stakeholders.
	The strategy sets out arrangements for accounting for the delivery of the strategy on a regular basis so that performance may be monitored and significant deviation from the strategy accounted for	Develop performance targets for the Anti-Fraud & Corruption Policy & monitor performance against them	To consider performance targets.
	The strategy sets out which body will have responsibility to review performance against the strategy and to make recommendations	Identify who will be responsible for reviewing performance against the strategy and make recommendations for improvement	To address as part of C4/2 above
Provide Resources	Internal audit review of counter fraud have included the availability of capacity and skills to manage fraud & corruption risks	Consider capacity and skills as a result of the skills and competency review carried out under Global Internal Audit Standards (GIAS)	Skills and competency review as part of GIAS for all staff underway
	The resource planning that supports the strategy identifies the skills and experience required from the identified resources	Consider as part of Audit Planning.	Being considered as part of Counter Fraud audit planning for 2026/27
	Access right are in place covering outsourced activities, shared services and partnership arrangements so that an investigator is able to conduct appropriate enquiries	Build access rights into all contracts for outsourced activities, shared services and partnership arrangements	Consider review of contracts of outsourced services, resource permitting.
Take Action	The effectiveness of any data sharing initiative is assessed and judged to be satisfactory	Assess effectiveness of all data sharing arrangements	Being considered as part of Counter Fraud audit planning for 2026/27

18. An external verification of the assessment process is not being proposed due to cost implications (and also planned changes/updates to the assessment tool). However more independent internal verification will be considered for the 2025/26 assessment.

Other work

19. During Quarter 3, testing and verification was undertaken to certify the Disabled Facilities Capital Grants of over £4 million as required by the grant funding conditions.
20. Eight Early Education Fund (EEF) audit final reports were issued during Q3. This brings the total completed in the year to date to 25 out of the 32 on the 2025/26 plan. No significant issues were identified.
21. Following the introduction of the Global Internal Audit Standards (GIAS) on 1 April 2025, work is continuing to ensure full compliance with the new Standards.

Implementation of Internal Audit Recommendations

22. At the October meeting, the Audit & Governance Committee requested more detailed explanations from the Directors for those recommendations still outstanding with an original implementation date of 2024 (or before). These are detailed in Appendix 1, with a summary shown below:

Year	High Priority	Medium Priority	Total
2023	0	1	1
2024	4	7	11

23. In addition, it is a requirement of the Audit Charter that all High Priority recommendations that have not been implemented by their first or subsequently agreed target date will be reported to the Audit & Governance Committee (where the revised target date has not previously reported). This is to ensure the Committee is fully appraised of the speed of implementation to resolve, by priority, the most significant weaknesses in systems and controls identified.
24. There were seven high recommendations across four audits which met the criteria (in addition to those reported above); they are shown in detail in Appendix 1.
25. All remaining High Priority recommendations followed up during the period were found to have been satisfactorily implemented by management.
26. The Audit Charter also requires any Medium Priority recommendations where the original target date has been exceeded (or will exceed) by over 18 months to be reported to Audit & Governance Committee.
27. As at the end of September, there were no recommendations which met this criteria (in addition to those already reported above).
28. Audit & Governance Committee are asked to review Appendix 1, along with the explanations and the revised timescales. Relevant Directors can be asked for further explanations as required; explanations can be in written or verbal form, as the Committee deems appropriate for each individual circumstance.

Options Appraisal

29. An options appraisal is not applicable for this report.

Summary of financial implications

30. The BCP Council Internal Audit Team budgeted cost for 2025/26 is £818,500; this figure is inclusive of all direct costs, including supplies & services, but it does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). The budget figure also includes the Head of Audit & Management Assurance who manages other teams.
31. At this stage of the financial year, based on assumptions for the remainder of the year, there is a projected underspend forecast in the region of £10,000.

Summary of legal implications

32. This report gives a source of assurance on the adequacy and effectiveness of the risk, control, and governance systems in place.

Summary of human resources implications

33. The Internal Audit Team currently consists of 12.95 FTE inclusive of the Head of Audit & Management Assurance.
34. In the annual report, the Chief Internal Auditor must provide an opinion on whether the resources are sufficient to provide Audit & Governance Committee and the Council's senior management with the assurances required. The Chief Internal Auditor is keeping this under active review to ensure sufficient coverage. This will include consideration of assurances provided by external bodies, such as CQC, Housing Inspectorate and Ofsted, breadth and depth of internal audit coverage provided. If necessary, the CIA will seek to appoint temporary resource to ensure that the Council is provided with an audit opinion, however, this is not considered necessary at this point.
35. The specialist IT audit contractor has commenced delivery of the Application Development audit.

Summary of sustainability impact

36. There are no direct sustainability impact implications from this report.

Summary of public health implications

37. There are no direct public health implications from this report.

Summary of equality implications

38. There are no direct equality implications from this report.

Summary of risk assessment

39. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix 1 – Outstanding Recommendations including: from 2024 and earlier; High Priority recommendations - original target date not met; and Medium Priority recommendations outstanding for 18 months beyond the original target date.

Appendix 1 - Table showing Recommendations outstanding from 2024 and earlier; High Priority recommendations where the original target date for implementation was not met (where revised target date has not previously been reported to A&G or the previously reported revised date has passed) and Medium Priority recommendations outstanding for 18 months beyond the original target date

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
RECOMMENDATIONS OUTSTANDING FROM PRIOR TO 2024					
Risk Management (2022/23) – reasonable assurance					
One out of four medium priority recommendations remains outstanding					
<p>An updated version of the BCP Council Risk Management Policy is produced in line with the stated timeframes, to include:</p> <ul style="list-style-type: none"> •The purpose and role of Key Assurance Management Boards with specific definition and reference to Key Assurance Risk Registers •Roles and responsibilities for compliance monitoring within the organisation •Reporting lines for risk management for all levels of the organisation, to include specific reference to escalation to both CMB and the Audit and Governance Committee. 	Medium	31/12/23; 16/10/25; 16/10/25; 15/1/26	<p>The work to progress this has been delayed by other pressing priorities.</p> <p>An updated version of the Risk Management will be presented to 26 February Audit & Governance Committee. The updated version addresses the issues raised in the recommendation (key assurance boards, roles and responsibilities and reporting lines). Other additions include reference to risk appetite and tolerance, and risk of fraud included as a risk category.</p>	19/3/26	Yes
BCP Homes Governance Review (2022/23/24) – reasonable assurance					
Two out of six medium priority recommendations remain outstanding					
<p>1205 R1. Spend with Suppliers and Breach of Financial Regulations</p> <p>(a) Undertake a full tendering exercise for those activities identified in the breach and agree a contract in accordance with BCP Financial Regulations.</p> <p>(b) BCP Homes reviews all supplier spend data for 2022/23 to confirm whether appropriate contracts are in place in accordance with Financial Regulations.</p> <ul style="list-style-type: none"> • Where contracts are duplicated, coming to end of term or otherwise considered redundant, a value for money review of alternatives should be undertaken accordingly. 	Medium	1/1/24	It is understood that good progress has been made with the implementation of this recommendation, however, we are awaiting evidence before it can be closed down. An update will be provided at Committee.		

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<ul style="list-style-type: none"> Where breaches with Financial Regulations are identified (for example due to the aggregation of spend with a specific supplier) this should be recorded in a breach form and submitted following corporate requirements. (c) The above is included as a specific entry in the applicable Delivery and Alignment Plans to ensure that defined responsibility and timeframes for completing the review are in place and monitored. 					
<p>1207 R3. Completion of Talent and Performance Enablement Conversations</p> <p>The BCP Homes Management Team are reminded of the need for end of year reviews for all staff to be completed, with monitoring and completion records presented and reviewed by management on an at least annual basis.</p>	Medium	31/2/34	It is understood that good progress has been made with the implementation of this recommendation, however, we are awaiting evidence before it can be closed down. An update will be provided at Committee.		
<p>Housing Tenancy – reasonable assurance</p> <p>Two out of four of the medium priority recommendations are still outstanding</p>					
<p>1306 R1. Housing Tenancy Policy</p> <p>(a) Work to develop a single BCP Council Housing Tenancy Management Policy should be expedited and explicitly reference counter-fraud arrangements including roles and responsibilities. These should be defined and agreed in consultation with other Service Directorates as appropriate.</p> <p>(b) The Policy / Strategy document should be supported by a Housing Tenancy Fraud risk assessment to facilitate identification of key risk areas and underpin associated resource planning and allocation.</p> <p>(c) An appropriate approach to counter-fraud data matching exercises should also be outlined in the Policy / Strategy.</p>	Medium	29/4/24	An update will be provided at Committee.		

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<p>1310 R2. Housing Tenancy Counter-Fraud Procedures & Processes</p> <p>Formal BCP-wide procedures and processes for housing tenancy fraud identification, escalation, investigation, reporting and monitoring by management should be produced in collaboration with relevant officers (including those in other Service Directorates as appropriate) and communicated to all relevant staff to support effective implementation of the BCP Housing Tenancy Management Policy.</p>	Medium	30/7/24	An update will be provided at Committee.		
<p>Developer Contributions – Management of Spend (Partial Assurance)</p> <p>Four out of four high priority and two out of five medium priority recommendations still outstanding</p>					
<p>1485 R1. In liaison with the MasterGov system project team, Management should:</p> <p>(a) Carry out a comprehensive review of all existing Planning Obligations systems and policies and develop a unified policy framework to ensure consistency and reduce errors.</p> <p>(b) Clearly define and document any specific requirements for the Planning Obligations module within the MasterGov system. Ensure that the system is integrated with the General Ledger and includes a robust tracking system to link specific developer contributions to their associated expenditures.</p> <p>(c) <i>Implemented</i></p> <p>(d) In consultation with Finance, ensure that interface arrangements with the Council's financial systems are formally defined, agreed and incorporated into the MasterGov project plan.</p> <p>(e) Establish clear operational responsibilities and resourcing arrangements to take effect following implementation to include regular reviews and updates of data to ensure integrity and accuracy is maintained.</p>	High	<p>31/12/2024</p> <p>31/12/24; 30/6/25; 30/9/25</p>	<p>As previously reported, it has been identified that a dedicated resource is required to deliver the required changes which is beyond current BAU. The Planning Contributions Coordinator role took time to get approved and was unsuccessful at first attempt. We are currently going through second recruitment process. Unfortunately, the teams are still working through a significant scale of data quality/post-implementation issues following the move to MasterGov in the Spring.</p> <p>We are aware of issues raised in report and still intend to implement appropriate controls. Will work with IA as part of next quarter's audit.*</p> <p><i>Note – Internal Audit will review these recommendations in detail as part of the Q4 audit of CIL & S106 governance arrangements. Due to the implementation of MasterGov and other changes to governance and process, it may be some recommendations are no longer required or that alternative controls may be more appropriate. Following this audit, a detailed follow up will be presented to this Committee showing where risks still remain.</i></p>	To be agreed as part of Q4 audit	Yes

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<p>1486 R2. In liaison with Legal and Planning colleagues, Management should:</p> <p>(a) Conduct a thorough search for all missing s.106 documentation.</p> <p>(b) <i>Implemented</i></p> <p>(c) Review existing Planning Obligation records to ensure all records are complete, accurate and up-to-date with a focus on filling gaps in critical information such as expiry dates.</p>	High	31/12/24			
<p>1487 R3. In liaison with Accountancy, Management should:</p> <p>(a) Introduce robust arrangements to accurately track and link specific developer contributions to their associated expenditures. This should include detailed records that demonstrate compliance with each s.106 agreement.</p> <p>(b) Establish regular reporting mechanisms to monitor compliance with s.106 agreements and spending of contributions.</p> <p>(c) Carry out periodic sample compliance checks to ensure that developer contributions are accurately and comprehensively logged, allocated and spent appropriately within agreed timescales.</p>	High	31/12/24			
<p>1488 R4. In liaison with relevant Service Directorates, Management should:</p> <p>(a) Improve resilience and minimise errors by developing formal procedure notes relating to processing of Planning Obligations and associated records management covering all legacy areas, systems and Service Directorates.</p> <p>This should include the agreement and implementation of clear communication channels and protocols for information sharing</p>	High	31/12/24	<p>Work is in progress to produce procedure notes and flowcharts. There is a rebuild of the system in January which will change the procedure. Work continues on this with a completion date of September 2026.*</p> <p>Note that part b of the recommendation relating to staff training has been implemented following completion of training in January and February 2025.</p>	31/9/26	

Recommendation	Priority	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
between Service Directorates, Planning and Accountancy. Standardised reports should be developed for provision of information to Service Directorates when funds are transferred to them and for Service Directorates to provide timely updates on how and when developer contributions have been spent. <i>(b) Implemented</i>					
1492 R8. A process for refunding unspent and expired developer contributions should be agreed and documented including roles, responsibilities and sign-off at an appropriate level of management.	Medium	31/12/24	There is an agreed process in place, including roles and segregation of duties. Formal documentation of this will be done by September 2026.*	31/9/26	
Planning – Contributions (2022/23/24) – reasonable assurance					
Four out of eight medium priority recommendations are still outstanding (two of which had an implementation date of 2024)					
1116 Approval and implementation of revised Planning Scheme of Delegation should be expedited.	Medium	31/3/24	Work to review this commenced in 2025 but has not progressed it further as there were other priorities.* We are intending that this work is undertaken in early 2026 so that it can be completed by end of March 2026.	31/3/26	
1117 Arrangements should be put in place to ensure that developer contribution administrative overheads are reviewed and updated on a regular (at least annual) basis, and that these are factored into subsequent calculations to ensure that costs are recovered to the fullest extent possible.	Medium	31/3/24	Costs are updated in line with inflation, but there needs to be a review, in line with Dorset County Council for the fundamental costs. This will be addressed next year.*	30/9/26	

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
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Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
HIGH PRIORITY RECOMMENDATIONS				
Children's Services – Health & Safety & Fire Safety (2024/25) – Partial				
One of the four high priority recommendations has been implemented; the three outstanding recommendations are shown below:				
A complete and accurate record of all buildings and sites under the responsibility of Children's Services should be in place, regularly updated and agreed between with the Corporate Fire Safety Team, Children's Service and the Asset Management Team.	30/6/25, 31/8/25; 31/12/25	A reconciliation of building records has been completed, which has highlighted a number of anomalies. The anomalies are currently under review. As buildings are confirmed as falling under Children's Services responsibility, Local Fire Safety Coordinators (LFSCs) are being identified, trained, and assigned responsibility for conducting fire safety checks. This remains a work in progress.	28/2/26	Yes
All fire safety checks at Children's Services buildings must be completed according to their required schedule. Furthermore, ensure that there is adequate cover to undertake fire safety checks when a Fire Warden is unavailable.	31/5/25, 31/8/25; 31/12/25		28/2/26	Yes
All Children's Services buildings should have an assigned LFSC. This should be communicated to the Corporate Fire Safety Team. In addition, LFSCs should be up to date with the relevant fire safety training and this should be appropriately recorded.	30/9/25; 31/12/25		28/2/26	No
Housing Delivery Programme Review (2024/25/26) – Partial				
Two of the three high priority recommendations have been implemented, and the status of the remaining high recommendation is shown below				
In liaison with the Accountancy team, ensure a CNHAS update report is taken to Cabinet to approve the revised housing acquisitions programme budget and provide the latest predicted actual financial position (including property acquisition numbers).	30/11/25	Once costs have been reconciled and the final financial position is clearer, including grant attributable, any overspend will be reported to the Portfolio Holder. If needed an update report to Cabinet will then be produced to confirm the final financial outturn for the acquisitions programme.	31/3/26	No
Deprivation of Liberty Safeguards (2025/26) – partial assurance				
The two high and two medium priority remain outstanding				
That a risk assessment of the DoLS waiting list is undertaken and presented to the ASC Overview and Scrutiny Panel, including the national context, legal exposure, safeguarding risks to individuals and the activities currently being undertaken in response.	31/12/25	The DoLS Team have been preparing for the forthcoming Care Quality Commission (CQC) inspection scheduled for December. This has limited the capacity to complete the comprehensive risk assessment within the originally agreed timeframe. As the risk assessment requires approval by the Overview and Scrutiny Committee, the target date has been revised to ensure submission for consideration at the March Committee meeting.	31/3/26	No

Recommendation	Original/ Revised Target Date/s	Explanation from Director	Revised Target Date	Previously Reported to A&G?
<p>That a review of the current Best Interest Assessor framework is undertaken to consider the capacity, quality, resourcing and supervision requirements of each category of BIAs.</p> <p>This review should include the following:</p> <ul style="list-style-type: none"> •The performance of BIAs with respect to average assessment timeframes and the levels of DoLS Team input required in support. •Interviews with supervising officers to ascertain common concerns and areas for improvement. •The capacity of the BIA rota and comparative trends in BIA availability, release and output. For example, are the number of available BIAs nominally on the rota decreasing over time. •The training programme for BIAs and how this can be reviewed to improve service resilience. 	31/12/25	The Best Interest Assessor framework is currently undergoing a comprehensive review and is scheduled for completion by the end of December 2025. It should be noted, however, that formal authorisation of the review outcomes may not be confirmed until early in the new year.	28/2/26	No
Schools Finance (2024/25/26) – partial assurance The three high and one medium priority recommendation are outstanding				
<p>The internal processes for managing and responding to maintained school deficit positions and recovery is formally defined, and includes:</p> <p>Roles and responsibilities of schools and council officers for deficit reporting and recovery</p> <p>Early intervention and support processes when deficits have been identified</p> <p>Support and monitoring arrangements to ensure recovery plans are implemented.</p>	31/12/25	Work has commenced to agree process, roles and responsibilities in particular, to manage and respond to deficit positions. This is taking longer than anticipated and a revised deadline of end of March has been set in line with other recommendations in the report.	31/3/25	No
MEDIUM PRIORITY – outstanding 18 months beyond the original target date (not previously reported OR revised date exceeded)				
These are included in the 2023 & 2024 recommendations above				

AUDIT AND GOVERNANCE COMMITTEE

Report subject	Forward Plan (refresh)
Meeting date	15 January 2026
Status	Public Report
Executive summary	This report sets out the refreshed list of reports to be considered by the Audit & Governance Committee for the 2025/26 municipal year in order to enable it to fulfil its terms of reference.
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Audit & Governance Committee approves the Forward Plan for 2025/26 as set out at Appendix A.</p>
Reason for recommendations	To ensure that Audit & Governance Committee are fully informed of the reports to be considered during 2025/26.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Aidan Dunn, Chief Executive
Report Authors	<p>Nigel Stannard Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk</p>
Wards	Council-wide
Classification	For Recommendation Decision

Background

1. Good practice dictates that a forward plan should be agreed which sets out the reports to be considered by the Audit & Governance Committee over the next 12 months.

The Forward Plan

2. The Forward Plan for 2025/26, as set out at Appendix A, has been refreshed to set out proposals for the forward management of reports to be considered by the Audit & Governance Committee in order to enable it to fulfil its terms of reference.

3. The Audit & Governance Committee should note that the plan does not preclude extraordinary items being brought before the Committee in consultation with the Chair and Vice Chair as necessary and appropriate, thus ensuring that Audit & Governance Committee business is consistent with the terms of reference.
4. Topics requiring this Committee's consideration within its terms of reference can be added at any time in the year or as they arise. These topics are generally shown in the 'Other Reports or Training Presentations' section of the Forward Plan, Appendix A, and depending on their nature are usually added to a meeting marked 'extra'. These additional reports/presentations are made available to the public with the meeting minutes.

Options Appraisal

5. An options appraisal is not applicable for this report.

Summary of financial implications

6. There are no direct financial implications from this report.

Summary of legal implications

7. There are no direct legal implications from this report.

Summary of human resources implications

8. There are no direct human resource implications from this report.

Summary of sustainability impact

9. There are no direct sustainability impact implications from this report.

Summary of public health implications

10. There are no public health implications from this report.

Summary of equality implications

11. There are no direct equality implications from this report.

Summary of risk assessment

12. Development and agreement of the Forward Plan by the Audit & Governance Committee enables it to fulfil its terms of reference.

Background papers

None

Appendices

Appendix A – Audit & Governance Committee – Refreshed Forward Plan 2025/26

Audit & Governance Committee – Refreshed Forward Plan 2025/26

REPORT	29 MAY 2025 (extra)	24 JUL 2025	24 SEP 2025 (extra)	16 OCT 2025	6 NOV 2025 (extra)	27 NOV 2025 (extra)	3 DEC 2025 (extra)	15 JAN 2026	26 FEB 2026 (extra)	19 MAR 2026
EXTERNAL AUDITOR'S REPORTS										
External Auditor – Audit Plan 2025/26 (<i>1 Audit Plan 24/25</i>)	✓ ₁									✓
External Auditor – Audit Findings Report 2024/25								✓		
External Audit – Auditor's Annual Report 2024/25 (*Interim)						✓*			✓	
External Auditor – Audit Progress & Sector Update				✓				✓		✓
ANNUAL REPORTS										
Statement of Accounts 2024/25								✓		
Draft Annual Governance Statement 2024/25 and Annual Review of Local Code of Governance (<i>2 update on Action Plan only</i>)		✓						✓ ₂		
Chief Internal Auditor's Annual Opinion Report 2024/25		✓								
Annual Breaches of Financial Regulations Report & Procurement Decision Records (PDRs) 2024/25		✓								
Annual Review of Declarations of Interests, Gifts & Hospitality by Officers 2024/25		✓								
Use of Regulation of Investigatory Powers Act and Investigatory Powers Act Annual Report 2024/25		✓								
Information Governance Update		✓								
Audit & Governance Committee Annual Report		✓								
Local Government and Social Care Ombudsman Annual Report 2024/25		✓								
Annual Report of Internal Audit Counter Fraud Work and Whistleblowing Referrals 2024/25				✓						
Emergency Planning & Business Continuity Update				✓						
Health & Safety Update				✓						
Fire Safety Update								✓		
Treasury Management Strategy Refresh/Approval for next financial year								✓		
Assurance Framework & Internal Audit Planning Consultation								✓		
Internal Audit Charter & Audit Plan - next financial year										✓
ANNUAL OR PERIODIC POLICY UPDATES										
Annual evolution of Policies for 2026/27: - Whistleblowing - Anti-Fraud and Corruption - Declaration of Interests, Gifts & Hospitality - Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA)									✓	
Financial Regulations - annual evolution for 2026/27.									✓	
QUARTERLY / HALF YEARLY REPORTS										
Internal Audit - Quarterly Audit Plan Update		✓		✓				✓		✓
Risk Management – Corporate Risk Register Update		✓		✓				✓		✓
Forward Plan (refresh)		✓		✓				✓		✓
Treasury Management Quarterly Monitoring Report		✓		✓				✓		
Procurement and Contract Management Strategy Delivery Plan (6-monthly progress report)				✓						✓
OTHER REPORTS OR TRAINING PRESENTATIONS (These items maybe deeper dive										

presentations rather than formal reports , as agreed by the Chair)										
BCP FuturePlaces Investigation (3 Scope) (4 Interim Report) (5 – Final Report)	✓ ₃		✓ ₄		✓ ₅		✓			
Internal Audit Planning Process (6 Response to queries) (7 Detailed explanation/deep dive)	✓ ₆					✓ ₇				
Carter's Quay update		✓								
Poole Museum Borrowing		✓								
Governance and processes of Regeneration projects (with a focus on Carter Quay)									✓	
External Audit Training Session (5 pm – before main meeting)				✓						
Treasury Management Training Session					✓ (20 th Nov)					
Two Riversmeet Studios Borrowing								✓		
Councillors Training – Chair of Standards Committee to appraise on councillors training									✓	
Appointment of Independent Members									✓	