

Notice of Audit and Governance Committee

Date: Thursday, 26 February 2026 at 6.00 pm

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



Membership:

Chair:

Cllr E Connolly

Vice Chair:

Cllr M Andrews

Cllr S Armstrong
Cllr S Bartlett
Cllr J Beesley

Cllr M Phipps
Cllr V Slade
Cllr M Tarling

Cllr T Trent

Independent persons:

Lindy 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=6397>

If you would like any further information on the items to be considered at the meeting please contact: Jill Holyoake on 01202 127564 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

18 February 2026

**DEBATE
NOT HATE**



Available online and
on the Mod.gov app

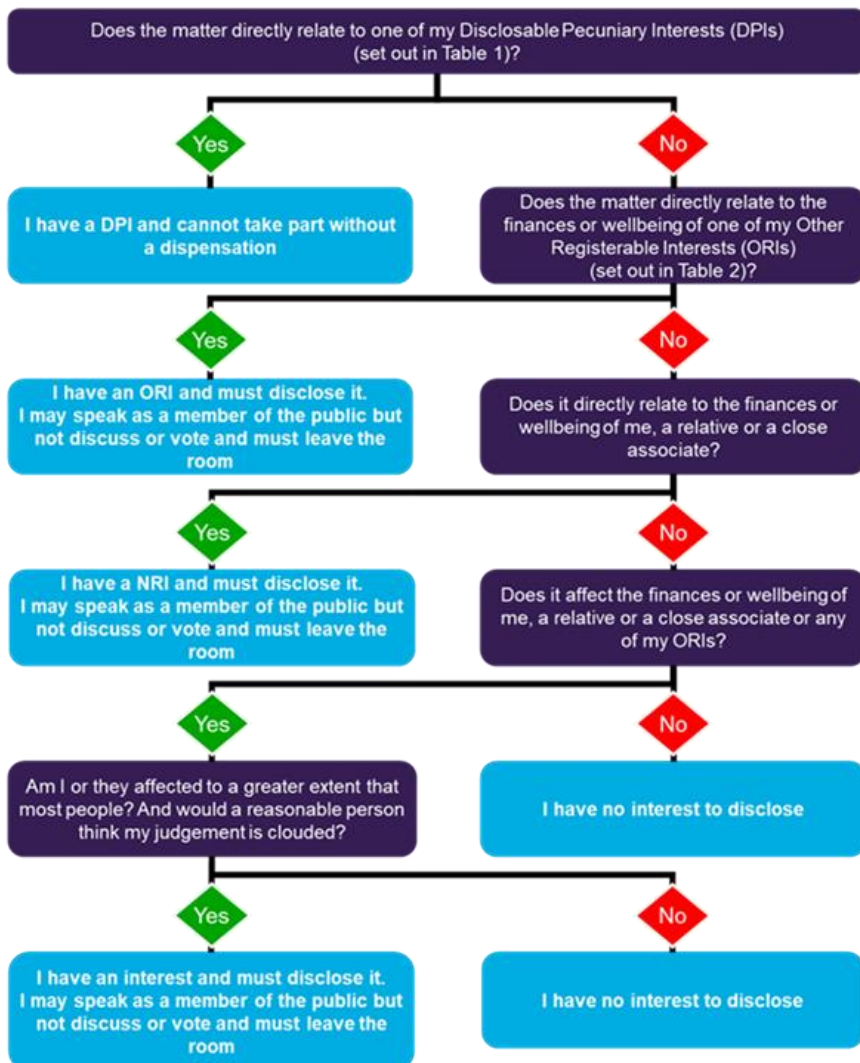


Maintaining and promoting high standards of conduct

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

7 - 26

To confirm and sign as a correct record the minutes of the meeting held on 15 January 2026.

a) Action Sheet

27 - 32

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 20 February 2026 [midday 3 clear working days before the meeting].

The deadline for the submission of a statement is midday on Wednesday 25 February 2026 [midday the working day before the meeting].

The deadline for the submission of a petition is Thursday 12 February 2026 [10 working days before the meeting].

ITEMS OF BUSINESS

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

33 - 242

The attached report sets 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 final version of the statement of accounts.

7. Artificial Intelligence (AI) - Governance and Risk Management	243 - 252
To receive a presentation on the Council's approach to governance and risk management in relation to Artificial Intelligence (AI).	
8. Two Riversmeet Studios	253 - 292
The report provides additional information requested from Audit & Governance Committee regarding the 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, fitness and cultural offer, increase membership and income whilst supporting community wellbeing and aligning with the Council's corporate strategy.	
NOTE: In relation to this item of business, the Committee is asked to consider the following resolution in relation to any discussion on exempt appendix 2, 3 and/or 5 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."	
9. Risk Management Policy	293 - 320
This report introduces the Council's new Risk Management Policy.	
The purpose of the review of the existing policy was to refresh and strengthen the council's framework for the identification, measurement, management, monitoring and reporting on risk.	
Whilst the policy principles have not been subject to significant change, in order to reflect the aspiration to continue to develop the risk management discipline, the new policy includes the plan to implement Enterprise Risk Management.	
The new policy sets out how risks will be reported including future reporting to this Committee.	
The new policy is included at Appendix 1.	
10. Financial Regulations - Annual evolution for the financial year 2026/27	321 - 388
Evolutionary changes to the Council's Financial Regulations are summarised in this report and shown in red text throughout the Financial Regulations document which is shown at Appendix A.	

No material changes have been made to Part A to F and H, and Appendices of Financial Regulations.

Some very minor changes have been made in the glossary of terms.

More substantial changes were made last year to reflect procurement regulations reform. This year, in some cases throughout Part G there has been a need to refine wording to make regulations more explicitly clear to clarify Financial Regulations requirements.

11. Annual Evolution (for the 2026/27 financial year) of the 'Anti-Fraud & Corruption Policy', the 'Whistleblowing Policy', the 'Declaration of Interests, Gifts & Hospitality Policy' (for Officers) and the 'Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act

389 - 494

An annual review of the Council's:

- Anti-Fraud & Corruption Policy,
- Whistleblowing Policy,
- Declaration of Interests, Gifts & Hospitality Policy (for Officers)
- Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy

has taken place to ensure they are updated in line with best practice and legislation.

Some changes have been made to the Council's **Anti-Fraud & Corruption Policy** including an updated Chief Executive statement and added link to the Schools Financial Value Standards.

The **Whistleblowing Policy** has been updated with the inclusion of a formal officer decision record template to cover the course of action to be followed in accordance with Stage 3 (Initial response for a Formal Resolution). The link and summary guidance contained in the Academy Trust Handbook, in respect of required whistleblowing arrangements, has been updated.

Some changes have been made to the Council's **Declaration of Interests, Gifts & Hospitality Policy (for Officers)** which include additional guidance on declaring 'other employment' and defining responsibilities of line managers in assessing declarations made by employees. A requirement for line managers to pass completed Form 1's to the Service Director for their consideration has been added alongside the Service Director's responsibility to determine if decisions made by line managers are appropriate. Some further general guidance on the declaration form completion process has also been added.

The **Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy** has been updated to include links to associated BCP Council strategies and policies.

12. Appointment of Independent Persons

To receive a verbal update on the appointment of independent persons to

the committee.

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

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
AUDIT AND GOVERNANCE COMMITTEE

Minutes of the Meeting held on 15 January 2026 at 6.00 pm

Present:-

Cllr E Connolly – Chair

Cllr M Andrews – Vice-Chair

Present: Cllr S Armstrong, Cllr J Beesley, Cllr M Phipps, Cllr M Tarling,
Cllr O Walters (In place of Cllr V Slade), Cllr C Weight and
Samantha Acton

Present virtually: Lindy Jansen-VanVuuren

Also in attendance: Cllr M Cox (virtual) Cllr R Herrett

75. Apologies

Apologies were received from Cllr S Bartlett and Cllr V Slade.

76. Substitute Members

Notification was received that Cllr O Weight was substituting for Cllr V Slade.

77. Declarations of Interests

In relation to Agenda Item 10, Cllr M Tarling declared for transparency that he was a member of Two Riversmeet Leisure Centre.

78. Confirmation of Minutes

The minutes of the meetings held on 27 November and 3 December 2025 were confirmed as an accurate record for the Chair to sign.

Voting: Unanimous

79. Action Sheet

The completed actions on the action sheet were noted. The Chair provided an update on the actions associated with Minute 66, the first being in progress and subject to review after the March meeting, the second now complete following confirmation from the External Auditor. She also

responded to questions on a number of actions and asked that an update on Minute 24 be provided as part of Agenda Item 12 on Risk Management.

80. Public Issues

The following public issues were received:

Public Question from Mr Ian Redman on Agenda Item 7, External Auditor – Audit Progress and Sector update, and Agenda Item 15, Internal Audit Quarterly Audit Plan Update

To assist residents' understanding of the Audit & Governance Committee's assurance framework, I would welcome clarification from the Chair on the respective roles of internal and external audit.

Based on the Public Sector Internal Audit Standards, CIPFA guidance, and the NAO Code of Audit Practice, material previously shared with you, could you clarify whether internal and external audit functions are expected to operate proactively as early-warning mechanisms, or primarily reactively, reporting issues once they have fully crystallised?

In particular, when governance weaknesses, unclear commissioning, or control gaps begin to emerge within a high-risk projects, what is the expectation on each audit function to ensure concerns are escalated promptly to senior management and to this committee, rather than relying on assurances or retrospective reporting?

Response:

Internal Audit in BCP Council work to a risk-based audit plan carefully designed to prioritise scarce resource and to obtain evidence through testing, (in its various forms), to form judgement and make recommendations to mitigate risk and assess the adequacy, effectiveness and efficiency of systems and controls.

This results in both proactive and reactive audit coverage.

For example, testing may identify a weakness or deficiency that may allow something negative to occur, but further testing shows that the negative event has not actually taken place, in this case the audit work is proactive, and implementation of audit recommendations should prevent it ever happening.

Similarly, testing may identify a weakness or deficiency and consequently something negative may have actually occurred, in this case the audit work

is reactive, and implementation of audit recommendations should result in no reoccurrence.

On a very common, every-day basis, Internal Audit in BCP Council will offer advice and support to colleagues within the Council, for example, on general matters of control, governance and interpretation of financial policies. On some rarer occasions Internal Audit in BCP Council will provide formal consultancy advice on a project or a programme and such consultancy work is reported to the A&G Committee as and when it takes place, an example may be the implementation of a major new financial system.

Both Internal and External Audit work to professional standards which require timely reporting. In practice this means that if a matter is identified and determined to be sufficiently significant audit functions would report the matter to senior management and to Audit & Governance committee usually within the existing reporting framework – such as a Quarterly Update Report in the case of Internal Audit or Auditor's Annual Report or Audit Findings Report in the case of External Audit. In exceptional circumstances an ad-hoc report may be produced at any time.

Three Public Statements from Mr Philip Gatrell on Agenda item 6 – External Audit finding report and Statement of Accounts 2024/25

Statement 1:

MATERIAL MISSTATEMENT OF COUNCIL'S NET BANK BALANCES AT 31 MARCH 2025:

BACKGROUND

My preceding Statements to this Committee 27 November 2025 #1 and 16 October 2025 #3 refer.

The draft positive “bank current account” balance of £4,794,000 was in reality a £21,429,220 overdraft comprising three designated accounts:

Payments - Overdrawn	£(9,871,692)
Unprocessed Income - Overdrawn	£(12,806,424)
Processed Income - Positive	£ <u>1,248,896</u>
Net Overdrawn	£ <u>(21,429,220)</u>

CAUSE

The misstatement arises from a failure to apply fundamental double entry synchronicity at the 31 March 2025 accounting cut-off; as notified in my preceding related Statements regarding incongruous reciprocal NEGATIVE “cash held” balances.

REMEDICATION

This has been corrected on Accounts finalisation as confirmed by the external auditor although omitted from their “Audit Findings”.

Doubtless the Committee will discuss in depth with Finance Officers as to why this concerning error escaped recognition when publishing the draft Accounts.

Members should also consider how the overdraft compares in future financial sustainability terms with the 2024/25 £100,000 facility.

Statement 2:

BANK FUNDS 31 MARCH 2025: UNRESOLVED CONCERNS

COUNCIL’S PROCESSED INCOME

There is an overall £352,053-96 balance reconciliation discrepancy. Spreadsheet scanning identifies irregular cell entries altering column T’s correct total per the column B row 38 cell formulae for £1,246,048-80 “AWAITING BANKING” items £1,422,075-78 and “AWAITING SERVICE REPORT” items £176,026-98.

Those items define not uncleared bank lodgements but DEBTORS at 31 March 2025. By nature additionally indicating potential IRRECOVERABLE amounts.

3 “DEPUTYSHIP” ACCOUNTS £52,618-91

The external auditor has not responded under “Section 26” but I deduce no breach of trust is deemed because available funds are assumed throughout. Contradicted however by Council’s year end net NEGATIVE “liquid” resources.

No interest was applied equitably notwithstanding Trustee Act 2000.

26 AUTONOMOUS SCHOOL BANK BALANCES £1,446,930-00 TREATED AS PART OF “CASH” HELD

Council's mandate enables interest sharing. Likelihood of interest received and methodology are unclear.

I have not received corresponding reconciliations. I gather the external auditor verifies these.

Statement 3:

EXTERNAL AUDITOR'S ACTION PLAN PAGES

85:

My 27 November 2025 Statement #2 references "Section 26" questions - which included fixed assets - where the auditor has not responded.

My 16 October 2025 Statement #3 notes vulnerable MOBILE IT EQUIPMENT as a material concern. As corroborated by information regarding not fully integrated general ledger accounting and consequential PHYSICAL ASSETS DIRECTIONAL TESTING limitations.

On 6 November 2025, total cost £5,918,917, there were a recorded 7,021 laptops and tablets and 2,840 phones.

86:

Section 26 electoral "CUSTODIANS OF THE CUSTODIAN" rights are relegated to "Medium" risk. My three 16 October 2025 Statements disagree with deference to law and case precedent. This writer's preceding Statements today demonstrate the safeguarding actuality.

Management's response emphasises Officers' time. Conversely a 2025 FOI FIRST TIER TRIBUNAL DECISION illustrates there were respectively only 3 and 2 Section 26 requesters in two recent years; the responses were overdue - in one instance no response.

My 24 July 2025 Statement #1 refers.

Public Statement from Mr Ian Redman on Agenda item 10 – Two Riversmeet Studios

The Two Riversmeet Studios proposal reflects weaknesses seen in previous council projects such as Future Places and the Durley Chine Environmental Hub, which in hindsight clearly lacked sufficient assessment of risk and evaluation of alternative options.

The appraisal appears limited, with physical expansion treated as the default solution. The report does not provide a rigorous assessment of alternatives, such as using a temporary structure, re-programming existing space, partnership use of nearby facilities, modular or phased expansion, or the use of vacant shop units in the town centre that could support studio activity while contributing to regeneration. These options could help test whether demand genuinely exists without committing to upfront investment. The report also lacks clear best- and worst-case financial scenarios, including consideration of market competition. I ask the Committee to pause this proposal and require a more robust appraisal, as there is no urgency for this decision.

Public Statement from Mr Alex McKinstry on Agenda item 6 – External Audit finding report and Statement of Accounts 2024/25

Re external audit findings, page 86: it may be true that all requests to inspect the 2024-5 accounting records were replied to before the statutory deadline. I should point out however that my own request was answered two days before that deadline, leaving very little time to query or object to the accounts - rights conferred by Sections 26 and 27 of the Local Audit and Accountability Act. This is still a vast improvement however on previous years. Regarding the managerial comment, also page 86, that these requests are time-consuming, I can only say there is no ceiling on the accounting records an elector might inspect, as established in the *Moss* case (2021); and that the ability of local taxpayers to hold their authority to account is a precious democratic right dating back to 1844. Finally, copious thanks to the external auditor for putting this matter under review.

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

Barrie Morris, Katie Whybray and Adams Azubilla, representing Grant Thornton, the Council's External Auditor (EA) and the Assistant Chief Financial Officer (CFO) presented a report, 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.

The EA representatives presented a comprehensive summary of each section of the External Audit findings report on the Council's Statement of Accounts 2024/25 (Appendix 1). It was noted that there was nothing significant to bring to the Committee's attention. Although the audit was mainly complete, a final version of the report would be presented after a final review of the financial statements. Although the EA was not yet able to issue an unmodified audit opinion due to a previous year's backstop-related

disclaimed audit opinion, the Council was in a good position in rebuilding assurance going forward. The EA thanked the Assistant CFO and his team for improvements made in supporting the audit process this year.

It was noted that the executive summary of the covering report contained a typographical error in stating ‘anticipates providing an *unqualified* opinion’.

The EA representatives responded to questions and comments on the impact of the disclaimed audit opinion in 2022/23. Members sought assurance on the steps being taken by the EA and the Council to support the local audit reset and recovery plan and asked at what point an unmodified audit opinion could be expected. The EA confirmed the timescales for signing off this year’s audit and explained that for next year the aim was to complete the process in a more timely manner during November. The EA was working with the Ministry of Housing, Communities and Local Government (MHCLG), the Council and the soon to be Local Audit Office on the work required to reach an unmodified position. Although sufficient assurance to reach this position may not be achieved in time for the 2025/26 audit, the Council was better placed than many councils, having only received one disclaimed audit opinion followed by two years of audit assurance. It was noted that the MHCLG had provided some grant funding to the Council to support its work to rebuild assurance. The EA explained in more detail its commitment to local audit recovery and supporting those affected by backstop related disclaimers.

The EA representatives also responded to questions and comments on the valuation of the pension fund liability and the impact of the asset ceiling (IFRIC 14). Members sought assurance on the assumptions made by the Council’s appointed actuary in carrying out the pension fund valuation. The EA confirmed that following a communication error this year the Council was now clear about what it needed to ask the actuary to include in its review. The EA explained the reason for IFRIC 14 - there being a difference between the current value of assets in the pension fund and future liabilities and a need to adjust the asset base to reflect the cost of future liabilities which may come through. The EA confirmed that the actuary’s assumptions were within the identified range and that both the pension valuation and PwC’s assessment were current as of 31 March 2025. The CFO confirmed that the Council did robustly challenge the actuary’s assumptions and that these tended to be prudent. The EA also offered copious assurance that there was nothing to indicate that the final letter of assurance from the Dorset Pension Fund auditors (now also Grant Thornton) would not be received as anticipated.

It was agreed to circulate the finalised Information Technology (IT) findings report with Management response to provide members with further assurance that the issues raised were being addressed.

The Assistant CFO presented a comprehensive summary of the latest revised version of the Statement of Accounts 2024/25 as provided at Appendix 3. He talked members through the Council's balance sheet, which set out the Council's net worth as at 31 March 2025. He drew attention to areas of significance and/or change. He also referred Members to the income and expenditure statement and explained that this should be read in conjunction with the movement and reserve statement which showed the accounting adjustments. It was noted that the adjustments had not impacted on the Council's usable reserves.

The Assistant CFO was asked if there were any particular issues he wanted to highlight. He explained that although the current Administration was taking tangible steps to restore the financial sustainability of the Council, the Dedicated Schools Grant (DSG) deficit continued to have an impact, the significant increase in short-term borrowing this year reflecting the servicing of the deficit. As discussed, this year had also seen the shift from a pension net asset to liability position. The greatest challenge in preparing the financial statements had been the implementation of a new revenue and benefits system part way through the financial year. Having the single system would be better going forward.

The Committee noted that any follow up questions on the report should be submitted preferably through the Chair by no later than early February.

RESOLVED that the Committee:

- (a) Notes 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;**
- (b) Approves the current draft 2024/25 financial statement included at Appendix 3**
- (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.**

Voting: Unanimous

82. External Auditor – Audit Progress & Sector Update

Barrie Morris and Katie Whybray, representing Grant Thornton, the Council's External Auditor (EA) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The report provided an update from the EA on progress to date in delivering its responsibilities, including an overview of the audit work undertaken and the key points of note in relation to the Financial Statements Audits for 2024/25 and 2025/26. The report also provided a summary of emerging national issues and developments that could be relevant to the Council. The EA representatives drew attention to their work on "After the Backstop", which included a local audit reset report available via the link provided in Appendix A and plans to run a webinar on 10 February 2026 for audit committee members. Details of the webinar would be circulated to the Committee by email.

The Chief Financial Officer responded to concerns about the process for setting the Council's 2026/27 budget when the detail of the Government's funding for SEND support was still unclear. He explained that the Council meeting to set the budget had been switched to later in February to allow sufficient time to take into account the details of the Government's announcement which was expected during that month. He advised that although 11 March was technically the latest possible date to set the budget, in practical terms it needed to be agreed before then to allow enough time for all statutory processes to be undertaken.

It was noted that this was Katie Whybray's last committee before moving on to other audit work. Barrie Morris and the Chair on behalf of committee members extended thanks to her for her support.

RESOLVED that the Audit and Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.

Voting: Agreed with no dissent

83. Fire Safety Annual Update

The Fire Safety Service Manager presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The report detailed the progress made on the delivery of the Fire Safety governance arrangements for BCP Council. The implementation of the

Governance Framework continued to be embedded and was working effectively. The framework included the Health and Safety and Fire Safety Board and others meeting at the agreed frequency, with generally good attendance. The Fire Safety Service Manager gave an update on the staffing structure and the wide ranging work of the fire safety team following the incorporation of the Council's housing estate through BCP Homes in September 2024. He also referred to the work underway to embed two new British standards affecting fire safety from September 2025 into policies and practices.

The Fire Safety Service Manager responded to questions and comments on engagement with BCP Homes residents. He explained that guidance on what to do in the event of fire was provided in welcome packs for new residents. BCP Homes' annual residents check identified those in need of a person-centred fire risk assessment with appropriate support provided as required. He had attended several residents' panels since his appointment and had found their input invaluable when developing the new housing fire safety policy particularly in ensuring the avoidance of technical jargon. He agreed that future reports could include more 'you said, we did' feedback. Although the main focus was on BCP Homes, the service had also supported colleagues in private sector housing in providing guidance.

Members also asked about workload and resources. Following changes in January 2023, the Council was now responsible for six high rise residential buildings and twelve of medium height. The Fire Safety Service Manager reported that while there had been no significant increase in resource for this change, a planned restructure in September 2024 had strengthened overall service delivery. He confirmed that the team was busy, responding to ongoing changes in the industry and new legislative requirements and future planning for staff retirement. He confirmed that the size of the team was sufficient to fulfil its responsibilities and that there was no financial pressure to reduce numbers. He agreed to provide a follow up response by email to confirm the number of formal meetings held with the Chief Operations Officer since his appointment.

He also reported on other areas of work. He confirmed that the team had provided advice to publicise safe battery disposal and had passed on Dorset and Wiltshire Fire and Rescue Service guidance on battery fires.

Cllr Armstrong in her capacity as a member of BCP Homes Advisory Board drew attention to the most recent quarterly assurance report to the Board and applauded the work of the Fire Safety Service Manager and his team in the 100% delivery of fire risk assessments for all buildings. The

Chair on behalf of the committee thanked the Fire Safety Service Manager and his team for their work.

RESOLVED that:

(a) Audit and Governance Committee notes the continued progress in implementing the Health and Safety and Fire Safety Governance arrangements and operational updates;

(b) Fire Safety ongoing Governance arrangements updates continue to be reported annually to the Audit and Governance Committee.

Voting: Agreed with no dissent

84. Vehicles and Plant Replacement- Building Maintenance and Construction Works Teams

The Head of Repairs and Maintenance Delivery presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'D' to these Minutes in the Minute Book.

The report related to the purchase of vehicles and plant to fulfil service delivery requirements. The Service Head explained that vehicle purchase as opposed to lease or rental would ensure best value for money, and also allowed for vehicles to be fitted out to meet essential health and safety, and operational requirements. She explained in more detail the reasons why the vehicles and plant were required and the rationale for the use of prudential borrowing. It was noted that the recommendations in the report had been approved by Cabinet at its meeting on 14 January 2026.

The Head of Repairs and Maintenance Delivery responded to questions and comments on how the associated risk would be managed. She explained that borrowing repayments were factored into the hourly rate charged. In general fleet management were constantly replacing vehicles, but in this case the extra borrowing was required due to an identified need for additional vehicles. It was noted that ownership rather than hire made organising stock easier and storage more secure. It was confirmed that long term leasing had been considered as an option for specialist/larger plant but the team had successfully purchased second hand equipment and fulfilled the requirements for less than anticipated. Leasing also was not risk free.

Members asked whether the Committee could expect to receive an increase in requests to approve borrowing on a similar scale. If so, they may need to consider work planning and training, to ensure there was

capacity to deal with the number of reports and that the right questions were being asked. The Chief Financial Officer explained that in financing any purchase or asset, borrowing would always be considered as an option as not everything could be financed from capital resources. Borrowing always came with risk. In this case the proposal was deemed better value for money, having considered and accepted the risks. The current Administration had increased governance around borrowing, including a role for the Audit and Governance Committee to seek assurance on the repayment and risk. Members were assured that the Council's level of borrowing was not in the higher range compared to other councils and was considerably lower if the Housing Revenue Account was discounted.

RESOLVED that the Audit and Governance Committee:

- 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) Notes that CWT plant purchases with up to £46,000 prudential borrowing requirement have been progressed under urgency powers due to health & safety considerations.**

Voting: Unanimous

85. Two Riversmeet Studios

The Portfolio Holder for Destination, Leisure & Commercial Operations presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'E' to these Minutes in the Minute Book.

The report detailed 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 aimed to enhance 2RM's health and fitness offer, respond to growth in the leisure industry, increase membership and income whilst supporting community wellbeing and aligning with the Council's corporate strategy. The Portfolio Holder explained in more detail the reasons for providing these facilities and why this should be on site rather than in a separate location. Cabinet on 14 January 2026 had recommended to Council to agree the recommendations in the report including approval of option 2, subject to planning permission.

The Assistant Chief Financial Officer clarified that the proposal sought to take out borrowing against the Council's set limit rather than exceed it. He advised that the word 'limit' be deleted from recommendation d. of the report. The Committee was asked to consider whether the information provided gave sufficient assurance about the project and the ability to pay back the borrowing in order to recommend to Council that the increase in the authorised borrowing be approved.

The Portfolio Holder and the Head of Leisure and Events responded to questions and comments on the following key lines of inquiry:

What were the risks associated with borrowing?

Risks included not achieving the anticipated membership sales uplift and the income needed to repay the borrowing. This should be balanced against the risks of doing nothing which included losing members by not responding to the demand.

What other options had been considered?

Remodelling/repurposing the existing space and the use of separate location had been looked at but discounted for various reasons including structural constraints, operational challenges and disproportionate costs.

Why was 2RM being taken forward now rather than holistically as part of the forthcoming leisure centres transformation?

The option of including 2RM in the wider review had been considered. However, there was a need for targeted investment in facilities now, a need to apply for planning permission and to avoid ever-rising costs.

Were there other methods of delivery which provide more options and funding streams, such as BH Live or community partnerships?

The Portfolio Holder acknowledged that there were different governance models for leisure centres, these were not risk free either. He commented on the various complexities involved in dealing with BH Live, the difficulties around grant funding as a local authority and the Government's view that leisure centres were commercial operations.

How was the borrowing figure of £1.8million agreed and how was the 18% uplift in membership arrived at when sector growth was 6.1%?

There had been input from the Facilities Management and Project Management teams in the costings and these had been reviewed at every stage with the Finance team. The 6.1% was a national annual growth figure without factoring in any investment. It did not discern between facilities with or without studio space. There was confidence in the 18% figure.

Membership forecasts and income streams had been analysed, noting the importance which members placed on swimming pools and studio space.

Whether all eventualities relating to Planning been considered?

The potential for the planning process to raise additional issues/costs had been factored in. Preplanning advice had been sought and the project steering group would robustly monitor risks and mitigation. Plans would be checked to ensure they were fully compliant with all requirements and it had been noted that there were forthcoming changes in building regulations.

The Portfolio Holder also confirmed that there was a business case for the proposal and that the income was intended to pay the interest.

Some Members were concerned at a lack of information included with the report to provide assurance that there had been a sufficient assessment of options, finance and risk. This did not necessarily mean that there was a lack of support for the proposal in principle, rather that it was at this early stage that the most rigorous scrutiny was required. Members commented on the need for more detail around the robustness of the projected income figures, how the proposal correlated with other leisure centres and whether the proposal was value for money in terms of the cost/benefit of this scheme compared to other projects which may miss out as a result

RESOLVED to defer this item until the Audit and Governance Committee has been presented with more information including the business case, opportunity cost, options appraisal and sensitivity analysis.

Voting: For – 4, Against – 3, Abstain – 1

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

The Assistant Chief Financial Officer (CFO) presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'F' to these Minutes in the Minute Book.

The report provided an update on the Quarter Three position for 2025/26 in relation to treasury management activities. It included a summary of the current economic climate, an overview of the estimated performance of the treasury function, an update on the borrowing strategy (short and long term), investments and compliance with prudential indicators. The Quarter Three position forecast a surplus of £1.1 million for the 2025/26 financial year for the reasons given in the report. Table 6 in the report showed the

Dedicated Schools Grant (DSG) deficit increase against the Council's overall debt position and highlighted the need to review the reliance on short term borrowing to reduce the risk.

The report also included the Treasury Management Strategy for 2026/27 with the relevant detailed strategy included as Appendix 1. The Assistant CFO summarised the aims of the Strategy. The Strategy formed part of the report to be presented to the Budget Council on 24 February 2026.

The CFO and Assistant CFO responded to a number of questions in relation to the financing of the DSG deficit. It was noted that the Council could only borrow for capital purposes, not for day-to-day revenue expenditure. The Council's capital financing requirements were set out in the Treasury Management Strategy. There was a lack of clarity from Government on the consequences of borrowing over the specified limit. It was noted that the Government was taking on responsibility for day-to-day operational costs of SEND high needs expenditure with effect from 1 April 2028. It was extremely frustrating that councils were still awaiting further detail on what exactly this responsibility entailed and when this detail would be announced, other than it being 'later' in the local government settlement process.

On the impact of local government reorganisation, the Assistant CFO advised that the Council's borrowing arrangements with other councils and public bodies would transfer on the same terms if any changes occurred.

The Chair thanked officers for the revising the presentation of the report in response to feedback from members.

RESOLVED that the Audit & Governance Committee notes the reported activity of the Treasury Management function for the period ending 31 December 2025.

RECOMMENDED that Council approves the Treasury Management Strategy 2026/27 (Appendix 1)

Voting: Unanimous

87. Risk Management - Corporate Risk Register Update

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

The report provided an update on the position of the Council's Corporate Risk Register. It was noted that no new risks had been added and no risks removed or de-escalated during the quarter. Material updates for the quarter were outlined in section 11 of the report.

The Corporate Director for Children's Services was invited to provide an update on Risk CR02. She confirmed that the risk had been reconfigured following a reinspection of Children's Services in 2024 which had improved the service rating from 'inadequate' to 'good'. She explained the background to the statutory direction to improve SEND services which was delivered in 2023 and the steps taken with local area partners to respond to the direction. Following another full inspection of services in November 2025, the outcome report was due to be published on 2 February. Although currently embargoed, the Corporate Director was able to assure the Committee that the tone of the report gave confidence. Once the report was public Risk CR02 would be reviewed and updated.

The Corporate Director responded to questions and comments on how the different elements of the risk were managed within the overarching risk. She confirmed that the action plan was under continual review by the Department for Education (DfE) and the Care Quality Commission (CQC), with the local area partnership undertaking the work required. Challenges included the SEND White Paper and ongoing financial issues. It was suggested that there may be a need to review the due dates for significant actions in CR02 once the inspection report was published.

The Chair referred to an item on the action sheet for her to liaise with the Chair of Children's Services Overview and Scrutiny (O&S) Committee on issues relating to the Corporate Risk Register including the Dedicated Schools Grant (DSG) and Risk CR02. The Corporate Director indicated that this action would hopefully assure the Committee that these risks were being managed and mitigated.

The HAMA referred to the update provided in Appendix 4 of the report which appeared to respond to the outstanding action on the Action Sheet in relation to Risk CR20. He agreed to check with the risk owner that this was the full response and feedback to the Committee. The HAMA also agreed to circulate a response in relation to questions on Risk CR27, specifically whether the cliff management strategy and risk register had now been developed and the target score updated.

RESOLVED that Members of the Audit and Governance Committee note the update provided in this report relating to corporate risks.

Voting: Agreed with no dissent

88. Annual Governance Statement 2024/25 Action Plan Update

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

The report provided an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address three significant governance issues identified in the 2024/25 AGS. Ultimately the aim of the action plan was to resolve the issues to such an extent as to remove them from future AGSs.

The HAMA commented on progress against the action plan as follows:

- The Dedicated School Grant (DSG) deficit remained a significant issue for the Council and other local authorities and would require national as well as local solutions for long term resolution. It was therefore likely to remain on the AGS for 2025/26.
- In response to the Statutory Direction there was a revised SEND and Improvement Plan which was reviewed monthly and reported to the SEND Improvement Boards. The Improvement Plan was due to be updated once the outcome of the Ofsted and Care Quality Commission (CQC) inspection in November 2025 was published next month. Depending on the outcome, the issue may or may not be included in the AGS for 2025/26.
- It may be possible to remove the issue of Mandatory Training from the AGS for 2025/26 but this would require increased impetus from Members and officers between now and the end of March.

With regard to mandatory training, Members noted that the Chair of the Standards Committee was due to provide an update to the next Audit and Governance Committee on 26 February.

RESOLVED that the Audit & Governance Committee note the progress made to address the significant governance issues on the BCP Council Annual Governance Statement Action Plan 2024/25

Voting: Agreed with no dissent

89. Assurance Framework & Internal Audit Planning Consultation

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

The report aimed to provide assurance that the work on the BCP Assurance framework and the 2026/27 Internal Audit Plan proposed approach complied with the Global internal Audit Standards (GIAS). Members were reminded that the Committee had recently received a detailed presentation on internal audit planning.

The Deputy CIA highlighted that the Assurance Framework at Appendix A of the report had been updated to include 'Ethics' as a new Key Assurance Function, along with some minor changes to reflect current organisational structure. With regard to forward planning, he explained that Internal Audit was currently consulting with corporate and service directors on areas of risk and that input from committee members into the audit planning process was welcomed.

A Member commented on how useful the table of information was in Appendix A in providing an overview of the assurance framework process. The Deputy CIA was asked if there was sufficient level of resources to deliver assurance requirements and if there was any pressure to reduce staffing as part of the budget process. He confirmed that there were adequate resources to enable the CIA to issue the annual audit opinion and that there was no pressure to cut any resource. The Chair commented on the second line assurance arrangements.

RESOLVED that the Committee:

(a) Agrees the BCP Assurance Framework

(b) Has considered and commented on the proposed 2026/27 Audit Plan approach including high level allocation of resource.

Voting: Unanimous

90. Internal Audit - Quarterly Audit Plan Update

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

This report detailed progress made on delivery of the 2025/26 Audit Plan for the 3rd quarter (October to December 2025 inclusive). In addition to the points highlighted in the executive summary of the report, the Deputy

CIA provided further details of the two ‘partial’ audit opinions, including anticipated timescales for implementation. She also referred to the Better Care Fund audit which had been added to the audit plan this quarter with a ‘high’ internal audit risk score. This was a joint audit with NHS partners and Dorset Council.

As requested by the Committee, the report provided further information about the oldest outstanding recommendations. Since the report’s publication, assurance had been received that the four Housing related recommendations had been implemented. Members were advised that the Risk Management Policy (the oldest outstanding recommendation) was due to come to the Committee on 26 February 2026. The Director of Planning and Transport had provided more detailed explanation for the outstanding recommendations in relation to the Planning Service and it was noted that Internal Audit would revisit these as part of a further audit this quarter. The recommendation in relation to Children’s Services fire safety was progressing, albeit slower than hoped for.

Members agreed that it would appropriate to add the ‘partial’ audit opinion on Out of Borough placements including relevant financial information, to the discussion on joint assurance work involving the Children’s Services Overview and Scrutiny Committee.

RESOLVED that the Committee:

- a) Notes progress made and issues arising on the delivery of the 2025/26 Internal Audit Plan.**
- b) Notes the explanations provided for non-implemented recommendations (Appendix 1).**
- c) Notes that the Single Person Discount project now operates as ‘business as usual’ and that it will no longer be included in this quarterly update as standard.**
- d) Notes the explanations and actions in relation to achievement of the CIPFA tool for managing the risk of fraud and corruption.**

Voting: Agreed with no dissent

91. Appointment to Constitution Review Working Group

The Chair reported that the Committee was required to formally appoint a member to the Constitution Review Working Group to replace Cllr Margaret Phipps who had stepped down last year. It was noted that Cllr Clare Weight had attended the last meeting of the group having expressed an interest in filling the vacancy.

RESOLVED that Cllr Clare Weight be appointed to the membership of the Constitution Review Working Group

Voting: Unanimous

92. Forward Plan (refresh)

The Chair referred to the Committee's forward plan of work for the remainder of the 2025/26 municipal year, a copy of which appears as Appendix 'K' to these Minutes in the Minute Book.

RESOLVED that the Audit & Governance Committee approves the Forward Plan for 2025/26 as set out at Appendix A.

Voting: Agreed with no dissent

The meeting ended at 10.03 pm

CHAIRMAN

Minute no	Item	Action Items remain until action complete	Who	Outcome
Meeting date: 15 January 2026 (Core meeting)				
81	External Audit finding report and Statement of Accounts 2024/25	Circulate finalised Information Technology findings report with management response	Assistant CFO	Circulated on 30.1.26
82	External auditor – Audit Progresss and sector update	Circulate details of EA After the Backstop webinar on 10.10.26	EA/Democratic Services	Circulated on 16.1.26
84	Fire Safety Annual Update	Provide follow up response on number of formal meetings with COO since appointment	Fire Safety Service manager	
87	Risk Management – Corporate Risk register Update	CR27 – circulate response on whether cliff management strategy and risk register had now been developed and target score updated	COO and Director of Commercial Pperations	To be included in quarterly update 19 March26
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	Shared with Joshua Darbo – IG to give guidance and wording
		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?	Ongoing – updates to follow
	Scope 8. Lesson Learnt Update	Same as 6.4.11 - 6.4.13 above		
	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	Committee Members / Chair in consultation with MO	In progress – Chair has updated Members on amended timescale for issuing questions to be after

Minute no	Item	Action Items remain until action complete	Who	Outcome
		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		the Christmas/New Year period
		- 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	Chair / Committee	
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 after March 2026 committee
		Review DSG related chart on page 20 to make comparative data more meaningful	EA	EA confirmed will appear in future reports
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)				

Minute no	Item	Action Items remain until action complete	Who	Outcome
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	Complete - Included as part of the January 2026 Treasury Management report
		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	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)* *At subsequent committee on 15.1.26 it was agreed to include the partial audit opinion on Out of Borough Placements in this discussion.	Chair	Initial meeting on 30.1.26. Chairs have since discussed further and another meeting arranged in March.
50	Health and Safety Update	Consider how the suggested pyramid approach to accident data could be incorporated into the next report.	Health and Safety Manager	Complete – pyramid approach to incident data will be incorporated into annual reporting in future
51	Emergency planning and business continuity annual report	Share with Chair the outcomes of South West Regional Cyber Crime Unit exercise to test	Emergency Planning and	Complete - Debrief held in January 2026.

Minute no	Item	Action Items remain until action complete	Who	Outcome
		Council's cyber response plan and related business continuity arrangements on 9/12/25	Resilience Manager	
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 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 requests responses.	HAMA in consultation with the Chair	To be created after the 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	Feb 2026 committee date to be revised
21	Information Governance	Update committee on the review by leadership team of the function of IG Information Governance within BCP Council	MO	
24	Risk Management – corporate risk register update	CR20 – check with risk owner on how risk is communicated to public and circulate response	Initially R&I Manager. HAMA (after specific questioning at	Complete - The risk owner provided an update in the report for the meeting on 15/1/26. After the specific questioning at that committee the report for meeting on

Minute no	Item	Action Items remain until action complete	Who	Outcome
			15/1/2026 meeting)	19/3/26 will include an expanded explanation.
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
 COO Chief Operations Officer
 MO Monitoring Officer
 HAMA Head of Audit and Management Assurance
 R&I Risk and Insurance
 EA External Auditor

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Statement of Accounts 2024/25
Meeting date	26 February 2026
Status	Public Report
Executive summary	The attached report sets 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 final version of the statement of accounts.
Recommendations	It is RECOMMENDED that: (a) Note the audit opinion and findings of the council's external auditor included as Appendix 1 to this report, following the audit of accounts 2024/25; (b) Approves the final 2024/25 financial statement included at Appendix 3 (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.
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 2025, 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. At the Audit and Governance committee meeting on the 15 January, a draft version of the accounts and audit findings report were presented. Approval was gained to delegate sign off of these accounts on the assumption that no material items would be made to the accounts thereafter.
2. Following a continuation of the audit a material change was identified and a change was made within the Councils group accounts as part of the income and expenditure statement.
3. Therefore, this report seeks to represent and seek approval of the final external audit finding report, a revised letter of representation and the final statement of accounts 2024/25.

Statement of Accounts

4. 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.
5. Officers published the draft Statement of Accounts ahead of the 31 May deadline and Grant Thornton commenced their external audit as soon as possible.
6. The External Audit has been completed, and the Audit Findings Report is included at Appendix 1.

Summary of financial implications

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

Summary of legal implications

8. There are no direct legal implications.

Summary of human resources implications

9. There are no direct human resources implications

Summary of sustainability impact

10. There are no direct sustainability impacts.

Summary of public health implications

11. There are no direct public health implications.

Summary of equality implications

12. There are no direct equality implications.

Summary of risk assessment

13. 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 – Statement of Accounts 2024/25

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

37

Year ended 31 March 2025

13 February 2026



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

13 February 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

T +44 117 305 7600

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3 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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DRAFT

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

39 Partner
For Grant Thornton UK LLP

Chartered Accountants

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40



Contents

Section	Page
Headlines and status of the audit	5
Group audit	12
Materiality	15
Overview of significant risks identified	17
Other findings	26
Communication requirements and other responsibilities	34
Audit adjustments	38
Value for money	49
Independence considerations	54
Appendices	60

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:

- 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 13 February 2026, we have completed our audit work and are undertaking our final concluding procedures. We have detailed the findings in the body of this report.

Our findings 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 usable reserves position as at 31 March 2025. 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.

⁴³ 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:

- 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

45 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.

➤ 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.

49

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	●	Our work on the audit of Bournemouth, Christchurch and Poole Council’s financial statements is now complete, 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	●	Our review of the assets consolidated into the group accounts did not identify any issues to report. The consolidation adjustments were appropriate.
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	●	Our review of the assets consolidated into the group accounts did not identify any issues to report. The consolidation adjustments were appropriate.
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. The consolidation adjustments were appropriate.

●

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

50

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	●	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 (after excluding intra-group transactions) we have rescoped this as no specific procedures required and only analytical procedures required. In the draft group accounts, Tricuro Ltd prior year audited accounts were used in the consolidation. On comparison of these to the current year audited accounts, differences were identified above triviality levels and therefore the council updated its consolidation workings to reflect the final audited figures. We identified an error in the removal of intra-group transactions, with the removal of income and expenditure on consolidation understated by £3.5m. This has been adjusted in the final group comprehensive income and expenditure statement.

- 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.

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	●
54 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

55

Risk identified	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.	We have: - 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; and - evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	Our audit work has not identified any issues in respect of management override of controls. 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. At this stage, we are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Overall, we did not identify any instances of potential management override of controls during our audit procedures.

Significant risks

56

Risk identified

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.

Audit procedures performed

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

Key observations

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.

We have noted no material adjustments or findings in relation to improper revenue recognition

The expenditure cycle includes fraudulent transactions

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.

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.

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.

We have noted no material adjustments or findings in relation to improper recognition of expenditure.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings including council dwellings 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 (£1.66 billion 2024/25 and £1.58 billion 2023/24 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. 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	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the Council's valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • tested a sample of revaluations made during the year to confirm they had been input correctly into the Authority's asset register; • 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 • engaged an auditor's expert to support our response to the valuation of land and buildings	<u>Land and Buildings</u> 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 Councils 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. A number of queries and challenges were raised which required responses from management and managements valuers. Our work in concluding on these is still in progress. 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. Two assets which were selected for testing were identified to have errors in the calculations of the valuations which overstated the valuations by £5.7m in total. Management has not adjusted for these areas on the basis of materiality and these are reported as unadjusted errors.

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
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. 69 We therefore identified valuation of investment property, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • 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.	The Council’s external valuer revalued all of the Council’s investment properties portfolio as at 31 March 2025. 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. 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. We did not identify any discrepancies in our review of the valuation of investment properties.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of the Pension net liability 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. 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. 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.	We have: • 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.	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. 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. 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. We have received our letter of assurance from the auditors of the Dorset Pension Fund which did not identify any significant issues or areas of concern. The pension fund auditor identified a projected understatement of pension fund assets. The Councils share of this projected understatement is £1.25m. As this is below materiality and a projected error, management has not adjusted for this and we have reported this as an unadjusted error.

Other risks

Risk identified	Audit procedures performed	Key observations
IFRS16 implementation 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. 19 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.	Our work has included assessing: • 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.	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. 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. 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. Overall we did not identify any issues with the Councils implementation of IFRS 16.

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

63

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	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. 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. 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).	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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of council dwellings £762.67m at 31 March 2025	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. The Council engaged its Lambert Hampton Smith to complete the valuation with all beacon properties subject to revaluation in 2024/25. 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.	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	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. The Council engaged its external valuation expert to value its investment properties. Norse were engaged and valued these properties alongside their Land & Buildings valuations. The largest assets within the Councils investment property portfolio are Madeira Road student accommodation, Mallard Road retail units and the Dolphin Centre (Shopping Centre). The year end valuation of investment properties was £71.71m at 31 March 2025 an increase of £2.16m from 2023/24.	Our audit work in respect of the valuation of council dwellings did not identify any significant issues	● Black

Other findings – key judgements and estimates

66

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
Valuation of net pension liability £62.88m at 31 March 2025	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. 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. 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. 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.	We have carried out the following work in relation to this estimate: - 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>	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	● Black
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
Minimum revenue provision (MRP) £5.74m MRP plus £5.68m voluntary MRP	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. The Councils approach for calculating and providing for its MRP has not changed since the prior year. The Councils MRP strategy is required to be approved by full Council ahead of the financial year.	We have carried out the following work in relation to this estimate: - 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 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. 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. 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.	Black

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.

68

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.

69

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

71

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. These were received and the testing has been completed in this area.
Other matters	No other matters to report.

Other responsibilities

Issue	Commentary
Going concern	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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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. 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: • 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 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: • 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.

72

Other responsibilities

Issue	Commentary
Other information	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. 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.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • 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. Due to the disclaimer opinion we are unable to conclude on the annual governance statement.
Specified procedures for Whole of Government Accounts	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: • total assets excluding PPE • total liabilities less pension liabilities • total income • total expenditure The Council does not exceed these thresholds therefore detailed testing is not required.
Certification of the closure of the audit	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.

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
The impact of IFRIC 14 on the Councils net pension asset position resulted in an asset ceiling on £128.07m being applied. 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.	-	Cr Net pension asset / liability £128,068 Dr Pension Reserve £128,068	-	-
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.	Dr Employee benefit expenses £1,922 Dr Other services expenses £1,915 Cr Fees and charges income £706 Cr Government grants £3,131			
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.	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 assets within HRA Assets under Construction which were complete and operational during the year but remained classified as Assets under Construction		Cr Assets under Construction £2,716 Dr Council dwellings £2,716		
The split between Cash and Cash Equivalents and Bank overdraft on the balance sheet was adjusted		Cr Cash and Cash equivalents £1,165 Dr Bank overdraft £1,165		
<u>Group Balance sheet</u> 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		
<u>Group Balance sheet</u> Lease liabilities updated to split the total between short-term and long-term lease liabilities		Dr Short term lease liabilities £3,928 Cr Long term lease liabilities £3,928		

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
<u>Group comprehensive income and expenditure statement</u> The balances for other operating expenditure, financing and investment expenditure and taxation and non-specific grant income were mapped incorrectly. No overall impact, error within the classification between the lines.	Dr other operating expenditure £115,126 Dr financing & investment expenditure £172,348 Dr financing & investment income £327,870 Cr taxation & non-specific grant income £615,344			
<u>Group consolidation - Tricuro</u> A difference identified between the accounts used in consolidation to the final audited accounts for Tricuro above triviality and therefore adjusted in the group accounts. Intragroup consolidation eliminations for Tricuro were understated		Cr Cash £1,667 Dr Reserves £1,667 Dr Well being gross income £3,528 Cr Well being gross expenditure £3,528		

77

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	Balance Sheet	Impact on total net expenditure	Impact on general fund
	£'000	£'000	£'000	£'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	£1,932	
		Cr DSG Adjustment Account £1,932		
The pension fund auditor identified a projected understatement of pension fund assets. The council's share of this is £1.25m.		Dr Pensions Liability £1,250 Cr Pensions Reserve £1,250		
Two assets within Land and Buildings were identified to have calculation errors which led to an overstatement of the asset valuations totalling £5.7m		Cr Property, Plant and Equipment £5,700 Dr revaluation reserve £5,700		

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.	✓
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.	✓
Note 1c – Expenditure and Income Analysed by nature	This note has been updated to reflect the impact of adjustments including the impact of the change in the pension and the adjustment between service expenditure and grant income.	✓
69 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. The revaluations table and PPE note updated to reflect the adjustments identified. The group PPE note was also updated to reflect these changes. 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, including adjustments required due to changes within other areas in the accounts which required reflecting within 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. The Net local taxation receivable outstanding table was also updated.	✓
Note 16 – Cash and Cash equivalents	The cash note was updated to reflect the balance sheet totals for cash and cash equivalents and bank overdraft.	✓

Audit adjustments

	Disclosure	Misclassification or change identified	Adjusted?
	Note 20 – unusable reserves	Note update to reflect changes to other areas of the accounts which impact unusable reserves, for example, adjustment to pension liability.	✓
	Note 21- Cashflow statement	Adjustments to the cash flow statement notes due to changes made elsewhere in the accounts.	✓
88	Note 25 - Officer's Remuneration	Employees whose gross remuneration > £50,000. 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.	✓
	Note 29 - Dedicated Schools Grant	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.	✓
	Note 28 - External Audit Costs	We identified two figures that should not have been disclosed: £19,000 under “Audit Fees for Charities”. £42,000 under “Fee payable in respect of Grant Claims” relating to Summer Audit for the HB Assurance Report. 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.	✓
	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

Disclosure	Misclassification or change identified	Adjusted?
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.	✓
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 – Leases	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.	✓
81	Disclosures in respect of IFRS 16 had some minor updates to ensure the wording reflected the new standard.	
	Note 35 – defined benefit pension schemes	✓
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. Note updated to reflect the assets under construction adjustment.	✓
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	A number of recommendations have been made in respect of our IT Audit undertaken in 2024/25. A separate, detailed IT Audit report has been provided to management where we have made a number of recommendations for management to implement.	The Council should ensure recommendations made in respect of IT findings are followed up in 2025/26. Management response 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.
● High	The council has a significant number of nil net book value assets on it's fixed asset register. There is a risk that these may be overstating gross values and accumulated depreciation if they are no longer in use.	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. Management response 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.

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
83	● Medium	In our review the fixed asset register we identified • 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. There is a risk that the fixed assets register is not accurately reporting the in year movements.	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. Management response 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.
	● Medium	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.	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. Management response 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 upmost to respond in a timely manner.
	● Low	Two instances of Long term debtors were identified which are not being monitored to ensure accuracy of the balance owed and recoverability of these. A provision was made against debtor balances where management were unable to trace to the specific debts it related to.	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. Management response A review of long term debtors and provision has already been carried to ensure they are appropriate for 2025/26 year end position.

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority’s 2023/24 financial statements, which resulted in recommendations being reported in our 2023/24 Audit Findings Report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	We recommend the Council review its year end processes to support higher quality financial statements and implement a project plan in conjunction with the audit team to set key delivery points through the audit process which will hold management and the audit team to account for the smoother delivery of the audit.	We have seen improvements in 2024/25 in the Councils timeliness to respond to queries and have more resource available to support the audit process. We will continue to work with the Council in 2025/26 to work towards improving the audit process further, in advance of the backstop being moved forward to end of November in 2026/27.
In progress	In relation to property, plant and equipment we recommend: • The finance team should work closely with estates and the external valuer to ensure all parties are clear on their roles within the valuation process. • Management should review assumptions with the valuer for the Bournemouth International Centre due to the nature of the asset and prime location to ensure they are appropriate and consistent with Council records. • We recommend management work alongside estates team to ensure information provided to the valuer is up to date and complete to avoid the need for valuation reconsiderations during the audit. • Reviewing assets with net book value of zero for appropriateness • Ensuring discussions with the Council to confirm if any assets have changed use in year or are still in existence are complete including considering any school transfers to Academy Schools or assets under construction which have become operational in year.	We noted improvements in the PPE supporting working papers and the information provided and used by the valuer. Although the Council has undertaken a review of £nil book assets, there is still a significant amount of these on the Council’s fixed asset register. Therefore, we have made a recommendation in the current year action plan in respect of this. We also identified assets within asset under construction that were operational in the year and therefore should have been moved to property, plant and equipment. Therefore, we have made a recommendation in the current year action plan in respect of this.

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.

87



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.

		Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
88	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.
96 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.

63

Audit fees	£
Bournemouth, Christchurch and Poole Audit (Scale Fee)	469,068
Use of Auditors Expert (property valuations) – awaiting final invoice	7,500
IFRS 16	8,802
ISA 600	8,360
Additional fee in respect of new system implementation	25,480
Additional fee in respect of Housing Benefit expenditure testing	15,456
Total	534,666

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	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. 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.
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	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. 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.

*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	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. 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. Note that Grant Thornton UK LPP were not engaged to undertake this work in either 2023/24 or 2024/25.

59

Fees and non-audit services

Total audit and non-audit fee

(Audit fee 2024/25)	534,666	(Non-audit fee 2024/25)	22,500

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:

- 96
- 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.
 - Note additional fees above scale fee in 2025/26 are not included within the financial statements.

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

Appendices

A. Communication of audit matters with those charged with governance

68	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		

69

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	• Annual client service review	• The Audit Plan • The Audit Findings Report • Audit Opinion • Auditor Annual Report • Progress and Sector Updated Reports	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• 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 | 64

C. Logistics





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BCP Council – Finance Services - Accountancy

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

26 February 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 assets (inc investment properties) and the Pension Fund. 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.

1 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 26 February 2026.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority



BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL

STATEMENT OF ACCOUNTS 2024/25

CONTENTS

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

NARRATIVE REPORT

Introduction

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

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

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

Bournemouth, Christchurch and Poole Council

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

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

Corporate Strategy

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

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

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

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

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

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

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

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

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

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

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

Figure 1: BCP Corporate Strategy



Governance Arrangements

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

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

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

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

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

CIPFA Financial Resilience Review

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

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

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

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

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

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

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

2025/26 provisional local government finance settlement

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

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

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

	2024/25 £m	2025/26 £m	Change £m
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.

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	

Outturn 2024/25

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

Figure 5: Summary General Fund Outturn 2024/25

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

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

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

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

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

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

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

Reserves 2024/25

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

Figure 6: Summary of movements in reserves

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

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

Dedicated Schools Grant (DSG)

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

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

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

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

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

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

Figure 7: Summary position for dedicated school's grant

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

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: 26 February 2026

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

Councillor Eleanor Connolly
Chair of Audit and Governance Committee

Date: 26 February 2026

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
317,850	(184,012)	133,838	Wellbeing	340,412	(203,802)	136,610
285,228	(156,373)	128,855	Children's Services	312,494	(163,644)	148,850
235,575	(131,731)	103,844	Operations	238,410	(128,023)	110,387
46,985	(13,029)	33,956	Resources	51,018	(12,865)	38,153
43,488	(54,812)	(11,323)	Housing Revenue Account	37,770	(59,094)	(21,324)
112,149	(98,173)	13,976	Corporate Items	104,895	(100,538)	4,357
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)
Lease Liabilities	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 26 February 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	The carrying value of Land and building Assets and its remaining useful lives (RUL) are assessed by the Council's Valuers. Valuations contain estimates and assumptions made by qualified and experienced valuers including nationally derived building cost indices and income and yield estimates. Council dwellings are subject to less uncertainty as an active market exists for housing providing reliable price movement data. The value of the Group's General Fund - Other Land and Buildings as at 31 March 2025 was £908 million net book value (NBV)	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.
Pensions Liability/Asset	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	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. The Sensitivity Analysis is provided in Note 35 in a table outlining the impact on the Defined Benefit Obligation in the Scheme. If the pension asset ceiling were not accounted for, the balance sheet would have

Item	Uncertainties	Effect if actual results differ from assumptions
	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.	show a pension surplus of £66.2m.
Investment Properties	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. 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.	A variation in the annual estimated valuations could result in a movement being recorded inappropriately in the Comprehensive Income and Expenditure Statement. A reduction in value of investment property of 10% would result in a reduction of £7.17 million.

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	Fair Value	Carrying	Fair Value
	Amount		Amount	
	£'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	Fair Value	Carrying	Fair Value
	Amount		Amount	
	£'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	<u>(723)</u>	<u>221</u>
Increase/(Decrease) in fair value of fixed rate long term borrowing	(22,997)	(18,898)
Impact on other comprehensive income and expenditure	<u>14</u>	<u>5</u>
Increase/(Decrease) in fair value of fixed rate borrowing liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	<u>(23,706)</u>	<u>(18,672)</u>
The impact of a 1% fall in interest rates would be as above but with the movement being reversed.		

Price Risk

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

Foreign Exchange Risk

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

15. Debtors

	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	<u>72,055</u>	<u>63,300</u>
Prepayment	10,722	17,217
Local Taxation receivables outstanding	38,895	46,156
Less impairment	(19,409)	(23,568)
Net Local Taxation receivables outstanding	<u>19,486</u>	<u>22,588</u>
Total	102,263	103,105

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

Net Local Taxation receivable outstanding

2024/25	Council Tax £'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)

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

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

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

Officers

The amounts paid to these related parties are as follows:

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

Entities controlled or significantly influenced by the authority

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

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

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

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

- 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	-

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 Restated %	2024/25 %
Expected rate of return on assets in the scheme	11.77 *	4.81
	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

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

	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	754,583	5,276	13,089	790	1,571	775,309
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	2024/25
	£'000	£'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	339,790	(202,638)	137,152
285,228	(156,373)	128,855	Children's Services	312,494	(163,644)	148,850
239,196	(134,407)	104,789	Operations	241,910	(130,578)	111,332
46,985	(13,029)	33,956	Resources	51,018	(12,865)	38,153
43,488	(54,812)	(11,324)	Housing Revenue Account	37,770	(59,094)	(21,324)
112,149	(98,173)	13,976	Corporate Items	104,895	(100,538)	4,357
1,044,896	(640,806)	404,090	COST OF SERVICES	1,087,877	(669,357)	418,520
2,078	(3,264)	(1,186)	Other Operating Expenditure	42,085	(3,800)	38,285
79,866	(70,580)	9,286	Financing and Investment Income and Expenditure	214,783	(73,185)	141,598
-	(363,640)	(363,640)	Taxation and Non-Specific Grant Income	(18)	(400,911)	(400,929)
1,126,840	(1,078,290)	48,550	(Surplus) / Deficit on Provision of Services	1,344,727	(1,147,253)	197,474
		(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			(116,000)

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	-	-	-	-	-	-	-	-	-	-	(2,451)	(2,451)
Adjusted Balance at 1 April 2024	(26,114)	(45,404)	(71,518)	(5,503)	0	(9,295)	(48,708)	(135,025)	(1,383,192)	(1,518,216)	(97,689)	(1,615,905)
(Surplus) or Deficit on Provision of Services (accounting basis) - CIES	225,741	-	225,741	(26,142)	-	-	-	199,599	-	199,599	(2,125)	197,474
Other Comprehensive Income and Expenditure - CIES	-	-	-	-	-	-	-	-	(313,474)	(313,474)	-	(313,474)
Total Comprehensive Income and Expenditure	225,741	-	225,741	(26,142)	-	-	-	199,599	(313,474)	(113,875)	(2,125)	(116,000)
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	(15,736)	-	(15,736)	(4,941)	(1,939)	(2,603)	(3,264)	(28,483)	(85,392)	(113,875)	(2,125)	(116,000)
Transfers (to) / from Earmarked Reserves	14,524	(14,524)	0.00	-	-	-	-	0.00	-	-	-	-
(Increase) / Decrease in Year	(1,212)	(14,524)	(15,736)	(4,941)	(1,939)	(2,603)	(3,264)	(28,483)	(85,392)	(113,875)	(2,125)	(116,000)
Balance at 31 March 2025	(27,326)	(59,928)	(87,254)	(10,444)	(1,939)	(11,898)	(51,972)	(163,508)	(1,468,584)	(1,632,091)	(99,814)	(1,731,905)

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	103,727
Cash and Cash Equivalents		71,010	22,563
Total Current Assets		174,994	131,492
Public Finance Initiative Current Obligation		(642)	(842)
Lease liabilities		-	(754)
Short-Term Borrowing		(45,164)	(123,885)
Short-Term Creditors		(131,443)	(120,614)
Bank Overdraft		(49,524)	(21,429)
Grants Receipts in Advance - Revenue		(4,565)	(1,424)
Grants Receipts in Advance - Capital		(76,311)	(66,927)
Total Current Liabilities		(307,649)	(335,875)
Provisions		(26,335)	(26,633)
Long-Term Borrowing		(249,963)	(247,075)
Public Finance Initiative Capital Obligation		(6,027)	(5,238)
Lease liabilities		-	(3,928)
Pensions Liability		(148,760)	(62,885)
Total Long-Term Liabilities		(431,085)	(345,759)
Net Assets		1,613,454	1,731,905
Usable Reserves		(135,153)	(165,358)
Unusable Reserves	6	(1,478,300)	(1,566,547)
Total Reserves		(1,613,454)	(1,731,905)

GROUP CASH FLOW STATEMENT

	2023/24 £'000	2024/25 £'000
Net (Deficit)/Surplus on the provision of services	(48,549)	(68,338)
Adjust net Deficit on the Provision of Services for Non Cash Movements	139,288	118,305
Adjust for Items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	(56,048)	(89,880)
Net Cash Flows from Operating Activities	34,691	(39,913)
Investing Activities	(24,906)	(44,161)
Financing Activities	21,070	57,291
Net Increase (Decrease) in Cash and Cash Equivalents	30,855	(26,783)
Cash and Cash Equivalents at Beginning of the Reporting Period	(9,369)	27,917
Cash and Cash Equivalents at End of the Reporting Period	21,486	1,134

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. General

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

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

2. Accounting Policies

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

a. Basis of Identification of the Group Boundary

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

Subsidiary Boundary

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

Associate Boundary

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

Joint Arrangement

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

A joint arrangement is either:

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

Materiality

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

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

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

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

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

b. Basis of the Preparation of the Group Financial Statements

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

Subsidiaries have been consolidated by:

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

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

Subsidiaries

Charities

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

Five Parks Charity

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

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

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

Lower Central Gardens Trust

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

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

Russell-Cotes Art Gallery and Museum Charitable Trust

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

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

Recreation Ground

Charity looking after a specific area within the 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 setup 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	(14,881)	4,549	77,669	-	-	2,136	-	-	-	69,474	-
Revaluation Increase/(Decrease) recognised in Surplus / Deficit Provision of Services	1,458	30	(12,773)	-	-	(21)	-	-	-	(11,306)	221
Derecognition - Disposals	(2,314)	-	(225)	-	-	(2,774)	-	(18)	-	(5,331)	(645)
Derecognition - Other	-	(162)	(44,969)	(4,304)	-	-	-	-	-	(49,435)	-
Reclassification - within PPE	10,329	(2,966)	(5,463)	152	-	(962)	(1,573)	18	464	(1)	-
Reclassification - outside PPE	-	-	(4,466)	-	-	1,240	-	-	-	(3,226)	-
Balance at 31 March 2025	762,670	39,845	927,378	73,590	25,446	17,201	1,087	5,502	498	1,853,217	8,028
Accumulated Depreciation & Impairment											
Balance at 1 April 2024	-	(2,034)	(20,287)	(34,536)	(6,552)	-	-	-	-	(63,409)	-
Depreciation for year	(14,639)	(502)	(26,241)	(7,729)	(518)	-	-	(164)	-	(49,793)	-
Recognition of Right of Use Asset	-	-	-	-	-	-	-	(1,806)	-	(1,806)	-
Depreciation Written out to Revaluation Reserve	7,501	75	23,120	-	-	-	-	-	-	30,696	(276)
Depreciation Written out to Surplus / Deficit on Provision of Services	-	-	1,619	-	-	-	-	-	-	1,619	-
Impairment Losses / Reversals recognised in the Revaluation Reserve	-	-	-	-	-	15	-	-	-	15	-
Impairment Losses / Reversals recognised in Surplus / Deficit on Provision of Services	7,144	4	1,081	-	-	-	-	-	-	8,229	276
Derecognition - Disposals	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Other	-	162	1,643	4,093	-	-	-	-	-	5,898	-
Reclassification - within PPE	(6)	-	58	-	-	(15)	-	-	(37)	-	-
Reclassification - outside PPE	-	-	82	-	-	-	-	-	-	82	-
Balance at 31 March 2025	-	(2,295)	(18,925)	(38,172)	(7,070)	-	-	(1,970)	(37)	(68,469)	-
Balance at 1 April 2024	754,583	20,726	852,059	34,246	17,919	17,582	1,970	-	-	1,699,085	8,452
Balance at 31 March 2025	762,670	37,550	908,453	35,418	18,376	17,201	1,087	3,532	461	1,784,748	8,028

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

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

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

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

6. Unusable Reserves

	31 March 2024	31 March 2025
	£'000	£'000
Revaluation Reserve	(708,490)	(771,262)
Capital Adjustment Account	(928,498)	(943,087)
Permanent Endowment Fund	(19,657)	(19,657)
Deferred Capital Receipts Reserve	(1,429)	(1,306)
Financial Instrument Adjustment Account	(10)	(15)
Pensions Reserve	148,760	62,885
Accumulated Absences Account	5,045	4,539
Collection Fund Adjustment Account	(37,533)	(11,901)
Dedicated School Grant Deficit	63,512	113,257
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 Ltd	BDC	Total	FuturePlaces Ltd	BDC	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Winter Garden/Durley Road loan	-	3,740	3,740	-	3,740	3,740

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

8. Group Accounting Policies

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

Heritage Assets

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

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

Heritage - Freehold buildings	50 years
Heritage - Land	Not depreciated

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account past experience, current trends and other relevant factors. Where estimates are made, actual results could be materially different from the assumptions and estimates.

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

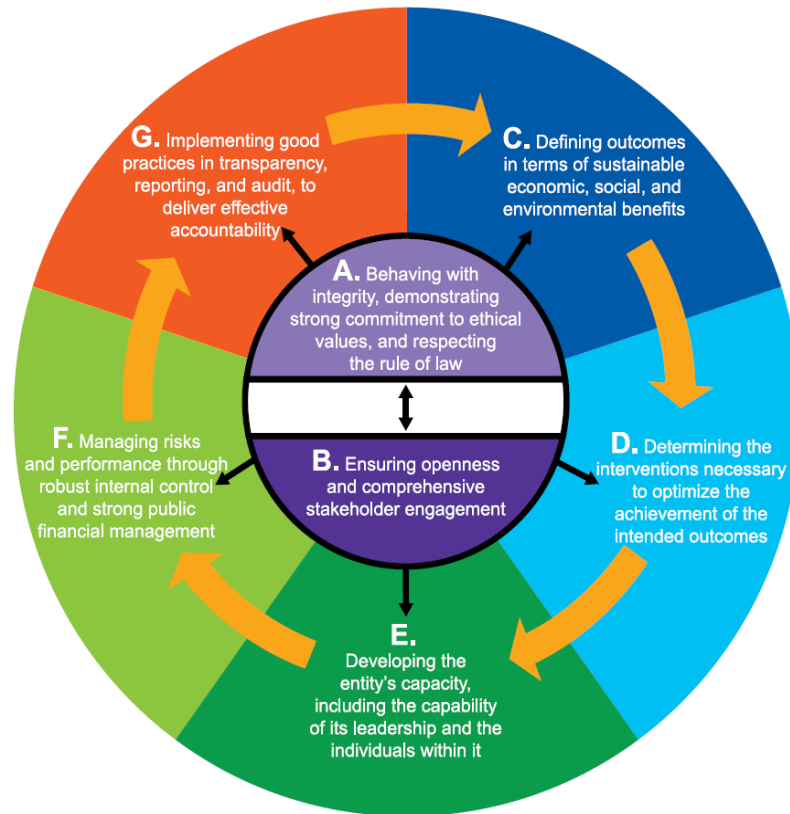


Scope of Responsibility

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

The Purpose of the Governance Framework

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



Review of Effectiveness of the Governance Framework

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

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

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

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

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

Evaluation, Conclusion and Significant Governance Issues

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

	Significant Governance Issue 2024/25	
1	Dedicated School Grant (DSG)	This remains and updates a significant governance issue from the 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

232	1	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: 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. 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. 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.		
		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	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

	The SEND Improvement Plan continues to be delivered in accordance with agreed timescales, reviewed and monitored by the SEND Improvement Board and progress reported to Children's Overview & Scrutiny Committee.	Director of Children's Services	Ongoing - March 2026
3	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.

26/2/26

Chief Executive of BCP Council

Date

26/2/26

Leader of BCP Council

Date

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

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Bournemouth, Christchurch and Poole Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement, Housing Revenue Account Income and Expenditure Statement, the Collection Fund Statement, Group Comprehensive Income and Expenditure Statement, Group Movement in Reserves Statement, Group Balance Sheet, Group Cash flow statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 15 January 2026.

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

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

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

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

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

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

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority and the S151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the S151 Officer. The S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the S151 Officer is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's and the group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except:

On 31 August 2023 we identified significant weaknesses in the Authority's arrangements for the year ended 31 March 2023: A significant weakness was identified in how the Authority plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Authority's medium-term plans for its General Fund Balances and Earmarked reserves, which continue to fall. We recommended that the Authority continue to review the sustainability of Reserves and Balances to ensure the Medium-Term Financial Plan demonstrates a realistic plan to avoid further use of and ideally replenish its reserves and balance the budget gap in the Medium Term.

On 17 July 2024 we identified two further significant weaknesses in the Authority's arrangements for how the Authority plans and manages its resources to ensure it can continue to deliver its services for the end year 31 March 2024.

On 16 October 2025 we reported that we reviewed the previous significant weaknesses and concluded that as the weaknesses are all founded on the increasing dedicated schools grant deficit, its impact on cashflow and the lack of reserves to manage the deficit, we determined it was appropriate to combine these into a single significant weakness. We recommended that the Authority update its DSG management plan and ensure actions are embedded and monitored, continue to monitor the impact of the DSG deficit on the cashflow position and ensure it monitors and manages the level of reserves.

On 17 July 2024 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness in respect of the DfE issuing a statutory direction to the Authority with respect to their Special Education Needs and Disabilities (SEND) plan. The statutory direction concluded that the established SEND plan was not having the desired impact, was not resulting in the desired outcomes, and was not being implemented at pace. We recommended that the Authority continues to action and monitor its actions to ensure removal of the statutory direction when the Council is reinspected.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;

Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and

Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Bournemouth, Christchurch and Poole Council for the year ended 31 March 2025:

- in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025; and
- due to our consideration of objections brought to our attention by a local authority elector under Section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this work does not have a material effect on the financial statements.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest

extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature to be added when audit opinion is issued

Barrie Morris, Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date to be added when audit opinion is issued

GLOSSARY

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Borrow to Invest Schemes

The scheme allows Business Units to borrow from the Council's reserves, the loan repayments are subject to interest.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipt

The proceeds from the sale of a fixed asset. A proportion of capital receipts relating to the sale of council dwellings is payable to the National Pool the remainder of capital receipts are available to finance capital expenditure.

Charging Authority

The Council responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and business rates (NDR).

Contingent Asset

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

Contingent Liability

A contingent liability is either:

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

Council Tax

A charge on the residential property within the Council's area to finance a proportion of the Council's expenditure.

Creditors

Amounts owed by the Council for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets which can be expected to be consumed or cease to have material value during the next accounting period, examples are stock and debtors.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period, examples are creditors.

Debtors

Amounts due to the Council for goods or services provided within the accounting period but not received at the balance sheet date.

Deferred Capital Receipts

Amounts due to the Council from the sale of fixed assets which are not receivable immediately on sale.

Depreciation

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Fixed Assets

Tangible assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

General Fund

The main account of the Council which records the cost of service provision.

Government Grants

Payments by Central Government towards the cost of local Council services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by Councils and subsidised by Central Government.

Housing Revenue Account

A separate account from the General Fund recording all the transactions relating to the provision of housing accommodation by the Council.

Infrastructure Assets

Fixed assets that are not able to be transferred or sold, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Liquid Resources

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

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

Minimum Revenue Provision (MRP)

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

Non-Domestic Rates (NDR)

A flat rate is set annually by central government and levied on businesses in the Borough. The money is collected by the Council and then passed to Central Government who reallocate the proceeds to all Councils.

Non-Operational Assets

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

Operational Assets

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

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

The amount which a Precepting Authority requires from a Charging Council to meet its expenditure requirements, requiring the Charging Council to collect income from council tax payers on their behalf.

Precepting Authority

Local Authorities, including fire and rescue and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Councils.

Projected Unit Method

The value of the assets held in the fund is compared directly to the value of pension liabilities accrued in respect of service prior to the valuation date. For active members, this method allows for pensionable service to date, but account is taken of the expected final pensionable salary (projected forward to allow for future pay increases).

Private Finance Initiative (PFI)

The PFI is a government policy designed to increase private sector involvement in the provision of public services. The Council does not own the asset, for example, the Bournemouth Library, but pays the PFI contractor payments over the period of the contracts for the use of the facilities under the contract period.

Provisions

Amounts set aside in the accounts for future liabilities which cannot accurately be quantified.

Public Works Loan Board (PWLB)

A Central Government Agency which lends money to public bodies for capital purposes at interest rates only slightly higher than those at which the Government itself can borrow.

Related Party Transaction

This is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts set aside in the accounts for the purpose of providing money for future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are often described as balances.

Revenue Account

An account which records the Council's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

Revenue Budget Comparison

This statement reports the actual expenditure and income of the services for which the Council is responsible. It demonstrates how the new cost has been financed from general Government Grants and from Local Taxpayers. It brings together expenditure and income relating to all of the Council's functions.

Revenue Expenditure

The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Support Grant (RSG)

A general Central Government Grant paid to the Income and Expenditure Account in support of the Charging Council's revenue expenditure.

Revenue Expenditure funded as Capital under Statute (REFCUS)

Capital expenditure for assets not owned by the Council and therefore not held on the Council's Balance Sheet.

Stocks

Items of raw materials and stores purchased by the Council to use on a continuing basis and which has not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

Temporary Borrowing/Investment

Money borrowed or invested for an initial period of less than one year.

Work in Progress

The value of work done on an uncompleted project which has not been recharged to the appropriate account at the balance sheet date.

Artificial Intelligence (AI) Governance & Risk Management

Marc Biondic – Head of IT Infrastructure, IT & Programmes



Agenda

- Why does BCP need AI Governance?
- BCPs AI Governance Framework
 - Desirability, Viability and Feasibility Assessment
 - AI Procurement Checklists
- The Role of Senior Leadership
- Current AI Initiatives
- Your Feedback and Questions

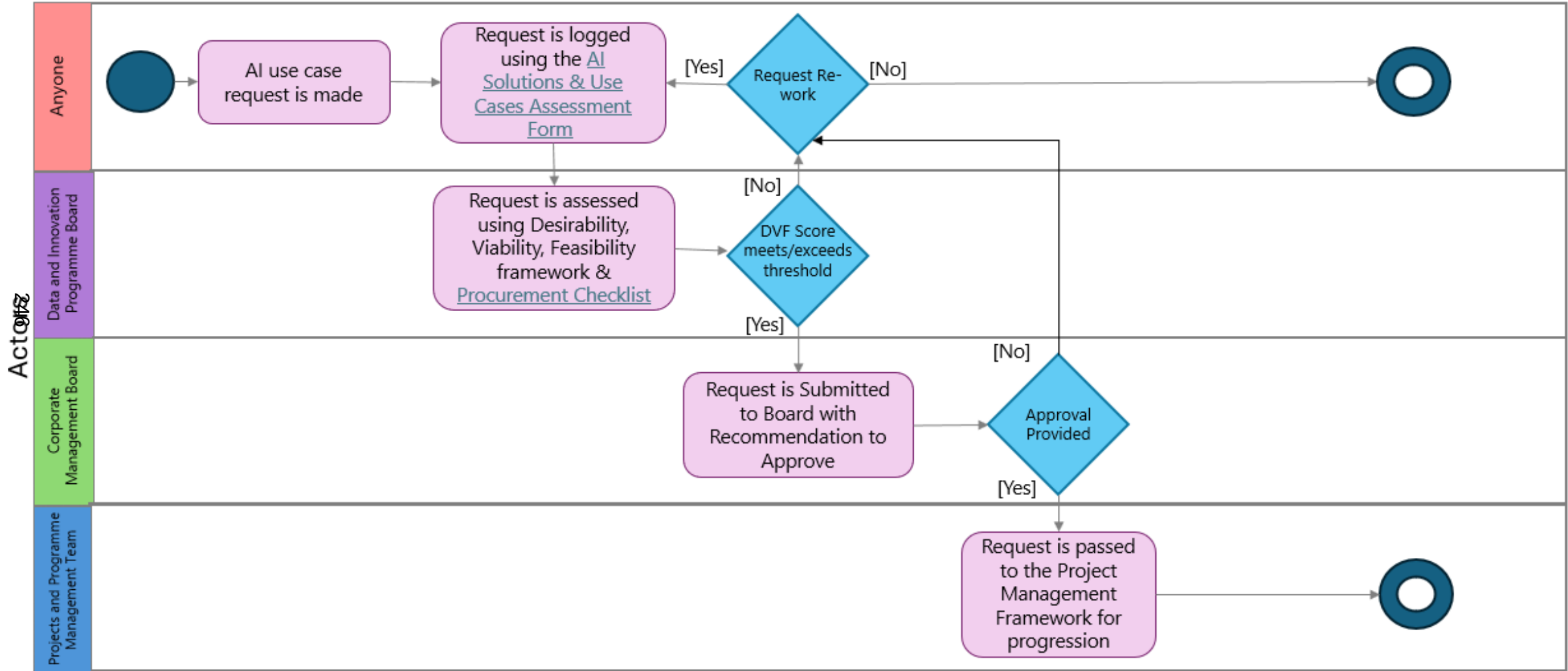


Why does BCP need AI Governance?

- **Ensures Responsible Innovation** - a structured approach to innovation ensures that AI solutions align with our Councils values, legal obligations and maintain public trust.
- **Protects Against Risk and Harm** – Provides corporate risk mitigations (CR26 & CR04). Governance helps us identify and mitigate risks such as algorithmic bias, data misuse, ethics and other unintended consequences of AI generated output.
- 245 • **Drives Strategic Alignment** – A governance framework ensures that progressed AI use cases are not only technically feasible but also strategically aligned and financially viable.
- **Supports Transparency and Accountability** - Clear governance processes make AI decisions explainable and traceable, which is essential for auditability, public scrutiny and ethical assurance.
- **Aligns with UK.GOVs best practice “[playbook](#)”** – This provides BCP with clear directives on how we should be selecting, buying and deploying AI solutions.



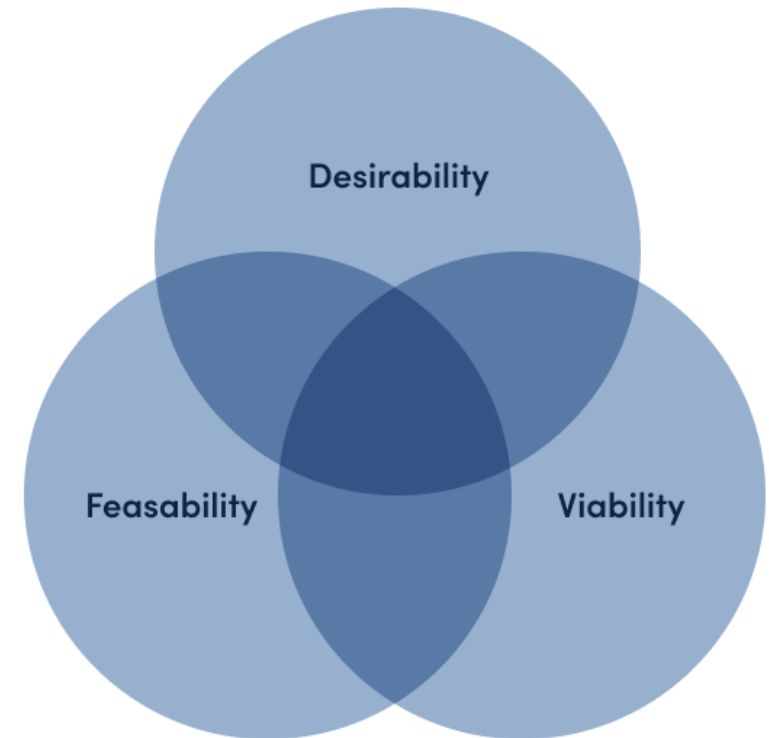
Our AI Use Case Assessment Framework



Our AI Use Case Assessment Framework

The Desirability, Viability and Feasibility (DVF) Framework – *helps assess whether an AI use case is worth pursuing by evaluating it across three dimensions:*

- **Desirability – Is it wanted?**
 - Does it solve a real problem or solve a genuine need?
 - Is it supported by Senior stakeholders within the department?
- 247 • **Viability – Is it worth it?**
 - Assesses the business case and financial sustainability
 - Is there a clear, demonstrated ROI?
 - Can the Council afford it (or afford not to!)?
- **Feasibility – Can we do it?**
 - Is the required data available, accessible, and of good quality?
 - Do we have the required technical expertise and infrastructure?
 - Are there legal, regulatory or ethical constraints?



The AI Use Case Assessment Framework

The AI Procurement Checklist - ensures that *all* AI-enabled software meets our standards for fairness, accountability, transparency and performance before purchase:

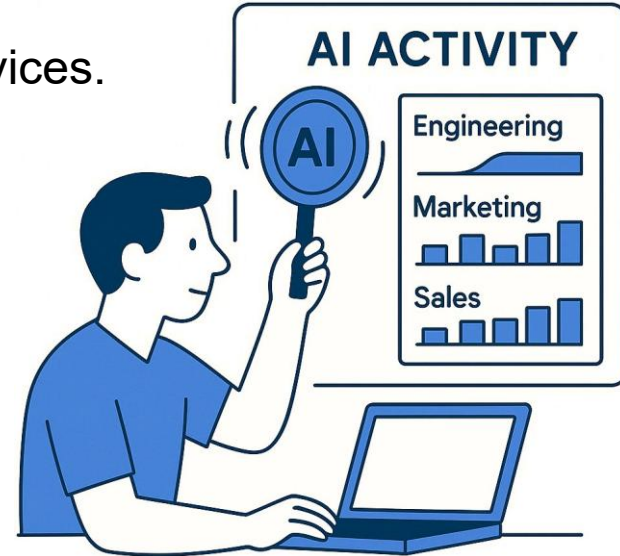
- **Protects Against Bias and Harm** - Requires potential suppliers to demonstrate how their models are tested for bias across protected characteristics and how they mitigate discriminatory outcomes.
- **Clarifies Accountability and Oversight** - Mandates clear identification of responsible roles (e.g. AI Lead, Cybersecurity Lead etc) and processes for addressing harmful or incorrect outputs.
- 248 • **Safeguards Privacy and Data Use** - Demands transparency on data usage, privacy protections, and whether council data will be used to train models—ensuring compliance with UK data protection laws.
- **Ensures Explainability and Human Control** - Requires suppliers to provide accessible explanations of how the AI works and guarantees that human judgement can override automated decisions.
- **Validates Performance and Security** - Calls for evidence of model accuracy, benchmarking, and robustness against cyber threats like adversarial attacks or data poisoning.
- **Supports Informed Procurement Decisions** - Acts as a structured evaluation tool for procurement teams to assess AI solutions consistently and responsibly.

The Role of Senior Leadership

- **Final Approval Authority** – Corporate Management Board acts as the final decision-making body that approves or rejects AI use case proposals, and only once they've passed the DVF (Desirability, Viability, Feasibility) assessment and technical checks.
- **Strategic Oversight** – Corporate Management Board will confirm that these AI initiatives align with our corporate priorities, Digital Strategy and long-term goals, before they are progressed into prioritisation & delivery.
- **Funding Approval and 'Return on Investment' Accountability** – Corporate Management Board will still approve all funding for these AI initiatives and ensure that Directors remain accountable for delivering expected return on investment and/or service efficiencies.

Current AI Initiatives

- **MagicNotes** – AI powered meeting summarisation in Adult Social Care.
- **RepairSense** - Housing Repairs Analysis within Housing and Communities using AI.
- **EHCP Writer** – Using AI to support the drafting of EHCPs within SEND Teams.
- **Family Information Directory Chat bot (NIA)** – AI powered search retrieval on the [FID website](#).
- **Digital Translation** – Using AI (CoPilot) to provide inhouse document translation services.
- **RoadMetrics** – Road network analysis using AI for quicker identification of defects.
- **CoPilot (Premium and Free)** – Driving widespread adoption of generic AI assistant.
- **Learning and Continuous Improvement** – Internal development and capacity



Your Feedback & Questions

- From what you have seen what questions, challenge or suggestions do you have around the assessment framework and governance?
- Are there any questions or suggestions re the role of Audit & Governance in that process?
- **What would you like to see next?**



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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Two Riversmeet Studios
Meeting date	26 February 2026
Status	Public report with exempt appendices
Executive summary	The report provides additional information requested from Audit & Governance Committee regarding the 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, fitness and cultural offer, increase membership and income whilst supporting community wellbeing and aligning with the Council's corporate strategy.
Recommendations	It is RECOMMENDED that Audit and Governance Committee recommend to Council: a) Approval of authorised borrowing 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 enable the centre under BCP Leisure to grow and strengthen its financial position by offering a refreshed, modern facility for Christchurch. The project aligns with the corporate strategy ensuring people can be active and healthy while expanding access to high-quality cultural, health and wellbeing services for the local community.

Portfolio Holder(s):	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
Wards	Christchurch Town;
Classification	For Decision

Background

1. A paper was taken to Cabinet on 14 January 2026 recommending Cabinet to recommend to Council approving the building of a two-storey facility extension at Two Riversmeet Leisure Centre (2RM) through prudential borrowing creating two brand new multi-use studios costing £1.8m, subject to planning permission.
2. The Cabinet paper was approved and taken to the Audit and Governance meeting on 15 January, where the committee asked for additional information to be provided before making a decision on the borrowing.
3. This paper sets out the additional information requested by the Audit and Governance Committee.

Current Leisure Centre provision

4. Two Riversmeet Leisure Centre (2RM) is one of ten BCP Council owned leisure centres. Five of these are currently being operated in house as BCP Leisure.
5. This gap limits its ability to meet growing demand for group exercise, health and wellbeing, martial arts and cultural services.
6. A timeline is in place starting from 2027 to undertake a review of the management of leisure centres, looking at the position of leisure across BCP Council and to recommend the future management model.
7. Therefore, alternative management models have not been considered in the options appraisal for the studios.
8. In the meantime, BCP Council will need to continue to maintain the facilities ahead of this work to ensure they remain in line with the market and support the Medium Term Financial Plan (MTFP).
9. The 2RM Studio scheme draws directly on the learning from BCP Council's recent highly successful leisure investment at Kings Park Leisure and learning Centre in Boscombe, demonstrating the Council's ability to develop and operate facilities that are both financially robust and strongly aligned to resident demand, ensuring this asset performs effectively for the Council's wider leisure portfolio.

10. A market competitor analysis was completed to assess the need in addition to what had been identified through the Built Facilities Needs Assessment. This analysis can be found in appendix 5 (restricted).
11. Using the Sports England National Moving Communities data platform, engagement in group workout activities at Two Riversmeet sits at 20.86%, almost 10% more participants than the national benchmark of 10.90%.

Options Appraisal

12. Two options were presented to Cabinet, do nothing or take forward the business case with £1.8m capital borrowing.
13. The original business case for the borrowing can be found in appendix 2, however it should be noted that borrowing costs have been updated as per appendix 1 presented at Cabinet.
14. In addition to the two options provided in the 14 January cabinet paper, three additional options were considered in the early feasibility work which are identified as options 3, 4 and 5 in this report.
15. Consideration in the options was not given to building on a new site away from the leisure centre due to the operational costs a standalone centre would bring and the loss of the unique selling point of a community leisure centre.

Option 1 – Do nothing

16. As per Cabinet report 14 January 2026

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

17. As per cabinet report 14 January 2026

Option 3 – Repurposing of the Squash Court

18. Repurposing the existing squash courts was explored as an alternative to building new studios in the early feasibility work. Surveys identified multiple structural and design constraints, including insufficient space and height for M&E requirements, lack of natural light and ventilation, the need to raise the roof, and the presence of a central retaining wall that would require intrusive pillars, reducing usable space.
19. With the major investment into the repurposing the converted space would only support 15–20 participants which was below the required capacity of 40 limiting the financial opportunities for income and unlikely to be able to deal with the class demand
20. Financially the conversion was estimated to cost around £1.1m for a single studio and would simultaneously reduce annual squash related income, including league and tournament revenue.
21. Given the considerable risks, reduced service offer, capacity limitations, and unfavourable cost–benefit position, officers concluded that rep provision is not a viable option.

Option 4 – Creation of a mezzanine level to the Sports Hall

22. Initial feasibility work showed extensive structural modifications would be required, including the construction of a new internal steel structure to form a first-floor studio.
23. Existing foundations were anticipated to be shallow, necessitating new piled foundations within the hall to support the steel structure with concerns identified regarding the stability of the existing glulam beams.
24. To provide access, additional alterations would be required on the first floor level and re configuration would be required for storage and plant impacting on the final size of the studio space delivered.
25. The sports hall would have been out of use for the full duration of the works impacting over £100k of income during the construction.
26. When assessing the income generation, the loss of revenue from one court would need to be factored into the calculation starting in a negative position

Option 5 – Creation of a single-storey extension adjacent to swimming pool

27. This option was quickly discounted, as it did not provide sufficient space for the studios, plant rooms, and storage requirements when calculations were undertaken.

Competitor analysis

28. A Strategic Leisure review of 2RM was independently undertaken by Strategic Leisure Limited and identified the need for a purpose-built studio facility alongside the build needs facilities assessment.
29. The report assessed 'Improved studio(s) are a necessity and will need to be investigated further to remain competitive and offer a complimentary portfolio'
30. A recently updated marketing report for BCP Leisure highlighted 'Without investment in the physical offer, the effectiveness of marketing interventions will remain capped, limiting the ability to drive sustained growth or materially improve the bottom line of BCP Leisure.'
31. Whilst there continues to be a trend of pop up gyms, they do offer dedicated studio space or facility hire with a complete offering of facilities and dedicated classes reaching different cultures and demographics with the opportunity to grow community inclusion.

Opportunity costs

32. The section compares three options, constructing a new two-studio extension, repurposing existing squash courts into a single studio and taking no action.
33. The creation of two new purpose built studios will increase the membership capacity of 2RM giving the opportunity to grow membership levels to a higher level by approximately 16% (approx. 40,000 visits) due to an increased footprint of the centre.
34. Repurposing the squash courts would fit 15–20 participants which would not give the opportunity to grow the membership and class size likely, resulting in duplication of classes and staffing costs and membership value

35. Repurposing the squash courts, while lower cost initially, results in substantial losses in revenue potential, service quality, loss of current income and futureproofing with a risk of future unknown costs from adapting the current building.
36. Doing nothing represents the highest long-term risk, preventing growth and allowing facilities to fall further behind market expectations with Christchurch being the only town with no studios in their public leisure centre.
37. The recommended option of a new build delivers the highest long-term financial return, operational capacity, and strategic benefit to meet both current and future demand.
38. The additional space from two new studios allows for the introduction of new leisure services to benefit the wider community and the introduction of cultural services for residents such as dance and drama through facility hire.
39. Investment in the leisure centre will secure the strongest income contribution to the MTFP, independent of the future management model.
40. A wider piece of work is currently underway with a Leisure Centre transformation across all of the five internally run leisure sites to be presented in a future to Cabinet later in 2026.
41. This paper will look at the maintenance investment with commercial opportunity to offset this along with efficiencies in energy from the investment.
42. 2RM is the only Council owned leisure centre in Christchurch and the only centre without purpose built studio provision highlighting the need for the studio investment to maintain and grow membership allowing for a strong position against competitors.
43. The studios is a new build item whereby the timeline is built around nesting season and planning requirements.

Summary of financial implications

Membership analysis

44. Appendix 2 details the growth in membership numbers comparing actuals with investment and no studios, investment with studios and a no investment scenario.
45. Membership with the studio investment will have the ability to grow beyond the projected income due to an increased footprint of the centre with the studio build. This membership line has a sharp increase from the marketing of the investment moving to a maintain position and a small reduction after year 14. A sinking fund would mitigate any further levelling off and potential continue the maintain position.
46. The graph details investment within the centre without any new studios which will begin with growth and then level in line with maximum centre capacity without additional infrastructure.
47. The final line shows a levelling off without growth leading to an eventual decline in membership if no investment is made and no studios are built as the site which will mean 2RM no longer remain competitive within the market.

48. The UK Health & Fitness market report 2025 looks at engaging the next generation of fitness consumers. Health, fitness and wellbeing is seen as a non-negotiable for younger generations. Motivations for fitness are evolving beyond physical health to encompass social connection and mental well-being, particularly among Gen Z. Operators can capitalise on this market opportunity by creating engaging social spaces that go beyond fitness, building a sense of community and offering experiences that align with consumer priorities
49. Membership income relates to half of the projected additional income. The rest is through facility hire, pay as you go, party hire and secondary spend.
50. Sport England's 2025 economic analysis confirms that every £1 invested in physical activity generates £4.20 in economic and social value, demonstrating strong financial return for public-sector investment in activity spaces such as fitness studios.
51. Assumptions are based on national leisure trends, current membership levels and customer insights at 2RM and professional experience and judgement.

Financial sensitivity analysis

52. Appendix 1 details the capital investment and income generation based on 5.88% PWLB interest on borrowing as attached to the Cabinet report. This was based on full year equivalent income and expenditure assuming optimum membership take up, with a sinking fund starting from the beginning.
53. Further sensitivity analysis has been carried out, and this is summarised in Appendix 3 (restricted).
54. The estimated build costs of £1.8m including a contingency of 10% has been priced through the internal works team who would undertake the build giving comfort in the estimated figures provided. Three sensitivity analysis scenarios have been carried out assuming the project is delivered on budget, with 5% overspend and 5% underspend variability.
55. A sinking fund of £10,000 per annum has now been profiled from 2028/29 (year 3), this is sufficient to provide an additional comfort of £227k across the 20 year repayment period to ensure major repairs are sustainable for the studios to remain of a high quality to retain the increased membership levels, and it provides a modest additional financial leeway at the beginning of the project.
56. Income generation sensitivity analysis has been carried out for 6 different scenarios. Three scenarios using the BCP low risk interest rate of 5.5% for borrowing and the same three scenarios using the PWLB prevailing interest rate of 5.88%.
57. The three scenarios for each interest rates variance are based on optimum membership increase of 260 (18%), minimum membership increase required to break even of 217 (15%) and a low membership increase of 144 (10%).
58. Income in 2026/27 has been assumed at 60% due to part year opening.
59. Cost of borrowing begins one year after expenditure is incurred which is in 2027/28 for this project and is calculated on a maturity basis (fixed amount over the life of the project).

- 60. Inflation for increased income and expenditure is assumed at 2% throughout the 20 years.
- 61. Membership increase is assumed immediately tailoring down gradually from year 12 to reach 90% in year 16 of the project.
- 62. The financial analysis shows that the project can sustain the higher prevailing interest rate of 5.88% and a budget overspend of 5% only with an optimum membership increase of 18% generating a surplus of £880,000 over the 20 years
- 63. A membership increase of 15% would break even if expenditure is on budget (surplus between £62,000 and £197,000), if expenditure is 5% underspent (surplus between £255,000 and £384,000), or if 5% overspent at the lower interest rate of 5.5% with a net surplus over the 20 year period £10,000.
- 64. A membership increase of 10% is not viable in any scenario, the additional income would be less than the cost of borrowing with a net deficit between £1.3 million and £1.8 million.
- 65. The best case scenario of lower interest rates, budget underspend of 5% and optimum increase in membership could generate a £1.4 million surplus over the 20 year period.
- 66. The worst case scenario of higher interest rates, budget overspend of 5% and lower membership increase of 10 % could result in a £1.8 million deficit over the 20 year period.

Summary of legal implications

- 67. 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.
- 68. 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

- 69. 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
- 70. Staffing requirements for classes are on a timetable basis with a mixture of casual and contracted staff undertaking these.

Summary of sustainability impact

- 71. The planning application will consider biodiversity and flooding with detailed risks assessments submitted as part of the application.

72. The proposed timeline takes into account environmental factors such as nesting season between March and August.
73. During construction phase best practice measures will be incorporated to sort and reuse materials generated by the demolition of the existing buildings/hardstanding and where practicable new materials will be sourced locally.
74. 2RM has a Building Management System (BMS) which continuously optimises the operation of the photovoltaic panels (PV), Air Handling Units (AHUs), Air Source Heat Pumps (ASHPs), and boilers to ensure they are running at peak efficiency. The proposed studio would integrate with the existing BMS infrastructure, allowing it to be monitored, controlled, and optimised in exactly the same way as the current building system.
75. 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

76. Taking forward the business case option 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 delivery for community needs.
77. 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 memberships.
78. A 2025 Moving Communities study showed that activity delivered in public leisure centres prevented over 28,000 costly health conditions in one year and saved the NHS £398 million. Activities such as yoga, low-impact aerobics, and group exercise classes, were highlighted as especially impactful for older adults and underserved groups

Summary of equality implications

79. An EIA conversation has been undertaken and reviewed by the Equality team.
80. Additional timetabling will allow for 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

81. The overarching project risk assessment can be found in appendix 5.
82. The Cabinet paper from 14 January provides a summary of some of these risks.
83. The below table shows the governance structure to support the risk mitigation of the project and report on the risk and decision logs.

2RM Studio Project Governance



Background papers

Cabinet paper 14 January 2026 ([Public Pack](#)) [Agenda Document for Cabinet, 14/01/2026 10:15](#)

Appendices

Appendix 1 – Financial projections

Appendix 2 – Membership growth (restricted)

Appendix 3 – Financial sensitivity analysis (restricted)

Appendix 4 – Original business case

Appendix 5 – Project risk assessment (restricted)

Appendix 6 – Original cabinet report

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Full Business Case

Two Riversmeet Leisure Complex, Leisure Services.

Project Name	2RM Studio Development
SRO	Amanda Barrie, Director of Commercial Operations
PPM Officer	Linda Dunkley, Contract and Compliance Manager
Lead Officers	Simone Hudspith, Business Development Team Leader, 2RM Dan Stone, Leisure Partnership & Development Manager Helen Wildman – Head of Leisure & Events

Project Overview

PROJECT IMAGES



To request £1.8m funding for a two-story facility extension at Two Riversmeet Leisure Centre (2RM) creating two brand new multi-use studios.

2RM is one of ten BCP Council owned leisure centres and the only one located in Christchurch. 2RM is also the only leisure centre that has no purpose-built studio facilities. 2RM is a multi-regional and national award-winning facility which is performing in the higher quartile against national competitors.

Due to having no purpose-built studio facilities the existing exercise class provision is restricted to using the sports hall and squash courts.

The recently completed 'Built Facilities Review' (copy attached), commissioned to identify needs, gaps and opportunities for sports provision across the BCP Council conurbation, identified 2RM as a key strategic leisure asset. Further, it advised that Christchurch required additional studio provision to meet the needs of residents.

The "Strategic Leisure Review of Two Riversmeet Complex" (copy attached), independently undertaken by Strategic Leisure Limited, identifies a need for a purpose-built studio facility. "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. This review confirms that this is a key 'weaknesses of the centre "Lack of dedicated studio space and specific facilities for children". (page 19, section 1.4.d).

Studio Dimensions and Capacity:

Studio 1: 150m²

Studio 2: 150m²

The capacity of each studio is dependent on activity but the average capacity for group exercise would be 30 – 40 participants per session.

Proposed Location:

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



Strategic Alignment

This project will provide, enable and support the community with a wide range of valuable services.

The services will prioritise physical health, mental health, rehabilitation, early intervention, child and adult education, special educational needs, accessible needs, inclusivity and culture focused services.

The investment will generate additional revenue therefore improving the net financial position of the service meeting the years 2,3 and 4 objectives set out in the Medium Term Financial Plan (MTFP).

The project aligns with the strategic vision and ambitions of the authority, most noticeably with the following delivery outputs:

- Our Place and Environment – Vibrant places where people and nature flourish, with a thriving economy in healthy, natural environment.

Our communities have pride in our streets, neighbourhoods and public spaces

- Our People and Communities – Everyone leads a fulfilled life, maximising opportunity for all.

High quality of life for all, where people can be active, healthy and independent
Those who need support receive it when and where they need it
Skills are continuously developed, and people can access lifelong learning

- We are an open, transparent and accountable Council, putting our people at the heart of our services.

Working closely with partners, removing barriers and empowering others
Providing accessible and inclusive services, showing care in our approach
Intervening as early as possible to improve outcomes
Developing a passionate, proud, valued and diverse workforce
Creating an environment for innovation, learning and leadership
Using our resources sustainably to support our ambitions

Assessments, Agreements & Protocols	
Item	Completed
Equality Impact Assessment (EIA) – will be undertaken prior to submission to cabinet.	☒
Decision Impact Assessment (DIA) – will be undertaken prior to submission to cabinet.	☐
Data Protection Impact Assessment (DPIA) – N/A	☐
Personal Information Sharing Agreement (PISA) – N/A	☐
Internal Sharing Protocol (ISP) – N/A	☐
Other	☐

Option 0 – Do Nothing	
Description	Studio project not progressed.
In Scope	• NA
Out of Scope	• NA
Deliverables	• NA
Benefits	• No additional financial borrowing undertaken
Disbenefits	• No opportunity to increase annual revenue and meet future MTFP requirements. • No opportunity to regain use of sports hall for wider community benefit. • Less accessible space and inability to cater for sessions such as culture focused arts/dance, weight management, mental health/addiction support and recovery, sensory, SEND, children's services-short breaks, adult skills and learning and LiveWell Dorset health clinics. • No opportunity to reduce the pressure on NHS services by enhancing the existing GP Referral service with additional provision of the cardiac rehabilitation, cancer recovery, chronic back pain, menopause, arthritis/diabetes management, COPD rehabilitation and depression/anxiety support classes.

	• No opportunity to increase footfall and decrease inactivity levels. • No opportunity to increase social value. • No opportunity to compete with local franchise gyms
Risks / Issues	• Serious risk of not meeting MTFP and achieving reduction of financial pressure on service and authority.
Resources	• Significant resource would be required to develop multiple strategies to match the generation of potential income as the studio build. This would include the creation of additional feasibility studies, financial business cases (finance) and authorisations from Head of Service, Service Director, accountancy and ICT. As with this study, any future proposals would also follow the same authorisation process as this case.
Duration	• Indefinitely until we reach the financial pressures under the MTFP.
Summary Costs	• Dependent on acceptance / rejections of future proposals.

Option 1 – Proceed with Build

Description	Build two studios that compliment the existing building structure using a team of dedicated professionals. The team will be sensitive to the project's aims and objectives and will make a significant contribution to the design of the building through their understanding of the services that will run, the community's needs, their preferences, priorities and habits. The team will secure a better and more sustainable design and foster a sense of civic pride and a sense of identity for the participants and for the community as a whole.
In Scope	The chosen contractor/s will deliver all works associated with the creation of two additional studio spaces at 2RM based on the revised 'Option 4' location as shown on Architectural dwg.005 Rev A 'Option 4: Extension' as provided by BCP Council. Enabling works • Mechanical works (heating, ventilation, domestic water and drainage) • Electrical works (lighting, small power and data, fire and security, distribution, containment and mains power, sound system / PA works, Power Supplies for Mechanical Plant) • Builders works Budget Considerations • Areas of the business that will be positively impacted by generation of increased revenue i.e secondary income from vending Consideration of the following additional factors:

	• Can the internal and external spaces be used in a number of ways for different user groups and needs? • Can the spaces be changed temporarily (e.g. with movable walls)? • Is there potential to change spaces/uses quite easily in the future? • Has the refurbishment made it possible to support a broader spectrum of user groups? • Can people enter and move around easily? • Are there any physical barriers to those with mobility limitations, with physical or learning differences, with buggies and small children? • Has the refurbishment made it possible for people who had not previously been able to access the building to use it? • Is the building easy to manage? • Is there adequate storage? • Is the internal climate easily controlled and changed? • Is the building easy to maintain e.g. easy to clean, handling daily wear and tear.
Out of Scope	• Current business operations / existing services which will not be impacted by the build. • Additional fitness equipment that may be required to furnish the studios.
Deliverables	• As stated above in 'scope'.
Benefits	• The investment will generate c40% (£49k) additional net revenue per annum therefore improving the net financial position of the service meeting the objectives set out in the MTFP. The multi-use studios will provide increased financial value by accommodating additional commercial services including group exercise, martial arts, dance, gymnastics, birthday parties and professional meeting/education space. • This investment will free up valuable sports hall and squash court hire availability enabling the service to meet increased local demand and increase revenue in these spaces. • The new facilities will meet the needs of the wider community by providing affordable accessible space to cater for sessions but not limited to, such as culture focused arts/dance, weight management, mental health/addiction support and recovery, age concern, sensory, SEND, children's services-short breaks, adult skills and learning and LiveWell Dorset health clinics. • The existing GP Referral service will be enhanced with additional provision of the cardiac rehabilitation, cancer recovery, chronic back pain, menopause, arthritis/diabetes management, COPD rehabilitation and depression/anxiety support classes. The provision of these services inevitably removes a great deal of pressure from the NHS.

	• Increased footfall: The services will cater for all demographics and the estimated annual footfall will increase from 600,000 to 900,000 per annum. • Social value measures the positive value businesses create for the economy, communities, and society. The total social value for 2RM for 23/24 was £1,029.161. This represents the total monetary social value generated by 2RM over the last 12 months. The increase in services and accessibility will certainly generate a far higher social value should it proceed. • No detrimental effect on current operations is anticipated.
Disbenefits	• Obligated to loan repayments
Risks / Issues	Whilst feasibility studies indicate low risk of build, the pre-planning application will include: • A Biodiversity Survey on existing biodiversity interest and possible impacts. This information might form part of an Environmental Statement, where one is necessary. • Risk Assessment which identifies opportunities to reduce the probability and consequences of flooding. For applications located in Flood Zone 2 and 3 the sequential test should be applied. Mobilisation Risks: • A total of 41 build related risks are detailed and mitigated in the feasibility report provided.
Resources	• Free consultation with Les Mills a global leader in group fitness and creator of over 25 programs available in leading fitness facilities around the world (part of benefits package with existing partner) • Architect / Project Manager from within BCP (1 month) • Project Manager for duration of project • Procurement Team for completion of PDRs for various elements of project (1 month) • 2RM Business Development Team Leader for guidance on services to be delivered (3 months) • 2RM Senior Duty Officer (Operations) for consultation on best practice with regards to operations of the facility. • 2RM Senior Duty Officer (Customer Experience) for consultation on configuration of CRM tool and maximisation of customer enjoyment of facility. • 2RM Admin team, to ensure facility bookings are secured prior to build completion to maximise revenue as soon as possible • Marketing Team to promote new facility to the community.

	- Leisure Partnership Officer, to ensure increase in social value is quantified and reported. - Senior Leisure Development Officer, to assist on project delivery and promote the facility to community sports clubs and groups.																																		
Duration	18 months																																		
Summary Costs	<table> <tr> <td colspan="2">Key Financials - over 20 years</td></tr> <tr> <td></td><td>£k</td></tr> <tr> <td>Capital Outlay</td><td>1,778.9</td></tr> <tr> <td>Financial Viability</td><td>£k</td></tr> <tr> <td>Net rental income over 20 years</td><td>(6,641.4)</td></tr> <tr> <td>Net operational expenses over 20 years</td><td>252.5</td></tr> <tr> <td>Borrowing Requirement (repaid over asset useful life)</td><td>1,778.9</td></tr> <tr> <td>Interest cost of borrowing (@ 5.5% over 20 years)</td><td>2,134.7</td></tr> <tr> <td>Net 20 year surplus</td><td>(2,475.4)</td></tr> <tr> <td colspan="2">Projected Cashflow Summary</td></tr> <tr> <td></td><td>£k</td></tr> <tr> <td>Net surplus over 3 year MTFP (2022/23 to 2024/25)</td><td>(171.8)</td></tr> <tr> <td>Net surplus years 4 - 10 (2025/26 to 2032/33)</td><td>(628.4)</td></tr> <tr> <td>Net cost to BCP for years 11 - 20 (2034/35 to 2043/44)</td><td>(1,675.1)</td></tr> <tr> <td>Net 20 year surplus (including Risk Premium)</td><td>(2,475.4)</td></tr> <tr> <td>Risk Premium (difference between Invest to Save rate 5.5% and PWLB)</td><td>699.7</td></tr> <tr> <td>Net 20 year surplus - without additional Invest to Save risk</td><td>(3,175.1)</td></tr> </table>	Key Financials - over 20 years			£k	Capital Outlay	1,778.9	Financial Viability	£k	Net rental income over 20 years	(6,641.4)	Net operational expenses over 20 years	252.5	Borrowing Requirement (repaid over asset useful life)	1,778.9	Interest cost of borrowing (@ 5.5% over 20 years)	2,134.7	Net 20 year surplus	(2,475.4)	Projected Cashflow Summary			£k	Net surplus over 3 year MTFP (2022/23 to 2024/25)	(171.8)	Net surplus years 4 - 10 (2025/26 to 2032/33)	(628.4)	Net cost to BCP for years 11 - 20 (2034/35 to 2043/44)	(1,675.1)	Net 20 year surplus (including Risk Premium)	(2,475.4)	Risk Premium (difference between Invest to Save rate 5.5% and PWLB)	699.7	Net 20 year surplus - without additional Invest to Save risk	(3,175.1)
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Project Governance Structure

Project Board	☒
Steering Group	☒

Financial Analysis - Indicative

	Description	2024/25	2025/26	2026/27	Total Capital Outlay over 20 years
		£000s	£000s	£000s	
Equipment	Features and Fittings	3,270	26,160	3,270	32,700
Staff	Project Management Fees	43,600	5,450	5,450	54,500
Construction Costs	Includes electrical services eg lighting, heating, air con and spund system. Includes demolition, alterations, foundations including excavations, frame and upper floors, roof, external walls, external doors and windows, internal walls, internal doors, wall finishes, floor finishes, ceiling finishes, mechanical works, electrical works, drainage and external works.	508,859	636,073	127,215	1,272,147
Fees	Allowance for fees (12%)	62,166	77,707	15,541	155,414
Consultancy Costs	Consultancy costs (7%)	53,430	35,620		89,051
Sub-total		671,325	781,011	151,476	1,603,812
Contingency @ 10%		52,520	61,273	61,273	175,066
Build Total		723,845	842,284	212,749	1,778,878

Recommendation

It is a recommendation to proceed with option 2, the build of two new studios.

Funding Source

Wherever possible, funding will be sourced from Strategic CIL. Thereafter, any shortfall will be acquired via Prudential borrowing.

Ongoing Impact

No detrimental impact to current operations is anticipated.

Milestones

Milestones		Month / Year	
Key Milestones	Start Date	End Date	
House sparrows - nesting period - no site clearance	Apr-25	Aug-25	
Funding request	Aug-25	Sep-25	
Procurement - to appoint consultants	Oct-25	Oct-25	
Appoint consultant	Nov-25	Nov-25	
Design Process	Dec-25	Jan-26	
Planning submission	Feb-26	Apr-26	
Carry out reports and surveys	Mar-26	Apr-26	
Production of building regulation and tender package	Apr-26	May-26	
Building regulations approval	Jun-26	Jun-26	
Procurement - tender process for main Contractor	Jun-26	Jul-26	
Appoint Building Contractor	Aug-26	Aug-26	
Mobilization	Sep-26	Sep-26	
Site clearance	Sep-26	Sep-26	
Building works on site - approx 6 months	Oct-26	Mar-27	
Snagging and Practical completion	Apr-27	Apr-27	

Approval Process

1.	Capital Briefing Board
2.	Pre-planning Application
3.	Overview and Scrutiny Board
4.	Cabinet Approval
5.	Planning Permission

Supporting Documentation

- Financial Business Case, created with assistance from Madeleine Horne and Acquilia Mudzingwa.
- M&E Feasibility and Budgeting Cost Report Prepared by Worldwide Limited
- Built Facilities Review
- Strategic Leisure Review

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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	It is RECOMMENDED that Cabinet recommends to Council to: 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. It is RECOMMENDED that Audit and Governance Committee recommend to Council: 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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AUDIT AND GOVERNANCE COMMITTEE



Report subject	Risk Management Policy
Meeting date	26 February 2026
Status	Public Report
Executive summary	This report introduces the council's new Risk Management Policy. The purpose of the review of the existing policy was to refresh and strengthen the council's framework for the identification, measurement, management, monitoring and reporting on risk. Whilst the policy principles have not been subject to significant change, in order to reflect the aspiration to continue to develop the risk management discipline, the new policy includes the plan to implement Enterprise Risk Management. The new policy sets out how risks will be reported including future reporting to this Committee. The new policy is included at Appendix 1.
Recommendations	It is RECOMMENDED that: Members of the Audit and Governance Committee: 1. Note and support the new policy as included as Appendix 1 - BCP Risk Management Policy as part of the continuing development of risk management at the council. 2. Support the proposed approach to adjust and refine the policy over the next 12 months with regular updates to this Committee on changes and further developments. 3. Note the reporting of risk to the Committee proposed in paragraphs 15 and 16.
Reason for recommendations	To provide assurance that 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.
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. This Risk Management Policy has remained in force but as part of the continuing development of risk management at the council, a review and update of this policy has been undertaken.

Risk Management Policy Development

5. Members will recall from the previous updates that the Risk Management Policy has been under review with earlier drafts being provided to the Committee.
6. The purpose of the review was to refresh and strengthen the council's framework for the identification, measurement, management, monitoring and reporting on risk. Over the past two months progress has been made in developing the policy attached at Appendix 1.
7. 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).
8. Whilst the policy principles have not been subject to significant change, in order to reflect the aspiration to continue to develop, the new policy includes the plan to implement Enterprise Risk Management. This is a top-down, structured approach that seeks to integrate risk management into all levels of the council. It aims to

provide a holistic view of risks and builds on the alignment to the council's Strategy and objectives.

9. As part of this development, the policy introduces a new risk level of Enterprise Risks. These sit at the top of the risk framework and all lower level risk will be aligned to one or more of the Enterprise Risks. The diagram below shows how the various levels of risk are structured at the council.



10. The Corporate Management Board (CMB) has initially identified 11 Enterprise level risks. Each of these risks will be owned by a member of CMB who will be responsible for the on-going management of the risk. This will include oversight of the lower level risks aligned to the Enterprise risk.
11. In relation to risk appetite and risk tolerance, the new policy provides a position but is not prescriptive. Consideration will be given over the next 12 months of the need to agree a risk appetite statement for each of the Enterprise Risks to support risk measurement and in turn decision making.
12. As this is a new approach it will take some time to fully implement and it is recognised that the policy, the Enterprise risks, the risk appetite and other areas may need adjustment or refinement over the next 12 months. CMB will approve any adjustments and these will be brought to the attention of this Committee as part of the usual regular risk reporting process.
13. Members will be aware a Risk App has been in development to assist in the capture of risk registers in one place, to provide risk reports and to support risk monitoring. Significant progress has been made in entering all Director level risk registers onto the system and moving to development phase 2 – Reporting and Dashboard functionality. This software will need some re-design to align with the new policy and to support the new Enterprise Risk approach.
14. The Risk and Insurance Team will continue to be integral to the implementation of this new arrangement and the progress in terms of adoption will be influenced by the resources available.

Risk Reporting

15. The new policy sets out how risks will be reported. It is intended that Enterprise level 0 and Corporate level 1 risks will be reported in summary to Audit and Governance Committee quarterly. Annually by rotation each Enterprise Level Risk owner/lead will provide a detailed verbal update to the Audit and Governance Committee on the Enterprise level risk. Key Assurance Risk Registers and Director Level risk information will inform Enterprise and Corporate level risk updates and be reported routinely to the Corporate Management Board.
16. In view of the timing of this report and the risk review cycle, the report prepared for March 2026 will be on the existing basis.

Recommendations

17. Note and support the new policy as included as Appendix 1 - BCP Risk Management Policy as part of the continuing development of risk management at the council.
18. Support the proposed approach to adjust and refine the policy over the next 12 months with regular updates to this Committee on changes and further developments.
19. Note the reporting of risk to the Committee proposed in paragraphs 15 and 19.

Summary of financial implications

20. Financial implications relevant to risks are detailed within the relevant risk registers.

Summary of legal implications

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

Summary of human resources implications

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

Summary of sustainability impact

23. There are no direct sustainability implications from this report.

Summary of public health implications

24. There are no direct Public Health implications from this report.

Summary of equality implications

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

Summary of risk assessment

26. 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 January 2026

Appendices

Appendix 1 – Risk Management Policy

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BCP Council Risk Management Policy

Date February 2026

Insurance & Risk Management

Author: Insurance & Risk Manager
Version: V2
Review Date: January 2027



1. Purpose Statement

- 1.1 HM Treasury's Orange Book – Management of Risk – Principles and Concepts 2019 gives the following definitions for risk and risk management:

Risk is the effect of uncertainty on objectives. Risk is usually expressed in terms of causes, potential events, and their consequences.

Risk Management is the co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation. Risk is an inevitable part of everyday business and cannot be eliminated, but it can be managed.

- 1.2 Essentially, Enterprise Risk Management (ERM) supports the organisation by providing a system and process to manage the risks consistently across all levels of the organisation. There are clear benefits to instigating a system of risk management as well as regulatory requirements. The council is committed to ensuring that awareness and consideration of risk is an integral part of everyday management across the council in order to realise the following benefits:
- Inform strategic and operational decision-making
 - Give clear lines of sight on the risks facing all levels of the council and total exposures
 - Help safeguard all persons to whom the council has a duty of care
 - Enhance stakeholder value by minimising losses and maximising opportunities
 - Enable not just backward-looking review, but forward-looking thinking
 - Contribute towards social value and sustainable development
 - Reduce unexpected and costly surprises
 - Minimise our vulnerability to fraud and corruption
 - Ensure minimal service disruption
 - Ensure statutory compliance
 - Minimise levels of inspection and regulation
 - Better target resources including focusing scarce resources on essential high risk activity
 - Reduce financial costs due to, for example: service disruption, litigation, insurance premiums and claims, and bad investment decisions
 - Support the delivery of creative and innovative projects
 - As a result of the above, protect our reputation.
- 1.3 Apart from these clear benefits, there are regulatory drivers for risk management. As a result of several high profile corporate failures in the 1990s, organisations have for many years been expected to ensure good corporate governance arrangements including robust risk management and internal control. The council's published Annual Governance Statement includes consideration of how effective and embedded the council's risk management arrangements are. The current legislation/regulation and guidance principally operating in this area is:
- UK Corporate Governance Code: which sets out requirements relating to board responsibility for risk management and internal control;
 - Accounts and Audit Regulations : which explains the statutory responsibility for a sound system of internal control including effective arrangements for the management of risk.

2. Who the policy applies to

- 2.1 All colleagues and councillors.

3. This policy replaces

- 3.1 The BCP Council Risk Management Policy dated 1 April 2019.

4. Approval process

- 4.1 This policy is approved and implemented by the Corporate Management Board.
- 4.2 The Audit and Governance Committee note the policy as part of its role ensuring the adequacy of governance arrangements in place.

5. Links to Council Strategies

- 5.1 This policy supports BCP Council's Corporate Strategy, specifically Our Vision and Ambitions 'Using data, insights and feedback to share services and solutions' and 'Using our resources sustainability to support our ambitions'.

6. The Policy

6.1 Introduction

This policy provides a structured and cohesive approach to the identification, assessment and management of risk. It builds on and replaces the BCP Council Risk Management Policy dated 1 April 2019. By continued development and implementation of this Enterprise Risk Management policy, the risk maturity of the council will be reflected in a more proactive culture supporting the visibility of risk and its cost-effective management on an enterprise-wide basis.

6.2 Risk Management Vision, Mission, Goals and Objectives

Vision:

Effective ERM forms a key part of ensuring the council delivers its ambitions. Reflecting on the complex environment in which the council operates it is important to understand the risks faced in delivering its priorities. Being risk aware and have robust arrangements in place in terms of risk management is intended to support the council's Corporate Strategy and associated objectives.

Mission:

Create a comprehensive approach to anticipate, identify, prioritize, manage and monitor the portfolio of risks impacting our organisation. Put in place the policies, common processes, competencies, accountabilities and reporting mechanisms to execute that approach successfully.

Goals and Objectives:

- Ensure risk management roles and responsibilities are known and understood
- To assist in setting strategy, achieving objectives and making informed decisions
- Integrate risk management with corporate and director level planning
- Develop a common understanding of risk across multiple functions and areas to support the visibility of risk and its cost-effective management on an enterprise-wide basis
- Identify, analyse and cost-effectively manage risk where possible, or enable senior managers and councillors to be aware of the acceptance of risk where not
- Report risk management information to senior managers and the Audit and Governance Committee
- Support efficient use of resources and value for money
- Ensure appropriate ownership of and accountability for risks
- Help focus internal audit annual planning
- Reduce the number of shocks and unwelcome surprises
- Maximise our capability to comply with legislation and regulation

6.3 Risk Governance:

Cabinet and Corporate Management Board (CMB) set the tone from the top, including providing direction to management by setting the organisation's risk appetite and risk tolerance. This enables the pursuit of objectives to take place within a context where the level of acceptable risk-seeking is known and where the level of risk is monitored and understood.

Managers at various levels within the organisation have risk management responsibilities. Directors and management provide leadership and direction to employees and reinforce expectations at the various levels of the organisation.

To ensure the effectiveness of the organisation's risk management framework, Cabinet, CMB and senior management need to be able to rely on organisational functions – including monitoring and assurance functions. The council endorses the 'Three Lines of Defence' model as a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

1. First line of defence – functions that own and manage risk
2. Second line of defence – functions that oversee or specialise in various aspects of risk management, compliance etc
3. Third line of defence – functions that provide independent assurance, above all internal audit.

The following diagram further illustrates this model:

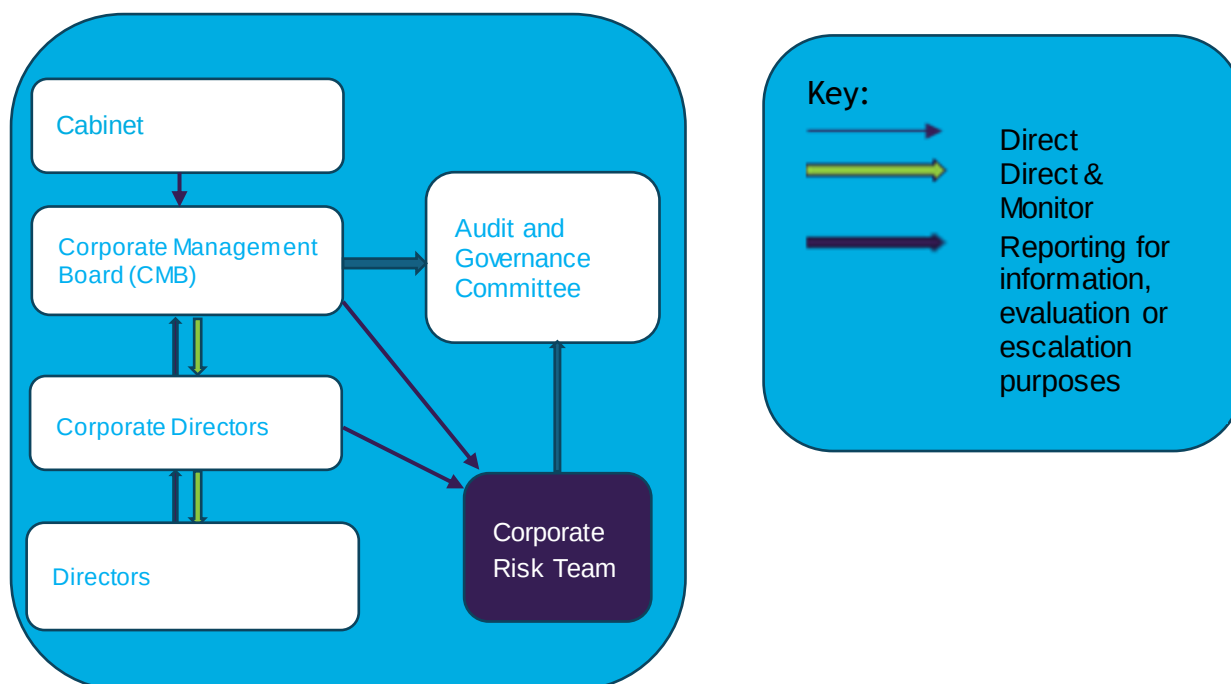


To support risk governance, risks should be managed in the Risk App to ensure appropriate corporate governance oversight and assurance. This is being implemented on a phased basis.

The council's risk architecture ensures effective and transparent reporting of risk across the council with Directors completing quarterly reviews of risks. Similarly, Corporate level risks are reviewed and reported on quarterly with oversight from the Audit and Governance Committee who receive summary reports.

6.4 Risk Architecture:

An organisation's risk architecture is made up of the risk management roles, responsibilities, communication and risk reporting structure adopted by the council. The council's risk architecture is illustrated in the graphic below taken together with the description of the risk register hierarchy which follows and the roles and responsibilities set out in section 8. of this policy.



6.5 Risk Register Hierarchy at BCP Council:

The ERM risk architecture introduces a new level of Enterprise Risks. **All risks identified within the organisation will be aligned under one or more of these Enterprise Risks.** This encourages the organisation to structure risk and provide a comprehensive understanding of the risk exposure throughout the organisation and support the members and officers in the decision making process.

The ERM process encourages the consideration of both internal and external risk environments. It is a collective responsibility across all levels of the organisation and seeks to link risk to the organisations Corporate Strategy and associated objectives.

The ERM risk architecture currently introduces 11 Enterprise Risks. These are identified later in this policy. Each ERM risk will be owned by a Corporate Director or member of CMB.

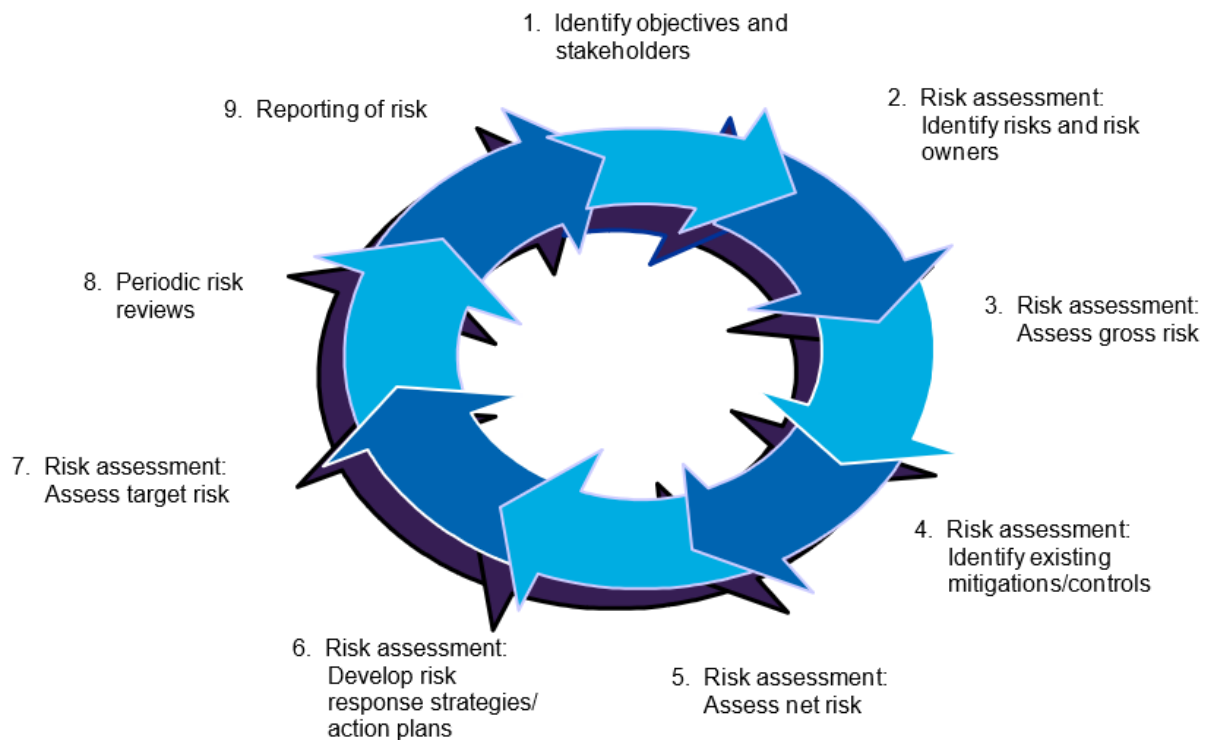
Risk information is captured within a number of risk registers in the organisation. Each and every individual risk will be linked to an Enterprise Risk. The illustration below shows how the various levels of risk registers are structured in the council. Other risk registers exist such as the Community Risk Register but these are outside of this policy framework.

Lower level risk information influences the production of the Corporate Risk Register and highlights areas for concern to the Corporate Directors/CMB. Since risk information flows in both directions, information from the Corporate Risk Register also influences risk management at lower levels of the organisation.



6.6 Risk Management Cycle:

This represents a series of activities carried out in a cyclical manner, ensuring risks are identified, evaluated, managed, reported and monitored on a regular basis as outlined in the diagram below. Full details of the process and tools will be provided in the Risk Management Procedures Guidance which is being developed, with the main elements summarised in the points below.



6.7 Risk Identification:

The RM Policy aims to ensure that the risks facing the council are managed effectively. Risks to the council can take various forms including:

- a. failure to deliver council services;
- b. risks in relation to partnerships, for example: partnership/authority interests not balanced, status of partnership employees not clear, lack of exit strategy, lack of performance indicators;
- c. risk to the health, safety and welfare of staff and public;
- d. risk of fraud, corruption or inefficient use of public funds;
- e. risk of physical damage to and loss of public property;
- f. risk to the council's reputation and public confidence;
- g. risk to environmental quality and sustainability;
- h. risk to the economic well-being of the council and local economy; and
- i. risk of not taking opportunities as they arise.

Enterprise level risks are identified with the collaboration of the CMB and other senior management and aligned with the council's priorities. This supports the long term strategic planning and successful day to day service delivery through an effective governance structure.

Corporate and Director level risks for all areas can be identified through risk identification workshops within each area as well as through the monitoring of changes in the operating environment, changes in corporate priorities, objectives, strategic policy decisions and changes in Director level service plans, together with horizon scanning for emerging situations.

Enterprise Risk management should be integrated into all relevant management processes. It seeks to work with and support the management processes and not add a layer of bureaucracy.

6.8 Measurement of Risk:

The council approach is for all risks to be assessed in terms of the impact and likelihood on a 4 x 4 matrix. Consequently, the maximum score which can be assigned to any risk is 16.

In order to ensure consistent application across the council, only the criteria for risk scores given in Appendix 1 should be used.

In order to assess the effectiveness of risk management or mitigation strategies, risk is initially scored before considering the operation of the council's mitigation - the 'gross risk score'.

The gross risk is then reassessed taking into account the mitigation measures in place which may reduce the likelihood and/or impact risk score for risks to arrive at the 'net risk score'.

Where the score after these measures is still at an unacceptable level, additional actions may be required in order to further manage the level of risk. Risks remaining at an unacceptable level should be escalated through the appropriate management structure.

6.9 Risk Appetite and Tolerance:

The Institute of Risk Management in its Risk Appetite & Tolerance Guidance Paper (2011) defines both risk appetite and risk tolerance.

Risk appetite: the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives.

Risk tolerance: the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long term objectives.

It is logical that the council may accept higher levels of risk in order to deliver objectives connected to our corporate priorities. Higher levels of risk will only be acceptable if there is a comprehensive

understanding of the exposures involved, potential benefits arising and subject to appropriate control and approval arrangements.

The council recognises that the pursuit of objectives and corporate priorities is not without risk and will not be afraid to take considered risks to learn and develop. A risk appetite that is defined in too rigid terms can hinder innovation. Appropriate risk-taking, underpinned by sound risk management, will support the council to deliver its objectives. The council is not unduly risk averse and will take a balanced view on risks as they are identified.

It is not realistic, with the diverse range of services, to have one definitive application of risk appetite across the entire organisation. The level of risk appetite may shift and will continue to be assessed dynamically depending on the timing, financial position and economic or political direction. For example, the council currently has a low risk appetite for financial risk but may consider a higher level of risk in other areas provided it is fully understood.

However, as a general rule, the council:

- Will not tolerate taking risks which would result in harm to our service users, residents or employees;
- Will not tolerate risks which would result in breach of laws or regulations;
- Will not tolerate risks which would result in an unacceptable impact on the council's financial position;
- Has a low tolerance for risks which would result in a long-term negative impact on our Reputation
- Requires that any risks above the council's risk tolerance, will need robust closely monitored mitigation plans and be routinely reviewed by CMB.

Once risk impact and likelihood definitions were established it was possible to map risk appetite and risk tolerance boundary lines onto the council's 4 x 4 risk scoring matrix (see below). Any risks with scores in the green area are considered 'comfortable', any risks falling within the amber area are considered 'manageable' and any risks falling within the red area are outside tolerance. All risks should be monitored on a quarterly basis and amber and red risks should be controlled or managed-down as much as cost-effectively possible. Section 6.8, Risk Framework Including Escalation/De-escalation of Risk, and Section 8/Appendix 2, Roles and Responsibilities sets out how these risks should be escalated if appropriate.

Appendix 1 provides the impact and likelihood definitions which support the following risk matrix.

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			

Risk appetite
line

Risk tolerance
line

6.10 Enterprise Risk Management Framework Including Escalation/De-escalation of Risks and Risk Registers:

The ERM framework brings together risks at varying levels in the organisation. It provides clear separation between those risks at corporate/strategic level that are overseen by CMB and those at service or tactical level that are managed by Directors.

The levels of risk is further described below:

Enterprise Risks – Level 0

The Enterprise risk level provides a framework to which all subsequent risk levels are linked. The linking of these risks provides an indication of the total impact of the risks across the organisation and will assist in informing decision making at a corporate level.

The council has identified the following current Enterprise level risks. These may be subject to refinement, addition or deletion. This forms part of the risk management process and as part of the on-going management of risk these remain dynamic.

Enterprise Risk	Risk Description
Service Delivery – Disruption or Deterioration	Disruption or deterioration in the day to day service provision or activities of the council
Commercial / Contractual arrangements	Risks arising from weaknesses in the management of partnerships, supply chain or other contractual arrangements
Financial – stability and resilience	Ability to maintain a balanced budget for the delivery of services
People	Failure to have in place suitable talent attraction, retention and succession planning, staff wellbeing and support
Health & Safety arrangements	Risks associated with a failure to deliver effective Health and Safety arrangements
Technology	Risks arising from technology not delivering expected services due to inadequate or deficient system or process development or inadequate resilience. Risks associated with the use of AI
Environmental and Property	Risk arising from environmental impacts including climate change. Risk arising from the ownership and management of a wide portfolio of assets including ineffective or insufficient safety management
Failure of governance including regulatory	These are risks arising from failing to comply with legal, regulatory or statutory obligations. This would include but not be limited to risks around information and data governance
Reputation	Adverse events or failures to meet required objectives or standards that result in destruction or damage to trust and relations
Programmes & Projects	Risk relating to the failure to align programmes or projects to objectives and or risks relating to the failure to deliver requirements and intended benefits in terms of time, cost and quality
Safeguarding	Risks associated with a failure to deliver effective safeguarding arrangements where such duties exist

Corporate Risks (Register) – Level 1 (Strategic)

Corporate Risks will be those risks identified and focused on the achievement of our Corporate Strategy. The risks will therefore need to be reviewed upon any change to the strategy or changes to the environment in which the council operates.

Routinely, Corporate Directors are to raise new corporate risks and decide on the removal of expired or stepped-down risks (at CMB if appropriate). Existing Corporate Risks will be reviewed and updated quarterly by the Risk Owner (usually a Corporate Director) allocated to that risk. The Corporate Risk will then be considered in the review of the Enterprise level risk and be reviewed quarterly on a collective basis by CMB. These risks are then reported in summary on a quarterly basis to Audit and Governance Committee.

Key Assurance Board (Register) – Level 2 (Tactical)

Assurance Board Risks/Registers focus on specific areas for the council, and the Boards are tasked with providing CMB with reassurance around the risk level across the organisation.

These risks are reviewed and updated at each Board meeting and reported to CMB as part of the quarterly risk review.

Director/Service Level Risks (Register) – Level 2 (Tactical / Operational)

Annual service planning identifies priorities for service delivery for the coming year. The risk register will therefore need to be reviewed/updated against these priorities as part of the annual process and in the interim if there is a fundamental change in objectives. Each risk on the register will be linked to an Enterprise Risk.

Director level risks will be reviewed on a quarterly basis by the Director and their senior management team with the support of the Director's Risk Representative.

Corporate Directors should discuss Director level Risk Registers with their Directors regularly during one to ones. At least on a quarterly basis, Corporate Directors should review, challenge and approve Director level risk registers paying particular attention to high gross risks and consider risks in the context of their groupings under the Enterprise Risks. Corporate Directors will then be able to feed their findings into Corporate Risk discussions. Corporate Directors will also be able to ensure any relevant Enterprise or Corporate level risks are reflected in their Director level Risk discussions.

Director level Risk Registers will be subject to formal review and sign-off by Directors as part of the annual service planning cycle and will be reported to CMB cyclically by the Corporate Risk Team so that each register is formally reported once annually as part of the overall consideration of Enterprise Risks.

Programme, Projects, Partnerships, Alternative Delivery Model and Council Companies – Level 3 (Operational)

Risk registers should be set up in all instances at concept stage and updated and maintained throughout the life of the initiative. Once set up registers should be reviewed at least quarterly by the lead officer before onward consideration by the relevant Director, Corporate Director and board. As appropriate, these risk registers should feed into higher level risk registers for monitoring purposes.

When working in partnership or other shared/alternative delivery arrangement, it is expected that the lead organisation will develop and regularly update a risk assessment/register for the enterprise and that this will be made available on a regular basis or upon request to all participating organisations together with supporting procedural and reference guidance. The council's lead Director/Corporate Director is to ensure that they undertake a review of the risk register on a quarterly basis.

6.11 Risk Management in Council Decision Making Processes

There are various ways in which decisions can be made within the council, for example, by Council, Cabinet, or various other committees and boards or by officers with delegated authority. Risk assessments/register should be completed to support such decision making. Material risks for all options considered together with proposed controls/mitigations or proposed acceptance of risks should be discussed within the relevant decision-making document. In addition, all Council, Cabinet and committee, board reports etc must incorporate a 'summary of risk assessment' section. This should include a summary of any risks that may arise as a result of the implementation of recommendations made, together with details of how the risk could be managed and mitigated. This will help councillors and officers to understand the implications of any recommendations they may accept. In line with the Financial Regulations, Council, Cabinet and committee reports must be produced in consultation with the Chief Financial Officer or their nominated representative.

The Corporate Risk Team are available to provide advice and guidance. Risk management training will be given to Director level Risk Representatives and where a clear need is identified.

6.12 Reporting of Risk

Enterprise level 0 and Corporate level 1 risks are reported in summary to Audit and Governance Committee quarterly. Annually by rotation each ERM level risk owner will provide a detailed update to the Audit and Governance Committee on their risks. Key Assurance Risk Registers and Director Level risk information will be formally reported to CMB at least annually and form part of the ERM risk review process.

7 How to use this policy

- 7.1 This policy outlines the council's approach to risk management and should be used in conjunction with the information provided on the council's intranet pages.

8 Roles and responsibilities

- 8.1 To ensure risk management is effectively implemented, all members and officers should have a level of understanding of the council's Risk Management Policy and approach and regard risk management as part of their responsibilities. Detailed risk management roles and responsibilities are set out in Appendix 2.

9 Enforcement and sanctions

- 9.1 Section 8/Appendix 2 Roles and responsibilities, sets out which roles are to enforce this policy by requiring compliance with it.

Non-compliance with this policy will be escalated as follows:



Stage 1: If the Corporate Risk Team have significant concerns regarding compliance with this Policy, these concerns will be put in writing to the Director (or equivalent) who will be asked to respond within two weeks. Should there be no response during this timeframe or if concerns are not resolved, then the matter will be escalated to the Head of Audit & Management Assurance. The Head of Audit & Management Assurance will contact the Director (or equivalent) to discuss and update the Corporate Risk Team with the outcome.

Stage 2: After a further two weeks (four weeks after the matter was first raised with the Director), if concerns have not been resolved, then the Head of Audit & Management Assurance will escalate the matter to the relevant Corporate Director. The Corporate Director will contact the Director to discuss and update the Corporate Risk Team with the outcome.

Stage 3: If after a further two weeks or a timeframe agreed by the Corporate Director there is still no resolution, the matter will be referred to the Chief Executive as the accountable officer for risk management for resolution. Ultimately, significant non-compliance could result in reporting to the Audit and Governance Committee and a governance weakness being identified in the Annual Governance Statement.

10 Further information

10.1 Accessible from the council's intranet:

Constitution (including the Financial Regulations)
BCP Council's Corporate Strategy
BCP Council Risk Management Policy Procedures and Guidance
Risk App (software for the input, monitoring and reporting of risks)
Risk Register Template
Risk Categories
Impact and Likelihood Definitions
Equality Impact Assessment Tool
Investment and Change Governance Framework

Accessible from the relevant website:

[Chartered Internal Auditors Institute – Three Lines of Defence
ALARM](#)

Communications Plan:

Publish on the intranet
Work with Risk Representatives to embed in services and processes
Communicate to all stakeholders to an appropriate level

Impact of Risk

Table 1: Impact Scoring Guidance

Threat Impacts Scores		
1	Low	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	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	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	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

Table 2: Likelihood Scoring Guidance

Threat 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

ROLE	RESPONSIBILITY
Cabinet	• To set the 'tone at the top' in the approach to risk management in conjunction with Corporate Management Board • Be aware of the enterprise level risks and the corporate level risks • To ensure that papers presented to Cabinet demonstrate robust risk management compliance • To consider risk to support informed decision making • To maintain ongoing awareness of the risk profile across own portfolio area • To feed back to the Chief Executive any newly emerging risks and discuss changes to the existing Enterprise or Corporate level risks.
Audit and Governance Committee	• To support and promote the development of a strong risk management culture • To consider arrangements for risk management including the noting of the Risk Management Policy and review of the council's Enterprise and Corporate level risks • To hold officers to account and to provide independent assurance on the adequacy of the risk management framework • To assist in the identification of risk and where appropriate to challenge responsible officers over the management of risks.
Councillors	• To manage risk effectively in their role • To ensure awareness of the key risks facing the council • To ensure appropriate advice is received from officers on the risk implications of any decisions required to be made.
Portfolio Holders	• To maintain ongoing awareness of the risk profile across own portfolio area • To ensure appropriate advice is received from officers on the risk implications of any portfolio decisions.
Chief Executive/Head of Paid Service	• The Chief Executive is the Accountable Officer for risk management within the authority • Through Statutory Officer role as Head of Paid Service, to horizon-scan for organisational risks • To support the enforcement and compliance with this policy by intervention.

ROLE	RESPONSIBILITY
Corporate Management Board	• To consider arrangements for risk management including the approval of the Enterprise Risk Management Policy and review of the council's Enterprise level and Corporate Level risks • To set risk appetite and risk tolerance for the authority • To set the 'tone at the top' in the approach to risk management in conjunction with Cabinet • To identify, manage and report the council's Enterprise and Corporate level risks including quarterly review and approval of the summary risk reporting to the Audit and Governance Committee • To agree the risk owner/lead for each Enterprise level risk • To agree and review the Enterprise level risks and to raise new corporate risks in alignment with the council's objectives. Decide on the archiving of expired or stepped-down risks • To collectively contribute to the quarterly review and update of the Enterprise level and Corporate level risks • To review and understand risk exposure across the council based on current management information and consider inclusion of significant operational, programme/ project, partnership and other alternative delivery model risks at the relevant risk level • To ensure that the Enterprise Risk Management Policy is implemented and observed by all Director, programmes/projects, partnerships and other alternative delivery model bodies of the council • To respond to risk-related questions arising from Audit and Governance Committee • To support the enforcement and compliance with this policy by intervention and escalation as necessary • To ensure consistent evaluation and presentation of risks through a collective assessment of the Corporate Directors initial reviews of risk
Corporate Directors/ Members of CMB	• Where nominated, lead on the reporting of designated Enterprise level risk information and updating • To review the corporate risks where they are the risk owner, prior to the collective quarterly review by Corporate Management Board • To raise new corporate risks, decide on the archiving of expired risks, or step-down risks to lower level risk registers (at Corporate Management Board if appropriate) • To ensure that the Risk Management Policy is implemented and observed by all Directors, programmes/projects, partnerships and other service delivery methodologies. • To regularly discuss Director level risks in one-to-ones or similar meetings with Directors or direct reports • To formally review, challenge and approve Director level risk registers on a quarterly basis paying particular attention to high net risks or cross-cutting service risks. Consider the cumulative impact of the alignment to Enterprise Risk. To consider taking any such risks identified to Corporate Management Board for consideration as corporate risks • To consider taking any high net programme/project, change initiative, partnership or other service delivery methodology risks they become aware of to the Corporate Management Board for consideration as corporate risks • To support the enforcement and compliance with this policy by intervention and escalation as necessary.

ROLE	RESPONSIBILITY
Chief Finance Officer/Section 151 Officer	• As Chief Financial Officer to have specific responsibility for risk management • To prepare the council's Enterprise Risk Management Policy and advise on the management of strategic, financial and operational risks • To promote the Enterprise Risk Management Policy throughout the council • Through Statutory Officer role as Section 151 Officer, to horizon-scan for risks relating to an unbalanced budget • To refresh the information within the ongoing MTFP review/reporting process to take account of emerging or changing Corporate or Director level risks • To support the enforcement and compliance with this policy by intervention and escalation as necessary • Allocate sufficient resources to manage risk effectively.
Monitoring Officer	• Through Statutory Officer role as Monitoring Officer, to horizon-scan for risks relating to legislative, statutory or democratic matters.
Key Assurance Boards	• To ensure a Key Assurance Board Risk Register is in place • To identify, manage and report the council's key assurance risks including quarterly review and update to the Corporate Risk Team • To review, challenge and update the Key Assurance Board risk register with Board Members regularly and at least quarterly intervals. • To raise new key assurance risks and cascade these throughout the council • To collectively contribute to the quarterly review and update of the Corporate Risk Register by the provision of the specific Board Risk Register • To review and understand risk exposure across the council based on current management information and consider the need to escalate risks to the Corporate Management Board.

ROLE	RESPONSIBILITY
Directors	• To appreciate the benefit and have an in depth understanding of the council's Risk Management Policy and its operation • To ensure that risks are managed effectively in their area of responsibility in accordance with the council's Risk Management Policy • To nominate a Risk Representative for your service who will be the key interface in supporting the application of risk management principles within their service. This person must have access to the senior management team and for this reason, the Risk Representative should be a member of the senior management team • To create, maintain, formally review and sign-off Director level risk register as part of the annual service planning cycle • To review, challenge and update the Director level risk register with your senior managers at the start of the annual service planning cycle and thereafter regularly at quarterly intervals • To ensure that a risk assessment/register exists for all programmes/ projects, change initiatives, partnerships, joint working, other alternative delivery models and other significant initiatives lead by your service and review these on a quarterly basis • To regularly discuss your risks relating to the service activities in one-to-ones or similar meetings with the relevant Corporate Director paying particular attention to high net risks. This would include formal review and approval of Director level Risk Registers by Corporate Directors on a quarterly basis and would provide an escalation process for high net risks or cross cutting risks • To decide on the archiving of expired Director level risks • To be aware that Director level risk register will be reviewed by Corporate Management Board on a quarterly basis Where a manager directly reports to a Corporate Director the above would also apply.
Managers	• All Programme, Project and other change managers are to ensure that a risk register is developed at concept stage and updated, reviewed and reported throughout the life of the initiative at least on a quarterly basis. This includes programmes, projects, partnerships, joint working, other alternative delivery models and other significant change initiatives • In addition, all officers with delegated approval authority under Schemes of Delegation must ensure that risks and benefits have been identified and recorded on any decision making approvals. If in doubt a full risk assessment is to be undertaken • To ensure that risks are considered and documented in all reports • To ensure that risks are recorded in all procurement exemptions • All officers making decisions must be satisfied as early as possible in the decision-making process that any risks have been considered • To ensure the existence of appropriate service risk assessments and ensure these are monitored, kept up to date and regularly reviewed at least at quarterly intervals.

ROLE	RESPONSIBILITY
Risk Owners	• To manage assigned risks and associated actions effectively including timely and effective review of existing risk registers/assessments at least quarterly, closure of risks that are no longer valid and recognition of new/emerging risks. The risk owner must demonstrate and exercise sound judgement and escalate significant risk-related issues as appropriate • To decide on the best management and control strategies to manage these risks to an acceptable level • To ensure that additional management processes (controls) are implemented to further manage risks.
Corporate Risk Team	• To lead on the development of the Enterprise Risk Management Policy and associated processes • To lead on a review of the Enterprise Risk Management Policy initially after the first year then every three years • To support officers at all levels of the organisation and councillors in the effective implementation of the Enterprise Risk Management Policy and to keep under review, develop and document both the Policy and associated risk management procedures, processes and framework in conjunction with relevant senior officers • To facilitate the update of the Enterprise and Corporate level risks lead by Corporate Directors and Corporate Management Board and report to Audit and Governance Committee • To report Director level risk register information to Corporate Management Board quarterly • To support the enforcement and compliance with this policy by intervention and escalation as necessary.
All Employees including Managers	• To manage risk effectively in their job and report any new or changed risks to their line manager.
Head of Audit & Management Assurance	• To ensure that internal audit's work is risk-based and aligned to the organisation's strategic objectives and will support the annual internal audit opinion • To report annually to the Audit and Governance Committee on the appropriateness and effectiveness of the risk management framework in support of the Annual Governance Statement • To ensure sufficient resources, expertise and knowledge within the risk management team to provide advice and support to various levels of the organisation • To support the enforcement and compliance with this policy by intervention and escalation as necessary.
Internal Audit	• To audit the risk processes across the organisation and make recommendations as to how these can be improved • To provide assurance on the management of risk • Report on compliance with this policy.

ROLE	RESPONSIBILITY
Risk Representatives	• To champion and facilitate risk management within their areas including helping to identify and if necessary escalate emerging risks • To keep the Director Level Risk Register up to date by quarterly review with the Director and Senior Management Team • To be a point of contact within their area for risk management matters • To have regular meetings with the Corporate Risk Officer to receive guidance and support and advise on the development of the Director Level risk management arrangements • To be aware that Director level risk register will be reviewed by Corporate Management Board on a quarterly basis

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AUDIT AND GOVERNANCE COMMITTEE

Report subject	Financial Regulations - Annual evolution for the financial year 2026/27
Meeting date	26 February 2026
Status	Public Report
Executive summary	Evolutionary changes to the Council's Financial Regulations are summarised in this report and shown in red text throughout the Financial Regulations document which is shown at Appendix A. No material changes have been made to Part A to F, and H, and Appendices of Financial Regulations. Some very minor changes have been made in the glossary of terms. More substantial changes were made last year to reflect procurement regulations reform. This year, in some cases throughout Part G there has been a need to refine wording to make regulations more explicitly clear to clarify Financial Regulations requirements.
Recommendations	It is RECOMMENDED that Audit & Governance Committee: Approve the Financial Regulations as shown in Appendix A before referral to Council for adoption. The operational go live date will be 1 April 2026.
Reason for recommendations	The Council's Financial Regulations are subject to annual evolution to align to the start of each financial year, or as close as is reasonably possible subject to how Council meetings fall.
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 Recommendation Approval

Background

1. BCP Council's Financial Regulations currently form Part 5 of The Constitution.
2. Council agreed that the Financial Regulations (the Regulations) will be subject to a business as usual 'annual evolution' so they remain up-to-date and receptive to the rapidly changing internal and external environment in which the Council operates. Such 'annual evolution' will be approved by Council.
3. As far as is practical, subject to when (full) Council meetings fall, the evolution of the Regulations will align to as close to the start of the financial year as possible. For 2026/27 (full) Council meets on 24 March 2026 so this evolution of Financial Regulations will be operationally live from 1 April 2026.
4. Evolutionary changes are shown in red text; this method transparently highlights the changes and negates the need for a page turn comparison to find out what has changed. Only the latest evolution is shown in red text, changes from previous year revert to standard black text.
5. BCP Council colleagues are now generally well versed in the annual evolution of Financial Regulations. Nevertheless a communication, training and awareness process will take place to ensure all colleagues, and particularly new colleagues, are aware of the annual evolution.
6. The Chief Finance Officer (CFO) is responsible for maintaining and updating the Regulations and the Corporate Schedule of Financial Delegations, which is Appendix 1 of the Regulations. The CFO has delegated authority from Council to make in-year amendments and editing changes which may be occasionally necessary, such as in cases of new or revised legislation or UK law or to correct errors, ambiguity or where unintended interpretation matters arise. This delegation will also be used if any officer designations (job or role names) need changing, for example as a result of any restructuring, most likely within Appendix 1.
7. This annual evolution is formally known as BCP Financial Regulations EVO26.v1, where 26 stands for the financial year and v1 stands for the version agreed by Council. If the CFO makes any delegated amendments as per paragraph 5 above then this will be shown as v2, v3 and so on, as required.

Changes in BCP Financial Regulations EVO26.v1 – Part A to F, and H, Glossary and Appendices

8. No material changes have been made to these sections of Financial Regulations. Some very minor changes have been made in the glossary of terms.
9. Part A regulation 4, the sentence:
Wholly owned companies of BCP Council will adhere to the Regulations unless exceptions are agreed by their respective Boards.

Has been replaced with:

Wholly owned companies of BCP Council will adhere to the Regulations unless exceptions are agreed by the Council at the time of company set-up.

Changes in BCP Financial Regulations EVO26.v1 - Part G PROCUREMENT & CONTRACT PROCEDURES changes

10. More substantial changes were made last year to reflect procurement regulations reform. This year, in some cases throughout Part G there has been a need to refine wording to make regulations more explicitly clear to clarify Financial Regulations requirements.
11. The list of bullet points below summarises the changes to Part G:

- 2a – requirement to follow any corporate ‘expenditure control’ instructions.
- 2e – add the relevant procurement act (PA23).
- 5a(ii) – explicitly state, using wording from the Act, what is defined as ‘technical reasons’ (for not following standard competition requirements).
- 18c – add PSR (provider selection regime) procurement activity to the list of contracts that 18c does not apply to.
- 18d – Specifications should focus on outcomes to encourage flexibility and innovation in the approach taken by suppliers.
- 28 and 29 – Contract completion section re-write to make regulations more explicitly clear and to enable compliance with statutory ‘Contract details’ notice requirements.
- 32d – added, to enable compliance with statutory ‘contract performance’ notice requirements.
- 33 – Contract changes – a number of wording changes to make regulations explicitly clearer.
- 34 – Termination and exit plan - a number of changes to make regulations explicitly clearer including a list of regulation requirements.

BCP Council Debt Management Policy

12. The Financial Regulations, Part F, Financial Systems and Procedures, Income, provides the strategic framework for debt collection and debt management within BCP Council. The BCP Debt Management Policy contains the operational detail and procedures to supplement the Regulations.
13. This detailed operational policy is also subject to annual evolution to ensure it remains up-to-date and is approved by the Corporate Management Board for the 2026/27 financial year. Some very minor operational changes have been made.

Options Appraisal

14. The Council could choose to evolve the Financial Regulations on a less frequent basis than annually. There is an inherent and obvious risk with such an approach that the Financial Regulations could become out of date and fail to keep pace with the rapidly changing internal and external environment in which the Council operates.

Summary of financial implications

15. The Financial Regulations provide the governance framework for managing the Council’s financial affairs. ‘How to’ guidance and procedures are in place to compliment the specific requirements of the Regulations.

Summary of legal implications

16. The Financial Regulations are Part 5 of the Council’s Constitution and apply to every councillor and officer acting behalf of the Council.
17. The Local Government Act 1972 (Section 151) makes the Chief Finance Officer responsible for the proper administration of the Council’s financial affairs. The Regulations are issued pursuant to these responsibilities.

Summary of human resources implications

18. The Financial Regulations apply to every councillor and officer acting for or on behalf of the Council.

Summary of sustainability impact

19. Part G of the Financial Regulations includes requirements for commissioning officers and the Strategic Procurement Team (SPT) to follow to ensure the Council considers environmental sustainability when procuring works, goods and services.
20. A requirement to obtain local supplier quotes wherever possible is included in Financial Regulations in Part G regulation 22.

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. Lack of compliance and awareness is the most significant and impactful risk in a Financial Regulations context. A continuous and evolving training, supporting and promoting programme exist utilising a range of activities including formal training, one-off bespoke awareness sessions, blogs and staff communications.

Background papers

None

Appendices

Appendix A - BCP Financial Regulations EVO26.v1

PART 5

FINANCIAL REGULATIONS

BOURNEMOUTH, CHRISTCHURCH AND POOLE (BCP) COUNCIL



FINANCIAL REGULATIONS

Live from 01-04-2026 (EVO26v1.1)

FRONT COVER & CONTENTS

PART A	STATUS OF FINANCIAL REGULATIONS
PART B	FINANCIAL MANAGEMENT ROLES AND RESPONSIBILITIES
PART C	FINANCIAL PLANNING AND BUDGETING
PART D	FINANCIAL MONITORING AND CONTROL
PART E	INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT
PART F	FINANCIAL SYSTEMS AND PROCEDURES
PART G	PROCUREMENT AND CONTRACT PROCEDURES
PART H	EXTERNAL ARRANGEMENTS (Including Partnerships, External funding bids and Trading)
APPENDIX 1	CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS
APPENDIX 2	FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE
APPENDIX 3	MINOR AMENDMENTS AND EDITING LOG

Within these Regulations **Chief Finance Officer (CFO)** means:

- Officer with statutory responsibility for the proper administration of the Council's financial affairs in accordance with S151 of the Local Government Act 1972, i.e. Chief Operating Officer.
- Or those officers authorised to act on their behalf. (in accordance with Financial Services Scheme of Delegation)

DETAILED TABLE OF CONTENTS

SECTION	HEADING	PAGE
Front Cover	Front Cover	1
Table of Contents	Detailed Table of Contents	2-3
Part A STATUS OF FINANCIAL REGULATIONS	Purpose	4
	Statute	4
	Scope	4
	Compliance	4-5
	Maintenance and Upholding the Regulations	5
Part B FINANCIAL MANAGEMENT ROLES AND RESPONSIBILITIES	Principles	6
	Councillors	6
	Officers	6-7
	The Head of Paid Service (HPS)	7
	The Monitoring Officer (MO)	7
	The Chief Finance Officer (CFO)	7-8
	The Chief Internal Auditor (CIA)	8
	Managers	9
	All Employees	9-10
PART C FINANCIAL PLANNING AND BUDGETING	Principles	11
	Councillors	11-12
	Revenue Budget (the Budget)	12
	Capital Budget (the Capital Programme)	13
	Financial Implications of Decisions	13
PART D FINANCIAL MONITORING AND CONTROL	Principles	14
	Control of Revenue Budgets	14-15
	Control of Capital Budgets	15-16
	Virement	16
	Revenue Carry Forwards Between Years	16-17
PART E INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT (including prevention of theft, fraud and corruption)	Principles	18
	Councillors	18
	Internal Control	19
	Internal and External Audit (and other Inspections)	19-20
	Prevention of Theft, Fraud and Corruption (including Bribery)	20-21
	Risk Management	21
PART F FINANCIAL SYSTEMS AND PROCEDURES	Principles	22-23
	Accounting	23
	Income	24-25
	Expenditure on works, goods and services	25-26
	Expenditure on salaries, wages, allowances and expenses	26-27
	Banking (including client cash floats and local bank accounts)	27-28
	Treasury Management, Financing & Leasing	28-29
	Taxation	29
	Asset Management	29-31
	Insurance	31
	Recharges and Internal Trading Accounts	31

DETAILED TABLE OF CONTENTS - CONTINUED

SECTION	HEADING	PAGE
Part G PROCUREMENT & CONTRACT PROCEDURES	Principles	32
	Standards	32-33
	Breaches	34
	Procurement Decision Records (PDRs)	34
	Pipeline	34-35
	Emergencies	35
	Procurement Planning (various sub-headings)	35-38
	Competition requirements and tendering (various sub-headings)	38-42
	Contract management and delivery (various sub-headings)	42-44
Part H EXTERNAL ARRANGEMENTS	Principles	45
	Partnerships, Shared Services, Pooled Budgets & Joint Working	45
	External Funding	46
	Trading (including providing discretionary services to third parties and the public)	46-47
GLOSSARY	Common Terms	48
	Acronyms	49
APPENDIX 1 CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS	Introduction	50
	Revenue Virements	51
	Capital Virements	52
	The Capital Programme – approving new schemes in-year and changes to funding in- year	52
	Income	53
	Expenditure	54-56
	Treasury Management	56
	Asset Management	56-57
	External Trading	58
	Other delegations - business rate relief	58
APPENDIX 2 FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE	Functions of the Audit & Governance Committee	59-61
APPENDIX 3 AMENDMENTS LOG	Minor amendments and editing log	62
BACK COVER	Back Cover	63

PART A STATUS OF FINANCIAL REGULATIONS

PURPOSE

- 1 These Financial Regulations (Regulations) provide the governance framework for managing the Council's financial affairs.

STATUTE

- 2 The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (CFO) responsible for the proper administration of the Council's financial affairs. These Regulations are issued pursuant to these responsibilities and form part of the Council's Constitution (part 5).

SCOPE

- 3 The Regulations set out the Council's requirements in respect of:
 - Financial management roles and responsibilities
 - Financial planning and budgeting
 - Financial monitoring and control
 - Internal control, audit and risk
 - Financial systems and procedures
 - Procurement activity
 - External arrangements
- 4 The Regulations apply to the control of both the General Fund finances (including BCP maintained schools) and the Housing Revenue Account (including any neighbourhood accounts therein). Wholly owned companies of BCP Council will adhere to the Regulations unless exceptions are agreed by the **Council at the time of the company incorporation**.
- 5 Appendix 1 to the Regulations comprises the 'Corporate Schedule of Financial Delegations' which sets out the approved financial limits within which officers and councillors may conduct the Council's business. This schedule does not apply to BCP maintained schools who will operate their own schemes of delegation and other processes such as procurement decisions and waiver sign off of Part G to these Regulations vary accordingly.
- 6 The Regulations are supported by a series of financial procedures and strategies which provide more detailed direction on the arrangements in respect of:
 - Anti-fraud and corruption policy (including money laundering guidance and reporting)
 - Risk management strategy
 - Financial document retention
 - Income collection and local debt recovery systems
 - Asset management including disposals and acquisitions
 - Procurement strategy and code

COMPLIANCE

- 7 These Regulations, and the appendices, apply to every councillor and officer of the Council and to anyone acting on its behalf, including agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body.
- 8 All councillors and officers have a general responsibility for taking reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is undertaken in accordance with the law, properly authorised, and

achieves value for money. In doing so, proper consideration must be given at all times to matters of probity and propriety in managing the assets, income and expenditure of the Council.

- 9 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.
- 10 The term 'Manager' used throughout the Regulations refers to members of the Council's extended management team including the Chief Executive, Corporate Directors, Service Directors, Heads of Service and Team Managers as appropriate and as they relate to the specific matters set out within these Regulations. For maintained schools the Governing Body is defined as the 'Manager' for the purposes of these Regulations.
- 11 If decisions have been formally delegated to others, such as to The Head Teacher or to individuals as specified in Service Schemes of Delegation, reference to the term 'manager' in these Regulations should be read as referring to them.

MAINTAINING AND UPHOLDING THE REGULATIONS

- 12 The CFO is responsible for:
 - a. Maintaining and updating these Regulations and the Corporate Schedule of Financial Delegations. Minor amendments and editing changes, including in year changes necessary to align with new or revised legislation or UK law, are logged on page 61.
 - b. Ensuring that any revisions affecting the powers of councillors are approved by Council on the recommendation of the Council Leader and in consultation with the Monitoring Officer (MO).
 - c. Reviewing and reissuing the financial procedures as necessary to support the effective operation of these Regulations.
 - d. Reporting, where appropriate, any breaches of these Regulations to councillors on at least an annual basis.
 - e. Interpreting and/or arbitrating should any uncertainty or dispute arise pursuant to these Regulations in consultation with the MO.
- 13 The Regulations are subject to an annual 'evolution' which will be approved by Council and will incorporate:
 - a. Minor amendments and editing changes, described at 12a above, into the relevant section of the Regulations.
 - b. Changes of a more fundamental nature, as identified by a proportionate officer working group made up from representatives of Services and Schools.
- 14 For transparency purposes all changes in the annual 'evolution' will be flagged using red text, this will enable both experienced and inexperienced users of the Regulations to clearly identify where changes have occurred year on year. Changes from previous years 'evolution' will be incorporated into standard colour text, only the latest 'evolution' is shown in red text.

PART B FINANCIAL MANAGEMENT ROLES & RESPONSIBILITIES

PRINCIPLES

- 1 A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Council's financial affairs.
- 2 All councillors and officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

COUNCILLORS

- 3 Councillors' responsibilities for the overall management of the Council's financial affairs are exercised through:
 - **Council**, which is responsible for approving the Council's Key Policy Framework as defined within the Constitution and for setting the budget.
 - **The Leader and Cabinet – “the Executive”**, which is responsible for recommending the key policy framework and budget to Council; making decisions in respect of the executive functions of the Council in accordance with the Key Policy Framework and Budget approved by Council. Executive decision making can be delegated to a formally constituted committee of the Cabinet, an individual cabinet member, an officer or a joint committee in accordance with the Scheme of Delegation as set out in the Council's Constitution.
 - **The Audit & Governance Committee**, which is responsible for maintaining a continuous review of the Council's regulatory framework, approving the Annual Statement of Accounts for publication, oversight of audit, governance, counter fraud and corruption, risk management and treasury management activity. This Committee's full functions and responsibilities are set out in Appendix 2.
 - **The Standards Committee**, which is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the Council on the adoption and revision of the Councillors' Code of Conduct, and for monitoring the operation of the Code.

OFFICERS

- 4 Officer responsibilities for the overall management of the Council's financial affairs are variously set out by legislation, the provisions of the Council's Constitution and the Council's Corporate and Service Schemes of Delegation.
- 5 Certain legislation requires the Council to designate particular officers as the 'appropriate officer' for the performance of certain functions. 'Appropriate Officer' functions include the responsibilities of the Head of Paid Service (HPS), the Monitoring Officer (MO) and Chief Finance Officer (CFO) in managing the overall financial affairs of the Council. Formal recognition is also given to the particular responsibilities and functions of the Council's Chief Internal Auditor (CIA) in accordance with best practice advice and guidance. The role of the CIA is set out in CIPFA's 'The Role of The Head of Internal Audit'.

THE HEAD OF PAID SERVICE (HPS)

- 6 The HPS is designated as the Chief Executive and is responsible for the corporate and strategic management of the Council. The HPS is responsible for establishing the management style, direction and leadership of the organisation including overall staff management arrangements, monitoring performance and achievement. The HPS is responsible, together with the MO, for the system of record keeping in relation to Councils' decisions.

THE MONITORING OFFICER (MO)

- 7 The MO is responsible for promoting and maintaining high standards of financial conduct and provides support to the Standards Committee. The MO is also specifically responsible for:
- a. Reporting any actual or potential breaches of the law or maladministration to Council and/or to Cabinet.
 - b. Ensuring that procedures for recording and reporting key decisions are operating effectively.
 - c. Ensuring that Cabinet decisions and the reasons for them are made public.
 - d. Ensuring that all councillors are aware of decisions made by the Cabinet and of those made by cabinet member, officers, or a joint committee which has delegated Cabinet responsibility.
 - e. Advising all councillors and officers about who has authority to take a particular decision.
 - f. Maintaining an up-to-date Constitution and reporting any proposed changes to Council for approval.

THE CHIEF FINANCE OFFICER (CFO)

- 8 The CFO has statutory and delegated duties in relation to the financial administration and stewardship of the Council. The statutory responsibilities cannot be overridden and arise from:
- Section 151 of the Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Local Government and Housing Act 1989
 - The Accounts and Audit Regulations 2015 (and as amended)
 - The Local Authorities Goods and Services Act 1970
 - The Local Government Acts 2000 and 2003
 - The Localism Act 2011
- 9 The CFO's responsibilities include:
- a. The proper administration of the Council's financial affairs including all arrangements concerning financial planning, financial control, accounting, taxation, income, debt management, insurances, investments, banking, bonds, loans, leasing, borrowing, trust and pension funds, and the payment of creditors, salaries, wages and pensions.
 - b. Determining the contents of Financial Procedures and ensuring compliance with these and Financial Regulations.
 - c. Preparing the Revenue Budget and reporting to the Council on the robustness of the estimates and the adequacy of reserves.

- d. Preparing the Capital Programme, ensuring effective forward planning and sound financial management in its compilation.
 - e. Ensuring that accurate and timely financial information is available to enable effective budget monitoring and reporting and taking action if overspends or shortfalls in income emerge.
 - f. Reporting to Council if it is likely that any proposed action or decision will lead to unbudgeted or unlawful expenditure or activity.
 - g. Advising on the systems of internal control necessary for sound financial management and decision making, and to ensure that public funds are properly safeguarded and used economically, efficiently, and effectively.
 - h. Maintaining an adequate and effective internal audit function and effective counter theft, fraud and corruption arrangements.
 - i. Preparing the Council's risk management strategy and advising on the management of strategic, financial and operational risks.
 - j. Determining the accounting procedures and records for the Council and ensuring that they are applied consistently.
 - k. Preparing and publishing the Council's annual statement of accounts and governance statement for approval by Audit & Governance Committee in accordance with all applicable codes of practice on local authority accounting.
 - l. Making proper arrangements for the audit of the Council's accounts in accordance with statutory and legislative provisions.
 - m. Preparing and implementing an effective treasury management strategy and effecting all investments and borrowings within the limits imposed by the Council.
 - n. Advising on, monitoring and reporting on performance in relation to Prudential Indicators set by the Council for capital expenditure, external debt and treasury management.
 - o. Ensuring that effective asset management arrangements are in place.
 - p. Advising on the risks and financial implications associated with joint working, external funding and trading opportunities.
- 10 The CFO may allocate their day-to-day responsibilities to an appropriate representative in accordance with the Financial Services Scheme of Delegated Authority to Officers and/or the Corporate Schedule of Financial Delegations.

THE CHIEF INTERNAL AUDITOR (CIA)

- 11 The CIA is designated by the CFO as part of the Service Scheme of Delegation further to Part 3 (Schedule 1) of the Council's Constitution and plays a key role in providing assurance to the councillors, the CFO, the HPS and Corporate Management Board about the probity, practical deployment and effectiveness of financial management at the Council.
- 12 The CIA has rights of access to all Council premises and property, and to information and data held by officers or councillors of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. The CIA also has the right to report on any relevant matter of concern to senior management and councillors outside normal line management arrangements should they deem this necessary in protecting the interests of the Council and/or local taxpayers.

MANAGERS

- 13 Whilst the CFO has overall responsibility for the finances of the Council, managers are responsible for the day-to-day management of their respective Unit's finances. Their responsibilities in relation to financial management include:
- a. Promoting and ensuring compliance with these Regulations and associated Financial Procedures and taking corrective action in the event of any non-compliance.
 - b. Preparing annual Revenue Budget estimates and Capital Programme estimates in accordance with the guidance issued by the CFO.
 - c. Ensuring that the financial implications of all proposals, or any matter which is liable to materially affect the resources of the Council, are agreed with the CFO or their nominated representative in advance of any decision making report to councillors.
 - d. Managing service delivery and containing expenditure within the agreed revenue and capital budgets.
 - e. Maintaining sound systems of internal control and implementing agreed internal and external audit recommendations.
 - f. Complying with the Council's counter theft, fraud and corruption policy and reporting suspected fraud and financial irregularities immediately to internal audit for investigation.
 - g. Complying with the Council's risk management strategy and notifying the CFO immediately of significant risks to the Council's financial position.
 - h. Ensuring that all financial transactions are recorded through the main accounting system.
 - i. Assisting cash flow through timely billing of income due and minimising advance payments wherever possible.
 - j. Ensuring that all expenditure incurred complies with the requirements of these Regulations, the procurement code and has the necessary budgetary approval.
 - k. Controlling resources and containing staff numbers within approved establishment and budget levels and ensuring that all employee appointments and payments are properly authorised in compliance with the Council's policies.
 - l. Ensuring that all claims for funds, including grants, are compiled and submitted by the due dates.
 - m. Ensuring the proper security and safe custody of all assets under their control.
 - n. Ensuring that the risks and financial implications associated with joint working, external funding and trading opportunities are properly evaluated, and that no such arrangements are entered into without the prior approval of the CFO.
 - o. Ensuring that financial authorities are operated in accordance with the limits contained within the Corporate Schedule of Financial Delegations (Appendix 1), and that a written record of authorised officers is maintained.

ALL EMPLOYEES

- 14 In addition to the specific responsibilities set out above the Council expects all employees to:
- a. Act in good faith, adopting the highest standards of integrity, propriety and impartiality in accordance with the 'Nolan principles' (7 principles of public life which apply to all people appointed to work in local government).

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office 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.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office 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.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office 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.

- b. Exercise due care in relation to all resources, assets, income and expenditure within their care or control.
- c. Ensure that proper records and documentation are maintained of the Council's assets and financial transactions in accordance with advice and requirements of the CFO.
- d. Comply with these Regulations, the associated financial procedures and any additional guidance issued to ensure the effective control of the Council's resources.
- e. Co-operate in audits of the Council's financial systems.
- f. Report any suspected financial irregularities for investigation to the Chief Internal Auditor.

PRINCIPLES

- 1 The purpose of financial planning and budgeting is to set out and communicate the Council's objectives, resource allocations and related performance targets, and to provide an agreed basis for subsequent management control, accountability and reporting.
- 2 Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent. The Budget is the financial expression of the Council's ambitions and priorities. The budget process must ensure that resources are:
 - Required in accordance with the law and properly authorised.
 - Used only for the purpose of achieving approved policies, objectives and service priorities.
 - Held securely for use when required.
 - Used appropriately to avoid waste, inefficiency and/or loss.

It is unlawful for the Council to budget for a deficit.

- 3 As such the Budget sets agreed parameters around the annual resource allocations, activities and functions of Services and is constructed within the context of a medium term financial plan (MTFP). The MTFP represents a multi-year forecast (usually 3 or more years) to identify and address those issues which have medium to long term implications for the Council.
- 4 The Capital Programme sets out the resource allocations to be made to capital schemes. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the organisation, such as land, buildings, and major items of plant, equipment and vehicles.
- 5 To enable councillors to make informed decisions, all Council, Cabinet and Committee reports must incorporate a separate section on 'financial implications'. Reports must show the costs or savings of proposals together with any approved budget provision, future commitments, potential risks, tax implications, and any other financial consequences which may arise from the options and recommendations and must be produced in consultation with the CFO or their nominated representative.

COUNCILLORS

- 6 Councillors' responsibilities for financial planning and budgeting are exercised through:
 - **Council**, which is responsible for approving the Council's key policy framework and for setting the Budget. This approval encompasses:
 - All the plans and strategies making up the Policy Framework, including the Council's corporate plan/strategy.
 - The MTFP.
 - The revenue budget (The Budget), proposed by the Cabinet to Council for approval on the advice of the CFO. The Budget will include details of proposals for local taxation levels, contingency funds and use of and levels of all reserves.
 - The capital budget (The Capital Programme).

Council may amend the Budget and the Capital Programme or ask the Cabinet to reconsider it before approving in exceptional circumstances in consultation with the CFO. Any councillor or group of councillors who wish to submit alternative budget proposals must do so no less than 3 clear working days before the Budget setting meeting. The CFO will only support alternative proposals which deliver a balanced budget to be taken forward to the Council for consideration.

- **The Cabinet** is responsible for proposing the key policy framework and budget to Council. Cabinet is also responsible for monitoring performance against revenue and capital budgets and taking executive decisions to deliver priorities, within the Budget and key policy framework agreed by the Council. It is responsible for issuing guidance on the detail of the Budget in consultation with the CFO as soon as possible following the Budget's approval by Council.

REVENUE BUDGET (THE BUDGET)

7 The CFO is responsible for:

- a. Advising the Council on the Cabinet's budget proposals in accordance with their responsibilities under S151 of the Local Government Act 1972. (Council may amend the Revenue Budget or ask the Cabinet, in consultation with the CFO, to reconsider it before approving)
- b. Ensuring that an annual Revenue Budget and Council Tax Report are prepared in the context of a medium term financial plan for consideration by Cabinet and approval by Council.
- c. Maintaining a resource allocation process that properly reflects the Council's policy framework, ambitions and priorities.
- d. Advising the Cabinet on the format of the budget and its responsibility for issuing guidance on budget preparation taking due account of:
 - legal requirements
 - medium-term planning prospects and known issues
 - the corporate strategy and Council priorities
 - available resources
 - spending pressures
 - government initiatives and public policy requirements
 - internal policy directives
- e. Advising the Cabinet and Council on a prudent level of reserves and any appropriate contingency provisions.
- f. Undertaking the statutory consultation with NDR payers.
- g. Issuing detailed procedures to managers on the preparation of Revenue Budget estimates.

8 Managers are responsible for:

- a. Preparing annual Revenue Budget estimates in accordance with the guidance issued by Cabinet and the detailed procedures issued by the CFO, ensuring that these are a realistic reflection of agreed priorities, and advising cabinet members on service implications. (see d. above)
- b. Establishing detailed budgets for each service area in advance of the financial year (along with indicative estimates for the two years thereafter) and requiring such budgets to be properly managed by responsible named budget holders.
- c. Integrating financial and budget plans with service planning.
- d. Ensuring that any earmarked reserves held are applied to their intended purposes.
- e. Giving due and proper regard to the asset management concerns of the wider organisation in planning service delivery, consulting in advance with the Corporate

Property Officer (CPO) in any financial planning or budgeting decision to be made relating to the use of Council land and property.

CAPITAL BUDGET (THE CAPITAL PROGRAMME)

9 The CFO is responsible for:

- a. Ensuring that a multi-year rolling Capital Programme (usually 3,4 or 5 years) is prepared for consideration by the Cabinet for recommendation to Council for approval as part of the MTFP and annual budget setting process.
- b. Issuing strategic guidance on capital schemes and controls and defining what will be regarded as capital having proper regard to Government regulations and accounting conventions.
- c. Issuing detailed guidelines which take account of legal, regulatory and code of practice requirements, medium-term planning prospects, affordability and whole life costing.
- d. Ensuring that the revenue implications of the Capital Programme are contained within the Revenue Budget and MTFP.
- e. Ensuring that all schemes relying on the use of prudential borrowing powers are properly appraised and provide value for money.
- f. Reporting to Cabinet on the overall position and the availability of resources to support the Capital Programme.
- g. Issuing detailed procedures to managers on the preparation of capital budget estimates.
- h. Ensuring that sources of funding (general fund, capital grants, self-financing, etc.) are identified for the entire Capital Programme.

10 Managers are responsible for:

- a. Complying with the guidance issued by the CFO regarding capital schemes and controls and in the preparation of the Capital Programme.
- b. Ensuring that all capital schemes put forward for consideration have been properly appraised and that each scheme and estimate includes a project plan, progress targets, and sets out the funding sources including all associated revenue expenditure.
- c. Undertaking a comprehensive annual review of the Capital Programme and consequential revenue expenditure, for inclusion in the MTFP.

FINANCIAL IMPLICATIONS OF DECISIONS

11 The CFO is responsible for:

- a. Issuing guidance in relation to the presentation of financial implications within the Council's decision making processes.
- b. Ensuring the adequacy of the financial implications information presented within individual decision making reports and for appropriate sign-off.

12 Managers are responsible for:

- a. Ensuring that all decision making reports properly set out the financial implications of the proposed actions in accordance with guidance issued by the CFO.
- b. Arranging for all financial implications to be validated and formally signed-off by the CFO, or their nominated representative, prior to their progression through the approval process.
- c. Consulting with relevant parties where there may be financial implications for other cabinet members, committees or services.

PRINCIPLES

- 1 To ensure the Council does not exceed its overall budget, Services (and appropriate corporate projects and programmes where relevant) are required to manage their own income and expenditure within the cash limited budgets allocated to them to be spent on agreed service activities and functions.
- 2 Any forecasted revenue overspends, or income shortfalls should be mitigated through a compensating underspend or over-achievement of income elsewhere. Any under-spending or over-achievement of income cannot be carried forward from one year to the next without the approval of the CFO and should generally be restricted to specific items of a 'one off' nature where monies will be spent for an identified purpose in the following financial year.
- 3 No expenditure may be incurred on a capital project unless the project has been approved in accordance with the Corporate Schedule of Financial Delegations (Appendix 1) or as part of the annual Council approval of the Capital Programme. Any forecast overspending must be contained within the overall Capital Programme and reported to the approved senior officer Capital Programme Board. Similarly, variations to the approved budgets for capital schemes and re-phasing or slippage between years must be reported to the approved senior officer Capital Programme Board and approved in accordance with the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
- 4 The term virement refers to transfers of budgets between or within cost centres. Virement may only be used in the very specific circumstances set out in the Regulations and the Corporate Schedule of Financial Delegations (Appendix 1).

CONTROL OF REVENUE BUDGETS

- 5 The CFO is responsible for:
 - a. Establishing and maintaining a robust framework of budget management and control which ensures that:
 - Budget management is exercised within annual cash limits and the MTFP.
 - Appropriate, accurate and timely information is available to Corporate Management Board, managers and budget holders that enable budgets to be monitored and controlled effectively.
 - Revenue expenditure is recorded on the Council's financial systems and is committed only against approved budget headings and associated structure of detailed cost centres.
 - All officers responsible for committing expenditure comply with these Regulations.
 - Each cost centre is allocated to a named budget holder determined by the relevant manager.
 - Significant variances from budget are investigated and reported by budget holders on a regular basis.
 - b. Monitoring and controlling the quantum of income and expenditure against budget allocations overall. They must ensure monitoring reports are prepared for Corporate Management Board and councillors' consideration on a regular basis

throughout the financial year (to be determined and advised by the CFO) and a report after the year end setting out the revenue outturn.

- c. Ensuring that budget monitoring reports include:
- Sufficient information and explanatory notes to allow cabinet members to fully exercise their duties in respect of the resources for which they have portfolio responsibilities.
 - Explanations of all variations to cost centres which are projected to be in excess of £100,000.
 - Information which summarises the delivery of any savings programmes.
 - Information which summarises available contingencies, balances and reserves.

6 Managers are responsible for:

- Ensuring that effective budgetary control arrangements exist and are observed within their respective Service, or in respect of any projects or programmes for which they are responsible in accordance with these Regulations.
- Ensuring spending remains within the relevant cash limits by controlling income and expenditure, monitoring performance and taking corrective action where variations from budget are forecast.
- Ensuring that expenditure is coded correctly and committed only against approved budget headings.
- Supporting the regular reporting of financial performance, variances, and forecasts within the areas of their responsibility to Cabinet by the CFO.
- Reporting to Cabinet and Council as necessary the financial implications of any new in-year proposal or amendment that will:
 - Create financial commitments in future years;
 - Change existing policies, initiate new policies or result in existing policies ceasing to operate;
 - Materially extend or reduce the Council's services.

CONTROL OF CAPITAL BUDGETS

7 The CFO is responsible for:

- Ensuring that governance arrangements are in place to regularly review progress against the Capital Programme.
- Maintaining a record of the current capital budget and expenditure on the Council's financial systems and ensuring compliance with financial reporting standards.
- Reporting to Cabinet the financial position against the approved Capital Programme.
- Ensuring that governance arrangements are in place, via an approved senior officer Capital Programme Board, to review proposed changes to the Capital Programme before subsequent approval by Cabinet.

8 Managers are responsible for:

- Ensuring that no expenditure is incurred on a capital project prior to its agreed inclusion within the Capital Programme and until a financial report has been approved by Cabinet. Equally, no scheme requiring Government or other body sanction and/or funding either in full or part may begin until the sanction and/or funding has been officially confirmed.
- Support the monitoring and reporting of capital expenditure and receipts against approved capital budgets, on project slippage and variations, and on any changes in projected expenditure.

- c. Reporting to Cabinet if proposed sources of funding are not secured.
- d. Ensuring that adequate records and audit trails are maintained in respect of all capital contracts.

VIREMENT

- 9 The term virement refers to transfers of resources between or within approved cost centres or budget headings and Service/Business Plans for both revenue and capital purposes. A virement does not create any net additional budget. Instead the virement mechanism exists to enable the Cabinet, Managers and their staff to manage their budgets with a degree of flexibility within the overall Policy Framework and Budget set by Council, thereby optimising the use of resources throughout the financial year. The virement schemes for revenue and capital do not exist as a means of remedying poor budgetary control or financial planning for known commitments and service priorities, or otherwise excuse Managers and budget holders from the need to manage their budgets prudently and responsibly. Nor may virements be affected after the year end to retrospectively fund over or under spending unless approved in advance by the CFO.
- 10 The CFO is responsible for:
 - a. Controlling and administering the virement mechanism in accordance with guidance and limits set out in the Corporate Schedule of Financial Delegations, Appendix 1.
 - b. Recording approved virements in the Council's financial systems and reflecting the impact of these in budget monitoring reports to the Cabinet.
- 11 Managers are responsible for:
 - a. Ensuring all proposed virements complies with the limits and approval requirements set out in the Corporate Schedule of Financial Delegations, Appendix 1.
 - b. Notifying all proposed virements in writing to the CFO or their representative.
- 12 Council shall approve allocations of resources from approved contingencies and reserves in excess of the approved contingencies and reserves recommended by Cabinet.
- 13 Cabinet shall approve allocations of resources from approved contingencies and reserves.

REVENUE CARRY FORWARDS (VIREMENTS) BETWEEN YEARS

- 14 Medium term financial planning (usually between 3 to 5 years) allows the Council to think beyond the constraints of any given financial year and annual budget and prepare for future events. In doing so it is important to ensure a suitable mechanism to allow for the carry forward of in-year budget under or overspends - in effect a virement of resources between accounting years – as deemed necessary by the CFO for MTFP purposes. The ability to choose to do so can serve to:
 - Empower budget holders to think beyond immediate service needs and plan over longer time frames to achieve significant changes and improvements and make best use of resources.
 - Hold budget holders to account for their budget management performance in so far as budget overspends will not be written down at the end of each financial year but will have to be dealt with on an on-going basis.

- 15 Carry forwards (virements) between years are not 'automatic' and will not be routinely determined. Where they are determined to be necessary by the CFO, in the context of the MTFP, and are subsequently approved by the Cabinet:
- Carry forward (previous year) overspending will constitute a first call on in year service budgets.
 - Carry forward (previous year) underspending must normally be spent in year on one-off proposals/projects usually of an 'invest to save' nature aimed at reducing on-going service pressures in future.
- 16 All internal surpluses arising from in-house trading activities/business units shall be retained for the benefit of the Council subject to any provision to do otherwise set out in the MTFP.
- 17 BCP maintained schools' balances will be treated in accordance with the provisions set out in the DfE Framework.as agreed and applied locally in the Scheme for Financing Schools.

PART E INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT (including prevention of theft, fraud and corruption)

PRINCIPLES

- 1 Sound systems of internal control are essential to the proper economic, efficient and effective use of resources, the achievement of objectives, and the safeguarding of public funds.
- 2 Audit is a key management tool that councillors and senior officers should rely on to provide an independent and objective assessment of the probity, legality and value for money of Council arrangements.
- 3 Legislation requires that the Council provides for both internal and external audit.

External audit provides an independent assessment of the Council's financial statements and the adequacy of its arrangements for securing value for money.

Internal audit evaluates and reports on the adequacy of the Council's control systems in securing the proper, economic, efficient and effective use of resources.

- 4 There is a basic expectation that councillors and all officers will act with integrity and with due regard to matters of probity and propriety, and comply with all relevant rules, regulations, procedures and codes of conduct, including those in relation to receipt of gifts and hospitality and declaration of conflicts of interest.
- 5 The Council will not tolerate fraud or corruption in the administration of its responsibilities, whether perpetrated by councillors, employees, customers of its services, third party organisations contracting with it, or other agencies or individuals with which it has any business dealings.
- 6 Risk management is an integral part of effective management and planning. It is concerned with identifying and managing key obstacles to the achievement of objectives.

COUNCILLORS

- 7 Councillors' responsibilities for internal control, audit and risk management are exercised through:
 - **Council**, which has formal responsibility for upholding proper practice and the good governance of the Council as a whole.
 - **The Cabinet**, which is responsible for ensuring effective systems of management and financial control are exercised across the organisation.
 - **The Audit & Governance Committee**, which is responsible for keeping under review all aspects of the Council's audit and governance arrangements, risk management framework and internal control environment. A full list of the Audit & Governance Committee's responsibilities can be found at Appendix 2.
- 8 Councillors have a role to support and promote a zero-tolerance culture towards theft, fraud and corruption.

INTERNAL CONTROL

9 The CFO is responsible for:

- a. Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations and other relevant statements of best practice.
- b. Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the Annual Governance Statement (AGS) for inclusion in the Council's Annual Statement of Accounts.

10 Managers are responsible for:

- a. Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
- b. Complying with the controls set down in these Regulations and any financial procedures.
- c. Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
- d. Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

INTERNAL AND EXTERNAL AUDIT (and other inspections)

11 The CFO is responsible for:

- a. Maintaining an adequate and effective internal audit service in accordance with the Accounts and Audit Regulations Act 2015 and further to Section 151 of the Local Government Act 1972.
- b. Ensuring that the rights and powers of internal and external auditors and fraud investigators are upheld at all times across the organisation.
- c. Ensuring that the statutory requirements for external audit are complied with and that the external auditor is able to effectively scrutinise the Council's records.
- d. Ensuring that audit plans and resulting activities are reported to the Audit & Governance Committee.

12 The CIA is responsible for:

- a. Notifying the External Auditors of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.
- b. Ensuring effective liaison between internal and external audit functions.
- c. Overseeing the management, planning, reporting and conduct of all internal audits and counter fraud work.
- d. Preparing an annual report and opinion for councillors' consideration.

13 Managers are responsible for:

- a. Ensuring that auditors (internal and external) have access to all Council premises, property, documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.

- b. Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
 - c. Implementing audit recommendations within agreed timescales.
- 14 The Council may be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, and various other Inspectors of service at any time, all councillors and officers of the Council will cooperate fully with such inspections as necessary.

PREVENTION OF THEFT, FRAUD AND CORRUPTION (including Bribery)

- 15 The CFO is responsible for:
- a. Developing, maintaining and implementing an Anti-Fraud & Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
 - b. Advising on the controls required for fraud prevention and detection.
 - c. Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
 - d. Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010. *(or as updated)*
- 16 The Chief Internal Auditor (CIA) has the right to:
- a. Determine the nature of any investigation work required in respect of any allegation of wrongdoing, and/or any other action required.
 - b. Require any councillor or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.
 - c. Refer investigations to the Police in consultation with the CFO and MO; under normal circumstances the relevant service manager would also be consulted.
 - d. Access all Council premises and property, all data, records, documents, and correspondence relating to any financial matter or any other activity of the Council.
 - e. Refer cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.
- 17 Managers are responsible for:
- a. Complying with the Council's Anti-Fraud & Corruption Policy.
 - b. Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
 - c. Reporting cases of suspected theft, fraud or irregularity to the Chief Internal Auditor immediately for investigation and complying with the Council's Whistleblowing Policy.
 - d. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
 - e. Maintaining local staff registers of interest, gifts and hospitality within their service areas.

- 18 All employees are responsible for:
- a. Complying with the Council's Anti-Fraud & Corruption Policy.
 - b. Reporting cases of suspected theft, fraud or irregularity immediately for investigation, if needs be via the Council's Whistleblowing Policy.
 - c. Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
 - d. Ensuring that they are familiar with the Employee Code of Conduct, or relevant local school's Code of Conduct, for school employees, and requirements to declare personal interests and record offers of gifts and hospitality.

RISK MANAGEMENT

- 19 The CFO is responsible for preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.
- 20 Managers are responsible for:
- a. Implementing the Council's Risk Management Strategy.
 - b. Integrating risk management within business planning and performance management arrangements.
 - c. Mitigating, monitoring and reporting on risks.
 - d. Maintaining and testing business continuity plans.
 - e. Giving due regard to specialist advice in areas such as health and safety, insurance, crime and fire prevention.

PRINCIPLES

- 1 Good systems and procedures are essential to the effective management and administration of the Council's financial affairs. A financial system is defined as any system (computerised or not) and associated procedures used for making and recording the financial transactions of the Council. This includes:
 - **Accounting**-The main accounting system provides the prime source of financial data for management accounts, statutory accounts and government returns. It is essential that this system complies with legislation and proper accounting practice and that all information is recorded accurately, completely and in a timely manner, and that any errors are detected promptly and rectified. Financial information recorded in the main accounting system should require a minimum amount of manipulation in order to create management accounts, returns and budget reports.
 - **Income**-Effective systems are necessary to ensure that all income due is collected, receipted, recorded and banked properly. Where possible income should be collected in advance to improve cash flow and avoid costs of debt collection. All reasonable efforts will be made to collect monies owed to the Council and debts will only be written off once all reasonable actions to pursue the debt have been exhausted or where it would prove uneconomical to pursue. The CFO agreed corporate system must be used unless agreed. All refunds should be made to the original source / bank account unless agreed by the CFO.
 - **Expenditure on works, goods and services**-Expenditure may only be incurred where budgetary provision is available. Payment should be made through the corporate ordering and invoicing process, using a corporately approved purchasing card, by entering into a formal contract arrangement or through raising a purchase order. Exceptionally a payment requisition may be raised.
 - **Expenditure on salaries, wages, allowances and expenses**-Expenditure may be incurred where budgetary provision is available and where payment is made through the Council's combined human resource and payroll system.
 - **Banking**-All transactions through the Council's bank accounts must be properly processed, recorded and reconciled. Reconciliations must be subject to management review and sign off in a timely manner.
 - **Treasury management, financing and leasing**-Decisions relating to the management of the Council's investments, cash flows, borrowing and leasing must be in accordance with the annual Treasury Management Strategy Statement.
 - **Taxation**-Effective systems must be in place to ensure that all tax liabilities and obligations are properly reported and accounted for, and that losses, fines and penalties are avoided. Procedures must be in place to ensure that taxation issues are properly considered during the options appraisal stage of projects.
 - **Asset management**-The Council's assets must be properly recorded, safeguarded from loss/harm and utilised effectively, and any acquisitions/disposals undertaken in accordance with the Corporate Schedule of Financial Delegations, Appendix 1.
 - **Insurance**-Appropriate insurance cover is necessary to indemnify the Council against the possibility of financial costs which may arise from certain unplanned events and claims such as damage to its property, injury to employees or to the public.
 - **Recharges and internal trading accounts**-Where required for financial reporting purposes, back office costs should be allocated to services using a relevant basis of apportionment and in accordance with accounting codes of practice. Where

relevant and strictly necessary, internal charges between services should be accounted for on a timely basis using CFO agreed recharge mechanisms.

ACCOUNTING

2 The CFO is responsible for:

- a. Determining the Council's main accounting (and budgeting) system for the preparation of the Council's accounts and for monitoring all income and expenditure.
- b. Determining any other financial systems which may sit outside of the main accounting system and ensuring that these are sound and properly integrated and interfaced. It is a requirement that the options appraisal for new systems should include ease of integration and interfacing with the main accounting system. Any such interface must require little or no manual intervention.
- c. Issuing guidance on the use and maintenance of the main accounting system and related financial systems and ensuring that supporting records and documents are retained.
- d. Ensuring that regular balance sheet and holding account reconciliations are undertaken.
- e. Preparing the Council's consolidated accounts, balance sheet and Annual Governance Statement (AGS) for audit and publication and issuing guidance (including a detailed timetable and plan) to ensure achievement of the statutory deadline.
- f. Ensuring all relevant staff are trained and competent in the use of the main accounting system and any subsidiary finance systems managed under the CFO's control.
- g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for the Council's main accounting system and any subsidiary finance systems.

3 Managers are responsible for:

- a. The financial management of services, cost centres, projects or programmes for which they are responsible, further ensuring that proper accounting and financial systems exist incorporating adequate internal controls to safeguard against waste, loss or fraud.
- b. Ensuring that the main accounting system is used to accurately record financial transactions in accordance with guidance issued by the CFO.
- c. Ensuring an adequate audit trail of financial information and compliance with the Council's policies in respect of the retention of documents.
- d. Ensuring that the use of any service specific financial system (and changes to existing, including upgrades/new versions) has the express approval of the CFO, and is adequately documented, tested and interfaced with the main accounting system and all relevant staff have been properly trained in its use. It is a requirement that the option appraisal for new systems should include ease of integration and interfacing with the main accounting system, and that automatic interfaces that require no manual intervention are required.
- e. Complying with the timetables required by the CFO to enable the production of consolidated accounts, budgets and statutory information.
- f. Ensuring staff are aware of and have access to these Regulations and any supplementary advice and guidance issued by the CFO.
- g. Ensuring there is a documented and tested disaster recovery plan as part of an agreed business resilience strategy for any service specific financial system.

4 The CFO is responsible for:

- a. Providing all necessary corporate systems for the administering of invoicing, credit notes, income collection and debt recovery.
- b. Approving any local Service specific procedures, systems and documentation used where for whatever good reason corporate systems cannot be used.
- c. Ensuring that claims for Government grants and other monies are made properly and promptly.
- d. Ensuring that all monies received are properly receipted and recorded and banked promptly.
- e. Administering the process for writing off irrecoverable debts and monitoring and reporting on write off levels.
- f. Issuing advice and guidance on the detailed procedures to be followed in writing off bad debts from the accounts.
- g. Recommending and implementing the Council's debt management policy in consultation with Corporate Management Board.

5 Managers are responsible for:

- a. Using the CFO approved corporate systems for invoicing, income collection and debt recovery.
- b. Administering any local systems for invoicing, income collection and debt recovery as approved by the CFO which must properly segregate duties between staff raising accounts and those responsible for income collection. (where the CFO has agreed that compliance with 5a. is not possible or in the Council's best interest).
- c. Ensuring that fees and charges for the supply of goods and services are reviewed at least annually, consulting with the CFO and cabinet member on the financial effect of the review and obtaining Cabinet approval for any proposal to introduce new charges. (For managers in BCP maintained schools consultation/approval is instead required from the Chair of Governors)
- d. Collecting all income from within the budgets for which they are responsible.
- e. Collecting payment at point of sale wherever possible, to improve cash flow, using the system provided by the CFO.
- f. Timely initiation of 'sales invoices' in respect of all fees and charges due using the system provided by the CFO.
- g. Complying with the Corporate Schedule of Financial Delegations, Appendix 1, when writing off debts, when waiving, suspending or refunding fees, charges or contributions and maintaining appropriate records of those decisions.
Once raised on the accounting system, no bona fide debt can be cancelled except by full payment or by being formally written off in the accounts. Cancellations/Credit notes can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and must not be used for any other purpose.
- h. Ensuring that refunds are only made to the original source/bank account. Any refunds not to the original source/bank account must be authorised by the CFO or their appointed representative.
- i. Providing operational data and information to ensure that claims for Government grants and other monies due are made properly and promptly.
- j. Issuing official receipts for all cash and cheque income and maintaining all other documentation for income collection purposes and ensuring controlled stationery is securely stored. (except in BCP maintained schools where the Chair of Governors can agree proportionate arrangements)
- k. Keeping all income received in secure storage prior to banking and ensuring cash holdings do not exceed insurance limits.
- l. Ensuring that cash income is never used to cash personal cheques or used to make any other payments.

- m. Ensuring that where post, likely to contain money, is opened locally at least two staff are present to properly identify, record and safeguard. (It is accepted this may not always be practical, in such cases managers must agree alternative arrangements with the CFO).
- n. Ensuring all income received is paid in fully and promptly in the form in which it was received into an approved Council bank account, income kiosk or cash office, also ensuring all details are properly recorded on paying in slips which are retained for audit purposes.
- o. Reporting immediately, to the Money Laundering Reporting Officer (MLRO) (the Chief Internal Auditor), all instances of attempts by customers to pay for works, goods or services in cash:
 - that are in excess of £5,000 but lower than £10,000;
 - that are suspicious in any way such as, but not limited to, multiple use of high denomination notes, multiple and frequent disaggregation of payment of a higher value outstanding debt;

In such instances the Manager must accept the cash and not make any further enquiries into the matter themselves or share the information with anyone except the MLRO and their respective Service Director. Under no circumstance should the customer handing over the cash be told of the reporting to the MLRO nor should a formal record on any personal file of the reporting to the MLRO be made otherwise a criminal offence may be committed.

- p. Any cash payment in excess of £10,000 must be refused.

EXPENDITURE ON WORKS, GOODS AND SERVICES

6 The CFO is responsible for:

- a. Ensuring that an effective overarching Procurement Strategy is in place (Purpose, Principles and Priorities).
- b. Ensuring that effective Procurement Regulations (Part G) are in place, and which are supported by detailed procurement guidance on the ordering, certification and payment for all works, goods and services. (The Procurement Code).
- c. Agreeing any exceptions to the normal procurement process outlined in the Procurement Regulations (Part G).
- d. Providing a corporate purchase to pay system for the electronic ordering, receipt and payment for works, goods and services.
- e. Processing all payments due on receipt of a valid invoice or contract certificate which satisfies VAT regulations, and confirmation that works, goods and services have been received.
- f. Agreeing any exceptions to the requirement to raise purchase orders for all works, goods and services outside of the Council's main purchasing/ordering system.
- g. Agreeing the use and administering the issuing of p-cards and processing of resulting payments.
- h. Agreeing the use of all pre-loaded payment cards.
- i. Approving any payment in advance for goods or services exceeding £30,000 (inclusive of VAT) or in excess of 6 months if the amount exceeds £1,000.
- j. Approving any payments in advance for works.

7 Managers incurring expenditure on works, goods and services are responsible for:

- a. Complying with the requirements of the Council's Procurement arrangements set out in Part G of these Regulations.
- b. Ensuring that all purchase orders are raised using the Council's corporate purchasing system ¹ prior to any works, goods and services being received or paid for ². The Council has a "No Purchase Order, No Pay Policy" except for the following circumstances where a purchase order is not required for:
 - payments made on the basis of a formal stage payment contract
 - payments made on the basis of a formal periodic payment contract (the periodic payment may be fixed or variable in value)

- statutory or legislative charges, levies or fines (including those for taxation, pension fund)
 - purchases appropriately made through p-card (procurement /payment cards) or pre-loaded card
 - continuous charges for utilities supply
 - periodic payments such as rents or rates
 - treasury management payments
 - payments to volunteers
 - payments made from CFO approved interfaced Council database systems (such as Children's and Adult Social Care systems and Libraries)
 - exceptions agreed with the CFO (for BCP maintained schools the Chair of Governors may agree other circumstances where purchase orders are not required)
- c. Ensuring that no purchase orders are placed without the proper approvals and financial authorities set out in the Corporate Schedule of Financial Delegations (Appendix1).
- d. Receipting all works, goods and services on the corporate purchasing system.
- e. Ensuring the proper completion and authorisation of payment certification vouchers, including confirming that the invoice has not previously been paid.

1 BCP maintained schools may use alternative purchase order systems

2 In exceptional circumstances, to be agreed by the CFO, verbal, email or in person orders may need to be raised retrospectively in the Council's corporate purchasing system using the 'Confirmation order' facility

- f. Ensuring that payments are made only where works, goods and services have been received to the correct price, quantity and quality standards.
- g. Gaining CFO approval for any payments in advance for goods or services exceeding £30,000 (inclusive of VAT) or in excess of 6 months if the amount exceeds £1,000.
- h. Gaining CFO approval for any payments in advance for works.
- i. Gaining CFO approval for the use of p-cards and pre-loaded cards.
- j. Ensuring that all p-cards and pre-loaded cards are appropriately controlled, that transactions are reviewed and authorised by the relevant line manager, are for proper business purposes and are supported by receipts which must be stored electronically on the 'receipt imaging' function.
- k. Reporting any lost or stolen p-cards or pre-loaded cards immediately to the Chief Internal Auditor.

EXPENDITURE ON SALARIES, WAGES, ALLOWANCES & EXPENSES (including making 'on-payroll' payments for non-salaries as directed in law by HMRC)

- 8 Council is responsible for determining how officer support for executive and non-executive roles within the Council will be organised. The Head of Paid Services/Chief Executive Officer is responsible for overall staff management arrangements including ensuring that proper systems of evaluation are used in determining remuneration.
- 9 The CFO is responsible for ensuring that the Head of Human Resources (HHR) operates sound arrangements for the payment of salaries, pensions and expenses to officers and councillors.
- 10 The HHR is responsible for:
- a. Providing a corporate payroll system for recording all payroll data and generating payments to employees and councillors, including payment of pensions and expenses.
 - b. Ensuring the corporate payroll system properly and efficiently interfaces with the main accounting system and that any chart of accounts held within the payroll system is kept up to date.

- c. The proper calculation of all pay and allowances, National Insurance and pension contributions, income tax and other deductions.
- d. Completing all HM Revenues & Customs (HMRC) returns regarding PAYE and providing advice and guidance on employment related taxation.
- e. Maintaining an accurate and up to date record of the Council's establishment.
- f. Agreeing with BCP maintained schools the use of any local payroll arrangements having been adequately assured that the alternative system is well controlled, managed and resulting in the correct payments being made to the correct staff.
- g. Agreeing with managers all circumstances where a wage or salary is to be paid outside of the main HR/payroll system.
- h. Agreeing all 'on payroll' arrangements, required by HMRC, for payments to individuals not directly employed by the Council (e.g. IR35 tax).
- i. Agreeing the use of the corporate payroll system for recording payroll data and generating payments to employees of third-party organisations (and where a fee or charge is applied agreeing this with CFO).

11 Managers incurring expenditure on salaries, wages, allowances and expenses are responsible for:

- a. Controlling resources and containing staff numbers within approved establishment and budget levels.
- b. Ensuring that all employee appointments, including temporary staff, are made in compliance with the Council's policies.
- c. Ensuring that the HR/Payroll system is updated promptly of starters and leavers, and all information relating to employees pay and expenses.
- d. Ensuring that all payments made to employees are properly authorised in compliance with the requirements and financial limits set out in the Council's human resources policies.
- e. Ensuring that any overpayment (error) is recovered. Managers do not have delegated authority to write-off any overpayment.
- f. Ensuring that all expenses claims are reviewed and authorised by the relevant line manager prior to payment. Staff subsistence should never be paid or reimbursed using p-cards or pre-loaded cards, the Council's HR/payroll system must be used to reimburse staff expenses in all such cases.
- g. Ensuring that all persons employed by the Council are paid through the Council's corporate payroll system.
- h. Ensuring that any proposal to engage a person via a contract of service* (rather than a contract of employment) is assessed by the HHR for compliance with relevant legislation to determine if payments need to be 'on payroll' or 'off payroll' via invoice. This includes engagements via Employment Agencies and Single Person Companies or Partnerships.
*Where a Contract of Service is proposed see Appendix 1 section EX9 for required approval route
- i. Managers in BCP maintained schools must have the approval of the HHR if they wish to use their own alternative payroll arrangements.

BANKING (including 'Client Cash Floats' and local Bank Accounts)

12 It is the responsibility of Cabinet to approve the banking arrangements of the Council.

13 The CFO is responsible for:

- a. Managing the Cabinet approved banking contract on a day-to-day basis.
- b. Managing and operating all the Council's bank accounts and ensuring that all payment methods, whether physical or electronic, have the appropriate authorisations, approvals and signatures.
- c. Ensuring that adequate controls are in place for the control of payment methods (including cheques) covering access, ordering, custody, preparation, signing and despatch as appropriate.

- d. Ensuring regular reconciliations are carried out between all bank accounts and the financial records of the Council.
- e. Approving the operation of any 'client cash floats' for disbursement of cash to clients.
- f. The Council will not operate petty cash accounts and therefore no cash payments will be made to purchase works, goods or services.
- g. Approving the operation of any local bank accounts in Services.

14 Managers are responsible for:

- a. Ensuring that no bank accounts are opened in the name of the Council other than with the express written authority of the CFO.
- b. Reporting to the CFO on the nature and state of any bank accounts for which they are responsible. Reconciliations must be subject to management review and sign off in a timely manner.
- c. The proper administration of any 'client cash floats' or local bank accounts including record keeping, document retention, paying in income, reconciliation and control of cheques including ordering, custody and security, preparation, signing and despatch.
- d. Using 'client cash floats' for client cash disbursements only and ensuring such floats are not used to purchase works, goods or services or to reimburse staff expenses.

TREASURY MANAGEMENT, FINANCING AND LEASING

15 The CFO is responsible for:

- a. Preparing and presenting an annual Treasury Management Strategy to Audit & Governance Committee and/or Cabinet prior to submission to Council for approval.
- b. Implementing, reviewing and reporting on the progress and performance of the strategy and recommending any changes to Audit & Governance Committee on a quarterly basis.
- c. Effecting all investments and arranging borrowings within the limits imposed by the Council and reporting on the funding methods used.
- d. Advising on any proposal for leases, borrowings, credit arrangements, and hire purchase arrangements to Council for approval.
- e. Advising on any proposals to set up or acquire interest in a company, joint company, joint venture or partnership to Council for approval.
- f. Ensuring that the use of any financial derivatives is intra vires and properly risk assessed and monitored.
- g. Ensuring compliance with all applicable laws, regulations and codes of practice relating to treasury management and capital finance including the registration of all Council owned stocks, bonds, mortgages and loans.
- h. Ensuring that cash flow forecasting and monitoring systems are in place.

16 Managers are responsible for:

- a. Assisting cash flow through timely billing of income due, due consideration of contracts payment terms and minimising advance payments wherever possible.
- b. Supporting cash flow forecasting and notifying the treasury team in advance of any high value receipts or payments that may impact on investments and borrowings.
- c. Ensuring no loans or guarantees are given to third parties and that interest in companies, joint ventures or other enterprises are not acquired without the approval of Council and following advice from the CFO.

- d. Ensuring that no leases, borrowings, credit arrangements or hire purchase arrangements are entered into without the approval of Council and following advice from the CFO.
- e. Arranging for all trust funds to be held in the name of the Council wherever possible and ensuring that trust funds operate within the law and the specific requirements for each trust. All officers acting as trustees by virtue of their position with the Council shall deposit securities relating to the trust to the custody of the CFO unless the deeds specifically require otherwise.
- f. Arranging the secure administration of funds held on behalf of third parties and ensuring that the systems and controls for administering such funds are approved by the CFO and subject to regular audit.

TAXATION

17 The CFO is responsible for:

- a. Ensuring that transactions comply with relevant statutory requirements and authorities.
- b. Approving the systems for all PAYE returns to HM Revenues & Customs (HMRC).
- c. Completing a monthly return of VAT inputs and outputs to HMRC, ensuring prompt recovery of sums due, and reconciliation of tax records to the main accounting system.
- d. Making monthly Construction Industry Scheme returns to HMRC.
- e. Managing the Council's partial exemption position.
- f. Preparing and submitting Voluntary Disclosure Notices to HMRC and recovery of any revenues due.
- g. Providing advice and guidance on taxation issues.

18 Managers are responsible for:

- a. Ensuring that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- b. Seeking advice on the potential tax implication of any new initiatives for the delivery of Council activity and services.
- c. Ensuring that the taxation implications of proposed land and building acquisitions and sales and proposed capital schemes are properly identified and considered at the planning stage.
- d. Ensuring that contractors fulfil the necessary construction industry tax deduction scheme requirements where construction and maintenance works are undertaken.
- e. Ensuring that advice and guidance on taxation issued by the CFO is followed and adhered to by staff in their service, project or programme.
- f. Ensuring that all persons employed by the Council are added to the Council's payroll and tax deductions forms part of payments made to them. (with approved exceptions agreed by the CFO and HHR where individuals concerned are bona fide self-employed or are employed by a recognised agency)

ASSET MANAGEMENT

19 The CFO is responsible for:

- a. Ensuring that asset registers are maintained in the appropriate format for accounting purposes for all fixed assets valued in excess of the limit set out in the Schedule of Financial Delegations to Officers, and that valuations are made in accordance with the local authority accounting code of practice.
- b. Establishing an asset management plan that details short, medium and long term use of assets, and establishes arrangements for monitoring and reporting asset performance.

- c. Ensuring that all asset acquisitions and disposals are properly recorded within asset records by the CPO.
- d. Arranging for all assets to be adequately insured.
- e. Prescribing the records to be maintained for any stocks and stores and for inventories of moveable assets.
- f. Approving the write off of deficiencies in any stocks, stores and inventory items subject to the limits set out in the Schedule of Financial Delegation to Officers.

20 The Corporate Property Officer (CPO) is responsible for:

- a. Maintaining up to date records of all land and buildings, including values and plans, for inclusion in the corporate fixed asset register, and of the Council's housing stock in the format prescribed by the CFO and at least on an annual basis.
- b. Arranging for the regular valuation of assets for accounting purposes to meet the requirements specified by the CFO.
- c. Ensuring that all land and buildings are maintained so as to best protect and safeguard the Council's interests.
- d. Arranging the disposal of surplus assets in compliance with any approved asset management strategy/plan(s) that apply and subject to the necessary approvals.
- e. The acquisition of land and buildings on behalf of the Council in accordance with any asset management strategy/plan(s) that apply, Capital Programme and medium term financial plan, and subject to the necessary approvals.
- f. Notifying the CFO of acquisitions and disposals so that the accounting records can be updated.
- g. Ensuring all rents, charges or fees due in respect of investment land and buildings are raised and all income is collected and accounted for in the Council's accounting systems.
- h. Ensuring all lessees and other prospective occupiers of Council land or buildings are not allowed to occupy the property until a lease or agreement in a form approved by the Monitoring Officer has been completed.
- i. Ensuring all title deeds are passed to Legal Services who act as custodian for all title deeds for Council properties and land.

21 The Head of ICT & Customer Support is responsible for:

- a. Maintaining up to date records of all ICT equipment, including values, for inclusion in the corporate fixed asset register in the format prescribed by the CFO.
- b. Purchasing, maintenance and disposal of all ICT equipment.

22 Managers are responsible for:

- a. Providing the Corporate Property Officer (CPO) with all relevant information and documentation for the purposes of maintaining an up to date and complete fixed asset register.
- b. Ensuring the proper security and safe custody of assets under their day-to-day operational control and reporting any assets that are lost, stolen or destroyed to the insurance team, facilities management and internal audit as appropriate.
- c. Complying with guidance issued by the CFO on the disposal of assets including selling, gifting, swapping or donating the asset subject to the limits set out in the Schedule of Financial Delegations to Officers.
- d. Ensuring all rents, charges or fees due in respect of operational land and buildings, under their day-to-day service control, are raised and all income is collected and accounted for in the Council's accounting systems.
- e. Complying with guidance issued by the Head of ICT & Customer Support including the purchase, maintenance and security, maintenance of ICT asset registers and disposal of ICT equipment.

- f. Maintaining local inventories of moveable assets (non-ICT) for all items with a purchase price exceeding £1,000 (and for determining a lower £ value if deemed appropriate, such as for desirable items e.g. digital cameras).
- g. Ensuring that stocks, stores and inventory items are held securely and kept to a minimum, proportionate to the needs of the service.
- h. Ensuring that any cash holdings are kept to a minimum, within insurance limits and held securely.
- i. Seeking approval to write off deficiencies in any stocks, stores, or inventory items, subject to the limits set out in the Corporate Schedule of Financial Delegations (Appendix 1).
- j. Ensuring that assets are used only in the course of the Council's business unless specific permission has been given otherwise by a designated officer as shown in the Corporate Schedule of Financial Delegations (AM10).

INSURANCE

- 23 The CFO is responsible for:
- a. Determining the nature and level of insurance cover to be effected.
 - b. Effecting insurance cover and processing and settlement of all claims.
- 24 Managers are responsible for notifying the CFO promptly of:
- a. All new risks, properties or vehicles which require to be insured.
 - b. Any alterations affecting insurance arrangements.
 - c. Any loss, damage or claim.
- 25 Managers must not effect any local insurance arrangements without the approval of the CFO.

RECHARGES AND INTERNAL TRADING ACCOUNTS

- 26 The CFO is responsible for:
- a. Maintaining an appropriate system of internal recharges which ensures that the full cost of each service is identified in accordance with reporting requirements.
 - b. Where relevant and strictly necessary all internal charges and recharges should be processed in a regular and timely basis using relevant bases of apportionment, allocation or recharging mechanisms.
 - c. Advising on the operation of internal trading accounts.
- 27 Managers are responsible for:
- a. Agreeing the basis of internal charges/recharges in advance of the financial year as part of the budget setting process.
 - b. Maintaining appropriate systems to calculate recharges or justify their apportionment.
 - c. Providing data to enable recharges to be processed on a regular and timely basis and responding in the event of any disputed charges.
 - d. Complying with guidance issued by the CFO in relation to the operation of trading accounts.

PART G PROCUREMENT & CONTRACT PROCEDURES

BCP maintained schools should augment this section of Financial Regulations with Buying Procedures and Procurement Law for Schools guidance issued by the DfE. <https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools>. If specific DfE guidance content differs to Part G, BCP Council requirements, then DfE guidance content applies. BCP Council's internal governance arrangements and requirements in these Regulations for Procurement Decisions Records do not apply to BCP maintained schools

PRINCIPLES

1. Goods, services, works and concessions must be procured in a way that is lawful, ensures transparency, integrity and accountability, covering all funding sources (Revenue, Capital, Grant or Partner Funding, HRA), represents value for money (VFM), maximises public benefit and serves to deter fraud and corruption.
2. All procurement and contractual commitments made by the Council must:
 - a. Follow **any corporate** 'expenditure control' instructions.
 - b. Ensure when calculating the estimated value of a contract it must be inclusive of VAT.
 - c. Involve the Procurement and Contract Management (PCM) team in all procurement activity where the whole life contract value is over £30,000 (VAT inclusive).
 - d. Ensure standard tender processes or documentation cannot be changed without the approval of the Head of Strategic Procurement.
 - e. Comply with all relevant statutory provisions including the **Procurement Act 2023 (PA23)**, Concession Contracts Regulations 2016 (CCR16) and Procurement Regulations 2024 (PR24) (or as amended).
 - f. Ensure goods, services, works and concessions are procured by the most efficient, transparent processes, by sustainable and ethical means, ensuring accountability, achieving value for money and deriving maximum benefit to support BCP Council's corporate strategies and plans.
 - g. Cover the whole life value, from the initial definition of the business need through to the end of the useful life of the asset or service contract including any licensing upgrades, maintenance, parts, recycling, staffing costs and disposals.
 - h. Offer best value and protect the Council from any loss arising from the failure of a contractor to perform the contract.
 - i. Ensure that the Council pays a fair and proper price (or receives a fair and proper price in the case of concessions).
 - j. Follow procurement advice published on the Council's "How Do I" intranet pages.
 - k. Plan activities sufficiently early to enable orderly transitions to new contract arrangements, whether extending, re-tendering.

STANDARDS

3. The following standards must be adopted:
 - a. The highest standards of probity and ethical governance are always maintained and adhered to.
 - b. All Officers and Councillors must declare any personal interest or conflict of interest during the whole life in any procurement or contract, failure to do so could be deemed to be either corrupt practice or maladministration or could not withstand public scrutiny.
 - c. All suppliers are treated equally, and procurement takes place in an open and transparent manner which does not favour unfairly one supplier over another.

- d. Legal, Finance, IT, Human Resources, Property, Climate Team, Insurance and other professional advice appropriate to the individual procurement exercise will be obtained.
- e. Managers will work with Finance and Procurement to understand their spend and, where relevant, work to migrate spend from spot-purchasing (normally reserved for urgent needs, one-time purchases, or when the market conditions dictate) to buying against a compliantly procured contract with suppliers on pre-negotiated terms and conditions.
- f. Ensure that contract opportunities are as accessible as possible to all entity types, including Small Medium Enterprise (SME) / Voluntary Community & Social Enterprise (VCSE) suppliers.
- g. Estimation of contract value of goods, services and works, for the purposes of determining the applicable threshold, is an aggregation of the whole life value from award and includes implementation prior to live service and extends to contract termination, not just annual, including any optional extensions and including VAT (where applicable). Consideration should also be given to costs related to, but not limited to, delivery, licensing, implementation, upgrades, maintenance, parts, recycling, staffing costs, decommissioning and disposals.
- h. The estimated value of a concession is calculated based on the total turnover of the concessionaire generated over the duration of the contract, net of VAT, as estimated by the contracting authority, in consideration for the works and services that are the object of the concession as well as for the supplies required for such works and services. Turnover is defined as equivalent to revenue or sales (net of discounts and sales taxes) i.e. total money in (not net of expenditure).
- i. No goods will be delivered, nor services or works begun without a proper contractual commitment and/or purchase order being in place.
- j. All contracts must have a clearly defined duration, including extensions where required, provision(s) for modifications and termination and must not have a provision to automatically renew.
- k. Industry and/or Council standard contracts/terms/conditions must be used wherever possible as approved by Legal Services.
- l. Where bespoke advice or drafting of contracts is required, the MO must approve the document prior to tendering or obtaining quotes and in any event before any contract is executed and any terms and conditions must not be held against the best interests of the Council.
- m. The general principle is that unlimited liability is not permitted because it is disproportionate, can have the effect of deterring bidders, raising prices due to the inclusion of large risk premiums and it runs contrary to government policy on growth and supporting business.
- n. All tender processes over £30,000 will be undertaken using the Council's procurement system unless otherwise agreed by the Head of Procurement (e.g., for a collaborative procurement where BCP Council is not the lead, or a Framework requires otherwise).
- o. When appointing interim staff or consultancy services (contract of employment or contract for service) refer also to the Corporate Schedule of Financial Delegations in Appendix 1 (EX9, 10 & 11).
- p. The Procurement & Contracts Board has oversight over all planned spend decisions across the entire Council and has the authority to require any Manager to attend a meeting and provide information and/or explanation as required by the Board.

- q. Managers delegating responsibility for leading a procurement will ensure that allocated staff receive adequate support to achieve time and quality requirements.

BREACHES

- 4. Breaches of Financial Regulations (Part G) are extremely serious matters and will be fully investigated and reported on following referral or discovery. Any breach of these Regulations could lead to disciplinary action being taken against the individual(s) concerned.
 - a. Where it is evident that any part of Part G has not been followed then a breach has occurred.
 - b. Service Directors and managers are responsible for reporting all known or discovered breaches of these Regulations to the CFO as soon as they become aware of such instances.
 - c. Service Directors may be required to supplement the CFO's annual report on breaches to the Audit & Governance Committee with a more detailed report explaining the circumstances of the breach and the remedial action taken or planned by way of remedy.

PROCUREMENT DECISION RECORDS (PDRs) – GENERAL REQUIREMENTS

- 5. Managers will engage with PCM as required and input into the completion and approval of Procurement Decision Records (PDRs). Managers should note:
 - a. PDRs will be used to record the following reportable circumstances:
 - i. Standard competition requirements not followed as they would likely cause harm to health or property.
 - ii. **Standard competition requirements not followed for technical reasons; using a different supplier would result in the supply of goods, services or works that are different from, or incompatible with, those already provided for in the contract and the Council considers that the difference or incompatibility would result in disproportionate technical difficulties in operation or maintenance or other significant inconvenience, and the substantial duplication of costs.**
 - iii. Payments in advance for goods, services or works
 - iv. Spot-purchase (i.e. off-contract) when buying against a compliantly procured contract was an option.
 - b. PDRs will not be granted retrospectively unless under emergency requirements (Section 7) and any such requests will be treated seriously and constitute a breach.
 - c. PDRs will not be considered approved until approved by all relevant signatories which include Lead Client Officer, Lead Procurement Officer, Accountant, Director, Head of Procurement, Chief Financial Officer. PDRs for IT subject matter will also need to be approved by IT.
 - d. The CFO will produce an annual report on relevant PDRs and submit this report to the Audit & Governance Committee for scrutiny and potential follow up action.

PIPELINE

- 6. PCM will prepare and maintain the Council's organisational pipeline of recurrent contracts and planned new contracts.

- a. The pipeline must look ahead a minimum of 18 months to support procurement resourcing and bidder planning as well as service preparation and planning. Estimated contract values must be shared with PCM.
- b. Managers must engage with PCM on a regular basis to share information and data on their forward plan of procurements, including extensions, for the forward-looking period specified by PCM.
- c. PCM will publish the Council's pipeline in the public domain in the required Pipeline Notice format. This includes the Council's forward plan of procurements with estimated values above £2M, including extensions. The forward plan must extend for a minimum of 18 months.

EMERGENCIES

7. Emergencies (serious risk to life or serious and immediate risk of loss or damage), only applies to extreme major incidents or unforeseen events such as a natural disaster and does not allow for accelerated procurement due to urgency, in which case the PDR process applies.
 - a. In the case of an extreme emergency where there is immediate danger to the safety of persons or serious risk of immediate loss or damage to the Council's assets or interests, or the interests of another party, the Chief Executive, Corporate Director, CFO, MO or Service Director, may place such emergency contracts/orders as necessary by means that are reasonable under the circumstances.
 - b. The Chief Executive, Corporate Director, CFO, MO or Service Director may delegate another officer of the Council to place such emergency contracts/orders but remains accountable for any resulting expenditure or activity.
 - c. The CFO and appropriate Cabinet Member must be advised of any emergency contract/order within five working days.
 - d. In such an event, the Head of Procurement shall be advised of the use of the procedure and an emergency PDR be sent as soon as reasonably practicable for all procurements of any value.

USE OF CORPORATE CONTRACTS AND FRAMEWORKS

8. At all levels of spend, where an appropriate organisation-wide contract exists, including compliantly procured framework agreements, it must be used.
 - a. If a corporate contract is deemed unsuitable by PCM, then a written justification must be recorded in the PDR, describing the reason why such a corporate contract cannot deliver the Council's requirements/specifications and alternative VFM must be demonstrated.
 - b. Where a corporate contract does not exist, the service(s) will consult PCM who will:
 - i. select the most appropriate procurement route to market and tender processes.
 - ii. identify if similar contracts are being let, or due to be let, with a view to aggregating requirements and/or modifying existing contracts.
 - c. Although such contracts may be available to them, this is not a requirement for BCP maintained schools.

PRELIMINARY MARKET ENGAGEMENT (PME)

9. Proportionate PME should be undertaken to inform the development, deliverability and affordability of requirements including the feasibility of alternative options that could help better deliver services. For contracts over £30,000 PCM must be consulted and involved before undertaking any PME.
 - a. PME must be conducted in a fair and transparent manner and must not to be treated as a call for competition and a contract must not be awarded.
 - b. PME can be conducted with a view to informing suppliers of procurement plans, requirements and informing the Council's Pipeline.
 - c. Steps must be taken to ensure that participating suppliers are not unfairly advantaged.
 - d. At the commencement of each specific planned procurement, Conflict of Interest declarations / assessments must be completed by all individuals that could influence a decision made by or on behalf of BCP Council.

LEGAL OBLIGATIONS AND COUNCIL POLICY OBJECTIVES

10. Legal obligations and Council policy objectives must be considered in all procurement processes and where relevant and proportionate, incorporated into the specification, evaluation process and the terms and conditions of the contract.
 - a. Legal obligations and Council policy objectives that must be met as a minimum are:
 - i. Risk Assessment and Business Continuity Impact Assessment
 - ii. Sustainability Decision Impact Assessment
 - iii. Social Value Considerations (The Public Services (Social Value) Act 2012)
 - iv. Equality Impact Assessment
 - v. UK General Data Protection Regulation (UK GDPR)
 - vi. Transfer of Undertakings (Protection of Employment) Regulations (TUPE)

PROCUREMENT TIMELINE

11. PCM will determine minimum & maximum procurement timeline(s) depending on the proportionality and complexity of the requirements against procurement legislation, which must be set out in the tender documents.

CONTRACT LENGTH

12. PCM and the manager will decide the length of a contract, consideration should be given to the complexity of the requirement, as well as the resources and investment required. The timeframe should be realistic and sufficient for both sides to perform their contractual obligations.

FRAMEWORKS

13. The access to and use of any 3rd party framework or dynamic market is subject to PCM due diligence and must be approved by the Head of Procurement before use.

PROCURING WHEN FUNDED BY EXTERNAL GRANTS

14. Managers must, in advance of undertaking any procurement activity, ensure PCM has full access to any relevant paperwork and guidance to ensure the Council is fully conversant and compliant with all the requirements of the relevant funding bodies.

LIGHT TOUCH REGIME (LTR)

15. Only Light Touch service contracts defined under Schedule 3 of PCR15 or Schedule 1 of PR24 can use this process. All procurement processes covered by the Light Touch Regime must be agreed with and run by PCM.

PROVIDER SELECTION REGIME (PSR)

16. All procurement processes of any value covered by The Health Care Services (Provider Selection Regime) Regulations 2023 must be agreed with and run by PCM.

CONCESSIONS

17. Where a manager is considering entering into a Concession Contract of any value, the process must be agreed with and run by PCM.

SPECIFICATIONS

18. Within technical specifications the words “*or equivalent*” must immediately follow every reference to a specific make or source of a product.
 - a. Under £30,000 - The manager is responsible for ensuring a specification is created that describes the Council's requirements in sufficient detail including the considerations required in legal obligations and Council policy objectives, to enable the submission of equal and transparent competitive bids.
 - b. Over £30,000 - The manager must consult the PCM to ensure a specification is created that describes the Council's requirements in sufficient detail including the considerations required in legal obligations and Council policy objectives, to enable the submission of equal and transparent competitive bids.
 - c. Specifications for contracts with estimated values above £5M must include at least three key performance indicators. This does not apply to frameworks, concessions, LTR or PSR contracts.
 - d. All expenditure thresholds – The manager should focus on the outcome required when writing specifications to encourage flexibility and innovation in the approach taken by suppliers.

PAYMENT IN ADVANCE

19. The Manager is responsible for ensuring approval for a payment in advance is made in accordance with Part F (7) (g) & (h). Examples that may apply include, but are not limited to, lease arrangements, ICT software licensing and support agreements, subscriptions, maintenance agreements, works, goods or services received from utility companies and market research.
 - a. Requirements of such must be included in the relevant specifications and T&Cs and the payment in advance is limited to the actual requirement of the T&Cs and no more.
 - b. Where CFO approval is required in accordance with Part F (7) (g) & (h), such approval will be sought in the format of a PDR.

PERFORMANCE BONDS AND PARENT COMPANY GUARANTEES

20. The manager is responsible for ensuring:

- a. In a contract for the execution of works the requirements for any performance bond or guarantee are as follows:

i. £0 to £500,000	Consider the requirement, or not, for and value of performance bond or parent company guarantee further to their risk assessment.
ii. £500,000 up to PA23 works threshold	Consult the CFO and MO to consider the requirement, or not, for and value of performance bond or parent company guarantee further to their joint risk assessment.
iii. Over PA23 works threshold	Bond or parent company guarantee is normally required, the terms to be approved by the MO. The CFO must agree the value or percentage value of the contract of such a bond or guarantee.

- b. The risk assessment considers other ongoing contracts with the same contractor and the aggregate contract values in determining the need for a performance bond or guarantee.
- c. Such bonds or guarantees be taken up by the contractor with an insurance company, bank or other financial institution or body approved by the CFO. (Except for 'schedule of rates' contracts or any other contract exception agreed by the MO and CFO).
- d. Where the works contract has been let via an available Framework Agreement, then any retention or performance bond requirements of that framework agreement must prevail.

EVALUATION CRITERIA AND SCORING MATRIX

21. PCM will ensure that a scoring matrix is prepared for all tenders above £30,000 against assessment criteria derived from the requirements in the specification and price elements. The evaluation criteria, weightings and price elements must be issued with the tender and be clear and transparent to bidders.
- a. Invitations to tender will include relevant and proportionate evaluation criteria, derived from the elements defined under Legal obligations and Council policy objectives that might improve and secure improvement in respect of the economic, social and environmental well-being of the relevant area.
- b. Where relevant and proportionate, tenders are to be assessed with a minimum of 10% of the quality score being allocated to economic, social and environmental (i.e. social value) considerations.

COMPETITION REQUIREMENTS

22. Competition Requirements

- a. Local Suppliers must be used wherever possible under £30,000. A local supplier is defined, for this purpose, as operating within the BH, DT and SO postcode regions.
- b. All requirements of any value relating to the Provider Selection Regime (PSR) and Concessions must go through PCM.

c. Competition Requirements: £0 - £5,000

Procurement Decision Record – Not required (unless circumstances at 5a apply)
Responsibility: Manager
i. Obtain at least one written, value for money quote. ii. Ensure verbal quotes are retrospectively followed up by a written quote (by email if preferred) before placing the order. iii. The quote should, where possible, be from a local supplier prior to placing order.

d. Competition Requirements: £5,000 - £30,000

Procurement Decision Record is required
Responsibility: Manager and PCM
i. Consult PCM beforehand to develop a solution if a manager considers it appropriate to advertise under £30,000. ii. Invite sufficient suppliers by e-mail to ensure a minimum of three comparative written quotations are received back (to be declared in the PDR if less than three). Invitations must adhere to the principles of transparency and equal treatment. iii. For BCP maintained schools the Department for Education statutory guidance in respect of schemes for financing schools (normally updated annually) requires three quotes to be obtained for all spend to exceed £10,000 in any one year. iv. Ensure at least one of these quotes, where possible, is from a local supplier. v. Provide the same specification, evaluation criteria (where not price only) and the Council's standard terms and conditions to suppliers. vi. Set a quotation return date and time and evaluate accordingly. vii. If the estimated value was under £30,000 and all of the subsequent quotes received were above £30,000, then consult PCM. viii. Ensure a PDR has been approved prior to awarding contract / issuing a PO.

e. Competition Requirements: Regulated Below Threshold (i.e. £30,000 to Threshold) including PSR and Concessions.

Procurement Decision Record is required
Responsibility: Manager and PCM
i. The manager must involve PCM from the outset of the procurement process. ii. PCM will trigger conflict assessments which will be kept under review, revised and mitigated as necessary. iii. PCM will determine the most appropriate route to market and invite bid(s) in compliance with PR24: a. PCM are not required to openly advertise any below threshold opportunity.

b. PCM may at its discretion elect to openly advertise any below threshold opportunity. c. Where an opportunity is advertised generally in the public domain, including where targeted at any specific class of supplier, it shall initially be advertised on the relevant national opportunity platform. d. An opportunity shall not be considered advertised where it is made available to a number of particular suppliers who have been selected for that purpose regardless of how PCM draws the opportunity to the attention of those suppliers. e. Where an opportunity is made available to a number of particular suppliers for <u>Goods or Services</u>, PCM will: i. Invite a minimum of 5 quotes (where possible) up to £100,000. In exceptional circumstances PCM are permitted to reduce this requirement. ii. Advertise in the public domain above £100,000. f. Where an opportunity is made available to a number of particular suppliers for <u>Works</u>, PCM will: i. Invite a minimum of 5 quotes (where possible) up to £1,000,000. In exceptional circumstances PCM are permitted to reduce this requirement. ii. Advertise in the public domain above £1,000,000. g. Where an opportunity is made available to a number of particular suppliers for <u>Light Touch Regime</u> services, PCM will: i. Invite a minimum of 5 quotes (where possible) up to £200,000 unless grounds for direct award are approved by PCM. In exceptional circumstances PCM are permitted to reduce this requirement. ii. Advertise in the public domain above £200,000 unless grounds for direct award are approved by PCM. h. Where an opportunity is made available to a number of particular suppliers for <u>Concessions</u>, PCM will: i. Invite a minimum of 5 quotes (where possible) up to £100,000. ii. Advertise in the public domain above £100,000.
iv. PCM will identify if similar contracts are being let, or due to be let, with a view to aggregating requirements, creating corporate contracts and/or modifying existing contracts. v. PCM will ensure, where relevant, the appropriate notice(s) are published on Find a Tender Service via the Council's procurement system. vi. PCM will ensure that clarification questions (direct or public), received during the tender period are answered within the set tender period and appropriate responses provided by the Service are published via the procurement system.

f. Competition Requirements: Above Threshold including PSR or Concessions.

Procurement Decision Record is required
Responsibility: Manager and PCM
i. The manager must involve PCM from the outset of the procurement process. ii. PCM will trigger conflicts assessments which will be kept under review, revised and mitigated as necessary. iii. PCM will select the most appropriate route to market and tender process. iv. PCM will identify if similar contracts are being let, or due to be let, with a view to aggregating requirements, creating corporate contracts and/or modifying existing contracts.

- v. PCM will ensure, where relevant, the appropriate notice(s) are published on Find a Tender Service via the Council's procurement system.
- vi. PCM will ensure that clarification questions (direct or public), received during the tender period are answered within the set tender period and appropriate responses provided by the Service are published via the procurement system.

EVALUATIONS

23. The evaluation criteria, weightings and price elements for procurements must be scored against the score guide described within the tender documents, where applied.
- a. PCM will ensure:
 - i. Compliance and due diligence checks are undertaken before evaluation begins.
 - ii. Evaluators are provided with the compliant tender(s) and scorecards with instructions for individual evaluation purposes.
 - iii. A date and time are agreed with the evaluators for the return of all completed evaluation scorecards. Evaluators will record concise whole sentence responses/comments against all criteria to support audit and transparency.
 - iv. Appropriate moderation will be led by PCM with all evaluators present.
 - v. Evaluation of price and quality is completed in accordance with the tender documents and that evaluator scores are based on the question asked against the requirement (specification) and not a predefined opinion or experience.

ABNORMALLY LOW BIDS

24. Abnormally Low Bids will be reviewed by PCM in accordance with PCM's standard operating procedures.

FINANCIAL APPRAISALS

25. The Council has a responsibility to assure ourselves of the solvency and competency of suppliers that bid for our contracts. The key principle is to safeguard the delivery of public services, while being proportionate, fair and not overly risk averse.
- a. PCM and Accountancy are responsible for ensuring:
 - i. A financial appraisal risk assessment is completed on procurements valued over £30,000 to determine the level of financial checking required on a supplier as part of the procurement process.
 - ii. The appropriate financial appraisal as determined by the financial appraisal risk assessment is completed on the preferred supplier prior to notification of the procurement outcome to bidders.
 - iii. The method for each level of financial appraisal has been determined and agreed by the CFO.
 - iv. any risks identified through the financial appraisal of a preferred supplier are notified to the Head of Procurement prior to the notification of the outcome to bidders. The Head of Procurement will be responsible for the making the decision as to whether to continue with contract award.

AWARD NOTIFICATION

26. Award Notification

- a. Below the £30,000 threshold the Manager will notify bidders of successful and unsuccessful bid status, and award of contract / issuing of a PO. Such communication / notification must be after the PDR has been approved.
- b. Above the £30,000 threshold PCM will notify bidders and the wider market of the award of contract and issue successful and unsuccessful letter(s)
- c. PCM will notify bidders and the wider market of award of contract and issue successful and unsuccessful letter(s) for PSR and/or concession contracts at any value.
- d. With the exception PCM and/or Legal Services, Managers will not communicate with suppliers during any standstill period.

CONTRACT REGISTER RECORDS BETWEEN £5,000 and £30,000

27. Contract Register records between £5,000 and £30,000

- a. Managers must ensure that PCM are informed in a timely manner to enable records of contracts valued between £5,000 and £30,000 to be published in the public domain at the start of the contract.
- b. PCM will ensure a record of the contract is published in the public domain on the Council's Contracts Register.

CONTRACT COMPLETION (above £30,000)

28. Contract completion

- a. PCM issue award letter(s) to successful bidder(s).
- b. PCM provide the Service with copies of all applicable elements that will make up the contract (derived from the original tender process).
- c. Service collates documents that make up the contract, ready for signature.
- d. If the contract is to be signed, then the Service will get the contract signed by the other party and on return to the Council, the relevant Service Director will sign.
- e. If the contract is to be sealed, then the Service will send the contract to Legal
- f. If contract will be in the form of licence or lease (e.g. concession), then the Service will instruct Estates.
- g. Service will complete the contract by inserting the agreed completion date and forward a copy of completed contract to PCM.
- h. Service will ensure a copy of all contract documentation is stored locally in an accessible filing location.

29. If the contract has an estimated value of more than £5 million then within 90 days of the day on which the contract is entered into, the Service will provide PCM with a copy of the contract to enable the UK7 Contract Details Notice to be published.

CONTRACT IMPLEMENTATION

30. Immediately following contract award and prior to the contract start date, contract implementation is a key phase in setting up a new procurement project for success:

- a. PCM and the manager are responsible for engaging with the Contractor after the contract has been awarded to ensure the implementation requirements are delivered, activities identified, timescales are established, and expectations met as set out in the tender.

- b. Adequate time should be set aside for mobilisation activities in the planning of a procurement to make sure that the right contract management processes and relationship can be developed prior to contract going live.

ORDERING

31. After a tender or quotation has been accepted in writing (via the Councils procurement system if over £30,000) it must have a written contract agreed and a proper Council Purchase Order, in accordance with Part F (7) and must be issued before goods are supplied, services delivered or works begin.

CONTRACT MANAGEMENT

32. Manager and PCM responsibilities:

- a. Contract management involves the oversight and administration of a contract throughout its lifecycle, including:
 - i. Ensuring day-to-day management and compliance with the specification, pricing and contract terms.
 - ii. Performance monitoring against key performance indicators (where applied) on a regular basis with any under-performance addressed.
 - iii. Regular budget monitoring and cost reconciliation of payments to ensure the contract sum is not exceeded.
 - iv. Effectively managing disputes and resolutions using appropriate contractual and non-contractual levers.
 - v. Conducting contract risk assessments.
 - vi. Carrying out annual due diligence in relation to evidence of insurances and other compliance certificates that feature end dates.
 - vii. Carrying out annual due diligence in relation to financial stability of strategically significant suppliers.
 - viii. Consulting Legal Services if significant compliance issues emerge.
- b. In the case of Corporate Contracts / Frameworks, PCM shall be responsible for the contract management with support from the key managers of the Corporate Contract / Framework.
- c. Where applicable or where key performance indicators have been set in accordance with 18(c), performance should be assessed at least once every 12 months and on termination. The Manager will inform PCM of the performance ratings in a timely manner using the same standardised rating system namely:
 - i. Good: Performance is meeting or exceeding the KPIs
 - ii. Approaching target: Performance is close to meeting the KPIs
 - iii. Requires improvement: Performance is below the KPIs
 - iv. Inadequate: Performance is significantly below the KPIs
 - v. Other: Where performance cannot be described as good, approaching target, requires improvement or inadequate
- d. For contracts above £5M, excluding LTR and PSR, provide PCM with contract performance data to enable PCM to publish UK9 Contract Performance Notice.

CONTRACT CHANGES

33. The Manager must consult PCM to ensure:
- a. All proposed contract **changes (including** extensions, modifications or variations; to scope, price, period) are **approved** well in advance of the requirement.
 - b. No contract **change** will be instructed without an approved **Contract Change Request Form**.
 - c. Where **changes to** below threshold contracts exceeds the thresholds specified in PR24 then such contracts **convert** to be covered by PR24 as if it were an above threshold contract.

CONTRACT TERMINATION & EXIT PLAN

34. Contract Termination **and exit plan**
- a. When exiting a contract, the **contract** manager is responsible for preparing and planning for the end of the contract in advance of the end date and, as a minimum consider:
 - i. **Termination clauses.**
 - ii. **Contractual timescales for contract termination (notice period) to avoid any potential penalties.**
 - iii. **List of files that contractor must handover.**
 - iv. **List of contractor's equipment to be returned by the Council (if applicable).**
 - v. **Lessons learned.**
 - vi. **Unresolved claims (ensure SRO and Finance are sighted).**
 - vii. **How to prevent service disruption.**
 - viii. **TUPE implications.**
 - ix. **PDR Contract Termination (to trigger PCM to publish UK11 Contract Termination Notice as applicable).**
 - b. Where it is an above threshold contract, it is the responsibility of the Manager to inform PCM of the termination (for any reason).
 - c. PCM will issue a Contract Termination Notice on Find a Tender Service.

DISPOSALS

35. Managers are responsible for:
- a. Complying with guidance issued by the CFO on the disposal of assets including selling, gifting, swapping or donating the asset subject to the limits set out in the Schedule of Financial Delegations to Officers in Appendix 1.
 - b. Disposal of surplus or obsolete plant and machinery or other non-land or buildings asset (and excluding ICT equipment) – must be undertaken in consultation discussed with the PCM.

DOCUMENT RETENTION

36. PCM will ensure proportionate and relevant tender and contract management documentation for contracts valued over £30,000, including a copy of the contract, is retained throughout the life of the contract and then further retained for a minimum of 7 years after the contract end date.

PART H EXTERNAL ARRANGEMENTS

PRINCIPLES

- 1 All partnerships, shared services and joint working arrangements with outside bodies must be properly evaluated for risk before they are entered into and be supported by clear governance, accounting and audit arrangements.
- 2 External funding can prove an important source of income, but funding conditions must be carefully examined and evaluated for risk before any agreement is entered into to ensure they are compatible with the aims and objectives of the Council.
- 3 Legislation enables the Council to trade and/or to provide discretionary services to third parties including the general public, in the main through the establishment of trading companies/other delivery models. All such work must be within the legal framework and the respective risks and financial benefits associated with such work must be properly considered and a proportionate business case approved before any trading activities take place.

PARTNERSHIPS, SHARED SERVICES, POOLED BUDGETS AND JOINT WORKING

- 4 The CFO is responsible for advising on the financing, accounting and control of partnership, shared service, pooled budget and joint working arrangements including:
 - a. Financial viability in current and future years.
 - b. Risk appraisal and risk management arrangements.
 - c. Resourcing and taxation.
 - d. Audit, security and control requirements.
 - e. Carry forward arrangements (between accounting periods).
- 5 The Monitoring Officer (MO) is responsible for advising on legal and legislative arrangements and for promoting and maintaining the same high standards of conduct in such arrangements as normally apply throughout the Council.
- 6 Managers are responsible for:
 - a. Ensuring that the CFO and MO are involved in the planning for any such arrangements at an early stage.
 - b. Ensuring that any such arrangements do not impact adversely upon Council services, that risk assessments have been carried out and that appropriate approvals have been obtained before entering into any agreements.
 - c. Ensuring that agreements and arrangements are properly documented.
 - d. Maintaining local registers of partnerships entered into.
 - e. Providing appropriate information to the CFO to enable relevant entries to be made in the Council's accounts.
 - f. Ensuring that appropriate mechanisms are in place to monitor and report on performance.
 - g. Consulting with the Corporate Property Officer if there is any proposal to utilise Council land or buildings in pursuit of a partnership, shared service, pooled budget or joint working initiative.

EXTERNAL FUNDING

- 7 The CFO is responsible for:
- Approving bids for external funding that may be put forward by councillors or managers prior to submission of any bid.
 - Ensuring that any match funding or part funding requirements are considered prior to entering into any agreement, that future Revenue Budgets reflect these requirements, and that any longer-term sustainability costs have been properly assessed.
 - Approving bids where delegated to do so in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
 - Ensuring that all external funding is received and properly recorded in the Council's accounts and in the name of the Council.
 - Maintaining a central register of external funding/grant arrangements.
 - Ensuring that all audit requirements are met.
- 8 Managers are responsible for ensuring that:
- The CFO is involved in preparing for, and approving, any bid for external funding prior to submission of such bids. (This includes joint bids where the Council is not lead body)
 - The sustainability of funding is assessed for risk; all agreements entered into are consistent with and support the Council's service priorities.
 - The necessary approvals are obtained to accept funding in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1).
 - All claims for funds are made by the due date.
 - Work is progressed in accordance with the agreed project plan and all expenditure is properly incurred and recorded.

TRADING (including providing discretionary services to third parties and the public)

- 9 The MO is responsible for providing or obtaining all necessary legal advice to ensure that all such proposals are undertaken within the legal framework.
- 10 The CFO is responsible for:
- Issuing guidance on the assessment of trading opportunities and options.
 - Advising on and approving the financial implications of any proposed trading arrangements between the Council and third parties.
 - Advising on the establishment and operation of trading accounts to ensure that the accounting and control processes comply with Council and statutory requirements and that the results of trading operations are properly recorded and reported.
 - Ensuring appropriate insurance arrangements are in place.
- 11 Managers are responsible for:
- Identifying trading opportunities and evaluating the respective risks and financial benefits in accordance with the guidance issued by the CFO.
 - Obtaining all necessary legal advice to ensure the terms and conditions of all trading contracts are reasonable and are proportionately documented.
 - Obtaining business case approval, in line with the requirements of the Corporate Scheme of Financial Delegations (Appendix 1), before any negotiations are concluded to trade or work for third parties.
 - Maintaining a local register of all trading contracts entered into.
 - Collecting all contractual income due and ensuring the Council is not put at risk from any bad debts.

- f. Ensuring that no contract will be subsidised by the Council providing financial assistance either directly or indirectly.
- g. Ensuring that such contracts do not impact adversely impact upon services provided by the Council.
- h. Ensuring that the service has the appropriate expertise to undertake the contract.
- i. Complying with guidance issued by the CFO in relation to the operation of trading accounts and the proper recording and reporting of trading results.

Glossary of Common Terms

Budget	A plan expressed in financial terms that is an estimate of the resource required to deliver the services/priorities of the Council
Budget Heads	A main area of revenue or capital spend as defined by the Budget and/or Capital Programme
Business Plan	A plan defined for the purposes of service planning and reporting at the Council as specified by the Chief Executive
Cost centre	A budgeting level which usually reflects a whole service area, or main sub-category of a service. It encompasses a number of standard 'subjective' coding areas such as those used for staffing related costs, supplies & services, income etc.
Capital	The organisation's total assets less its liabilities
Capital expenditure	Expenditure to acquire fixed assets that will be of use for more than the year in which they are acquired, and which adds to the Council's tangible assets rather than simply maintaining existing ones
Intra Vires	Acting within the statutory powers of the organisation
Joint Venture	Collaboration between two or more economically independent organisations (in practice one of which will be from the private sector) to achieve a joint aim, either contractually (gain/share) or through setting up a separate jointly owned entity
Outsourcing	The entering into of a contract with a provider (private sector, social enterprise/third sector, mutual or joint venture) to deliver services
p-cards	A term to describe all forms of 'purchasing/payment cards' including credit cards, debit card, store cards (excludes pre-loaded card)
Revenue	Income or expenditure, arising from or spent on, day to day activities and short-lived commodities or consumables
Service plan	A plan setting out priorities and service ambitions
A service specific financial system	Any system that supplements, integrates or interfaces with the main accounting system – examples (but not limited to) HR system, social care records system, asset management systems
Shared Service	A voluntary collaboration between public sector bodies to deliver services/provide facilities
Threshold(s)	Means the financial amount(s) described within PA23, CCR16, PR24 above and below which certain Regulations apply or do not apply
Ultra Vires	Acting beyond the statutory powers of the organisation
Value for Money (VFM)	The simple National Audit Office definition is 'Optimal use of resources to achieve intended outcomes and purpose'. The more complex Audit Commission definition is 'obtaining maximum benefit over time with the resources available, achieving the right local balance between economy, efficiency and effectiveness, or spending less, spending well and spending wisely to achieve local priorities. VFM is high when there is optimum balance between all three elements, when costs are relatively and comparatively low, productivity is high and successful outcomes have been achieved'.

Acronyms

AGS	Annual Governance Statement
CCR16	Concession Contracts Regulations 2016
CFO	The Chief Finance Officer (Director of Finance)
CIA	The Chief Internal Auditor (Head of Audit & Management Assurance)
CPO	Corporate Property Officer (the CFO)
CPV (code)	Common Procurement Vocabulary Code
CPQ	Construction Pre-qualification Questionnaire
FTS	Find a Tender Service (Replacement to OJEU as of 23:00 on 31.12.2020)
FMS	The budgeting and <u>financial management system</u> used at the Council (Dynamics F&O)
HHR	Head of Human Resources (Director of People and Culture)
HMRC	Her Majesty's Revenue and Customs
HPS	The Head of Paid Service (designated as the Chief Executive)
ICE	Institution of Civil Engineers
ITQ	Invitation to quote
ITT	Invitation to tender
LEA	Local Education Authority
LMS	Local Management for Schools Scheme
MO	The Monitoring Officer (Director of Law & Governance)
MLRO	The Money Laundering Reporting Officer (the Chief Internal Auditor)
MTFP	Medium Term Financial Plan
NI(C)	National Insurance (contributions)
OJEU	Official Journal of the European Union – Replaced by UK e-Notification Service (Find a Tender Service - FTS) as of 23:00 on 31.12.2020
PAYE	Pay as you earn
PA23	Procurement Act 2023
PCM	Procurement and Contract Management
PCN	Penalty Charge Notice
PR24	Procurement Regulations 2024
SOPPs	Accounting <u>Standards of Professional Practice</u> (Code of Practice on Local Authority Accounting:)
SORP	Statement of Recommended Practice
SQ	Selection Questionnaire
TMS	Treasury Management Strategy
SeRCOP	Service (expenditure)Reporting Code of Practice
VFM	Value for Money
VAT	Value Added Tax (at the prevailing VAT rate, relevant to BCP Council)

CORPORATE SCHEDULE OF FINANCIAL DELEGATIONS

INTRODUCTION

- 1 The Corporate Schedule of Financial Delegations (this schedule) sets out the powers and duties delegated to various senior officers in the Council. Senior officers may appoint appropriate 'authorised officers' to act on their behalf (see 3 below), these delegations must be recorded in local Service Schemes of Delegation.
- 2 This schedule (appendix 1) does not apply to BCP maintained schools who will operate their own schemes of delegation.
- 3 This schedule also sets out the approved financial limits within which senior officers may conduct the Council's business. Changes to the limits/values contained within this schedule may only be made with the approval of the Chief Executive Officer. Additionally, any changes to councillor's approval levels also require the approval of Council.
- 4 For those items marked * (asterisk) the relevant senior officer has discretion to appoint appropriate authorised officers to act on their behalf. In all cases the relevant senior officer remains accountable for the effective operation of the financial thresholds and authorities and must:
 - Maintain a local written record of delegations to authorised officers and post this on the Council's intranet pages.
 - Provide the MO/CFO with the local written record of delegations to authorised officers at any time they require it (if not transparently posted on the intranet).
 - Ensure that an appropriate segregation of duties is in operation, for example between ordering and paying for goods, between claiming and approving expenses.
 - Ensure compliance (from those authorised officers) with the financial limits in this schedule and any within the Financial Regulations (e.g. limits relating to extensions and variations) and HR Policies (e.g. limits relating to overtime, allowances, honoraria and expenses).

Note – If an individual has a formal 'Power to Deputise' delegation via a properly job evaluated Job Description then this schedule can be read as apply to them (i.e. without formal delegation recording requirements as per 3 above).
- 5 This schedule is not a standalone document and should be read in conjunction with the relevant section of the Council's Financial Regulations and Constitution which is shown in brackets at the top of each section within this Corporate Schedule. The 'Approver' is responsible for obtaining all appropriate advice from support services such as Human Resources (HR), Legal, Finance, ICT, Property services before making decisions to approve.
- 6 The term cabinet member, in the approver column, means the appropriate or relevant cabinet member pertaining to the decision (not any available cabinet member). Alternatively, the Leader may determine who the appropriate or relevant cabinet member is.

FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
Revenue Virement (RV) - the term 'either individually or in aggregate for the financial year' is being used to prevent disaggregation or fragmentation of virement to circumvent the required approvals			
RV1	To approve any virement (either individually or in aggregate for the financial year).	Over £1M	Council (after advice from the CFO)
RV2	To approve any virement (either individually or in aggregate for the financial year).	Over £500k and up to £1M	Cabinet / cabinet member (after advice from the CFO)
RV3	To approve virement within or between Service/Business Plans and/or projects/programmes in their portfolio areas (either individually or in aggregate for the financial year).	Over £100k and up to £500k	Corporate Director (after advice from the CFO*)
RV4	To approve virement within their Service/Business Plans and/or within or between projects/programmes for which they are responsible (either individually or in aggregate for the financial year).	Up to £100k	Service Director* (after advice from the CFO*)
RV5	To approve virement from within existing Service/Business Plans or between Service/Business Plans, projects or programmes within their areas of responsibility into new or otherwise unplanned functions and activities if savings are available to be re-directed into the new activity.	Up to £100k	Service Director* (after advice from the CFO*)
RV6	To approve the: • correction of errors to the initial budget upload • correction of errors to an approved virement • distribution of any centrally held budgets, as presented to Council agreeing the annual budget, where there is no change to the overall net budget of the Council or the council tax requirement within the main Financial System	Unlimited	CFO*
Revenue virement is only permissible in the following circumstances: • to reflect a reorganisation/restructure • to reflect a change in corporate priorities • the receipt of additional income, grant or other funding (and the associated expenditure) • the distribution or redistribution of centrally held budgets • the correction of errors to initial budget upload			The following virement are generally not permitted • virement between capital and revenue • virement between controllable and non-controllable (recharges and capital financing) codes

FINANCIAL MONITORING AND CONTROL (FINANCIAL REGULATIONS – PART D)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
<u>Capital Virement (CV)</u>			
CV1	To approve virement between individually approved schemes	Over £1M	Council (via Budget Monitoring Report after advice from the CFO)
		Over £500k and up to £1M	Cabinet / cabinet member (after advice from the CFO)
		Over £100k and up to £500k	Corporate Director (after advice from the CFO*)
		Up to £100k	Service Director * (after advice from the CFO*)
CV2	To approve re-phasing between years of individually approved schemes.	Any value	Service Director * (after advice from the CFO*)
CV3	To approve the correction of errors to initial budget load or approved virement within the main Financial System.	Any value	CFO*
<u>The Capital Programme (CP) (approving new schemes in-year and approving changes to external funding in-year)</u>			
CP1	To approve a new project, programme or scheme that <u>is not</u> in the Capital Programme (as approved as part of the annual budget setting process) and where a new external capital grant(s) is awarded to cover the costs of the project, programme or scheme, or it is proposed to transfer a scheme from one Council Fund to another (e.g. General Fund to HRA)	As per CV1 above	As per CV1 above
CP2	To approve a new project, programme or scheme that <u>is not</u> in the Capital Programme (as approved as part of the annual budget setting process) and CP1 does not apply – so new borrowing or other new external funding sources is required to cover the costs of the project, programme or scheme.	As per CV1 above	As per CV1 above
CP3	To approve a project, programme or scheme if the external funding or borrowing sources are different from the external funding or borrowing sources agreed at the original approval point. (e.g. prudential borrowing approved but borrowing required is now greater/less)	As per CV1 above	As per CV1 above

FINANCIAL SYSTEMS AND PROCEDURES (FINANCIAL REGULATIONS – PART F)

INCOME

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
INC1	Sundry debt write-offs (not cancellation) (Sundry debt 'cancellation' can only occur in circumstances where the original debt was raised in error, in all other circumstances this write-off procedure applies)	Up to £1k	Service Director *
		£1k to £25k	Service Director
		£25k to £100k	Corporate Director in consultation with CFO and cabinet member
		Over £100k	Head of Paid Service in consultation with the CFO and Leader
INC2	Council tax, NDR, write offs and housing benefits overpayment recovery	Up to £1k	Heads of Service in Revenues & Benefits *
		Over £1k and up to £10k	Heads of Service in Revenues & Benefits
		Over £10k	CFO
INC3	Council Housing tenant rent arrears write offs (including former tenants)	Up to £1k	Service Director (for Housing) *
		Over £1k and up to £5k	Service Director (for Housing)
		Over £5k	Service Director, CFO and MO
INC4	Fees & charges	Increase/decrease of existing	Service Director in consultation with cabinet member & CFO
		Any waiving, suspending or refunding of existing	Service Director
		Agreeing any new	Cabinet (and Council if over £1M annual value)
INC5	Any means tested or assessed financial contributions	Waiving, suspending or refunding up to £1k (aggregate not individual)	Service Director *
		Waiving, suspending or refunding over £1k (aggregate not individual)	Service Director in consultation with CFO *
INC6	Penalty Charge Notices (PCN) write offs	Unlimited	Service Director (responsible for Parking Services) *

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
EX9	Appointment of Interim Staffing (contract of employment or contract for service) Individuals used to fill any temporary new post and existing posts, where there is a need to pay above the job evaluated rate, in circumstances where for whatever reason it is not possible and/or desirable to make a permanent appointment into the post. Such posts will generally be senior managerial or of a specialist professional nature, but where the post-holder is appointed on a temporary basis. The focus is on the individual and their specialist skills and knowledge. Interims may be considered appropriate at a time when the service or team concerned, or the wider Council is in a phase of rapid transition or when there are specific legislative or national drivers for change which need to be implemented in a defined time period. Interims may be employed directly by the Council on a fixed-term contract (including by way of the Professional Register) or via a procurement process, either as an employee, if retained through the Professional Register, or as an agency worker, or on a self-employed basis under a contract for services. In the latter case, payment is normally negotiated on a day rate as opposed to an hourly rate and must be approved by the HHR. Business case must include identification of previously agreed budget source	Up to £30k	Service Director * Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
		Over £30k and up to £100k	Service Director to complete a business case for approval by Corporate Director Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
		Over £100k (or if the day rate is greater than £750 per day)	Corporate Director to complete a business case for approval by the Chief Executive Additional approval of HHR if contract for service is preferred over a contract of employment to ensure IR35 tax compliance
EX10	Appointment of a Consultant (contract for service) Individuals or organisations used to provide objective advice and assistance of a specialist nature, where existing Council employees do not have the necessary relevant expertise or where in-house capacity is insufficient. Such arrangements may relate to the strategy, structure, management, or operations of the Council, or specific professional input to a project in pursuit of the Council's purposes and objectives (typically, there will be no corresponding Council post on the authorised staffing establishment). Consultancy assistance is provided outside the Council's established staffing structure and "business as usual" environment when in-house skills are not available. As a result, the use of consultants will be for a defined (and preferably short-term) period and to achieve specific outcomes. Business case must include identification of previously agreed budget source	Up to £30k	Service Director *
		Over £30k and Up to £100k	Service Director to complete a business case for approval by Corporate Director
		Over £100k (or if the day rate is greater than £750 per day)	Corporate Director to complete a business case for approval by the Chief Executive
EX11	Approving where a 'Contract for Service' is to be offered to a bona fide self-employed individual who has held employment with the Council in the last 3 years.	Any value	Chief Executive (with advice from CFO and HHR)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
EX12	Approving where a permanent or fixed term (exceeding 12 months) 'Contract of Employment' is to be offered to any individual made redundant (compulsory or voluntary) within the last 12 months from any role within the Council	Any Value	Corporate Director (after advice from CFO and HHR)
EX13	Special Severance Payments (any severance exceeding statutory entitlement) Including: Payments reached under a settlement agreement, write-offs of any outstanding loans, payments to employees for retraining related to their termination of employment, pay or compensation in lieu of notice where the amount of the payment is not greater than the salary due in the period of notice set out in the employee's contract, pension strain payments arising from employer discretions to enhance standard pension benefits. If such as special severance payment is to be paid to any individual who is normally on the approver list opposite, then that individual must not be involved in the approval. If a formal deputy exists, then they should act as the approver. The Approver must ensure the statutory guidance is followed : <u>Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK</u>	Up to £20,000	Service Director, Director of People & Culture, CFO & MO
		£20,000 to £100,000	Service Director, Director of People & Culture, CFO, MO, HPS, Leader of the Council
		Over £100,000	Full Council (as per Localism Act)
EX14	Approving all expenditure on external legal services	Any Value	MO*

TREASURY MANAGEMENT, FINANCING & LEASING

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
TM1	Placing of treasury investments and all approvals to borrow	In line with Treasury Management Strategy (TMS) and appended policies and within any operational lower limits	CFO* as authorised to transact in accordance with TMS. Any variation from TMS requires Council sign off.
TM2	Approving all leases, credit arrangements or hire purchase arrangements	All such arrangements	CFO* to determine approval route specific to the individual circumstance
TM3	Approving any funds (and the system of administration) to be held on behalf of third parties.	All such arrangements	Service Director* and CFO*

ASSET MANAGEMENT

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER
AM1	Writing off deficiencies in stocks, stores & inventories	Up to £1,000	Service Director *
		£1k to £50k	Service Director * and CFO
		Over £50k	Cabinet / cabinet member

	(limits/value/threshold is 'book' value/accounting value not estimated sales value)		(after advice from CFO)
AM2	Acquisition of freehold & leasehold land & buildings. The acquisition of a freehold, leasehold, or any other interest in land or buildings subject to the purchase being no more than market value unless 'Special Purchaser' assumptions can be made.	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM3	Acquisition of freehold & leasehold land & buildings at more than market value and 'Special Purchaser' assumptions cannot be made.	Any value	Council
AM4	Disposal of freehold & leasehold land & buildings. Disposal by way of a sale, lease, licence, wayleave, easement, deed of variation, renewal, surrender, modification of covenant, or other disposal of an interest in land or buildings using any method that achieves best consideration.	Up to £350k (capital value)	Corporate Property Officer *
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM5	Agreeing disposals of any land or building asset not to the highest bidder or where there is a difference between the estimated open market value (or best consideration) and the actual sales price. (Seek legal advice if land is open space).	Up to £350k (capital value)	Corporate Property Officer in consultation with the CFO
		£350k to £500k (capital value)	Cabinet / cabinet member
		Over £500k (capital value)	Council
AM6	Value for including items in fixed assets register	Over £10k	Service Director *
AM7	Disposal of surplus or obsolete plant and machinery or other non-land or buildings asset (and excluding ICT equipment) ** (limits/value/threshold is 'book' value/accounting value not estimated sales value)	Any disposal not to the highest bidder (or gifted at nil value)	Service Director* and CFO*
		Any disposal £0k to £100k to the highest bidder	Service Director* and CFO*
		Any disposal £100k to £500k to the highest bidder	Corporate Director* and CFO*
		Any disposal over £500k	Cabinet / cabinet member and CFO
AM8	Any acquisition of ICT equipment and ICT services	All acquisitions	By ICT services or with the approval of the Head of ICT *
AM9	Any disposal of ICT equipment including donations to schools or charities **	Any or nil value, no exceptions	All disposals through ICT Services
AM10	Approving the use of Council assets outside of normal Council business activity and after obtaining MO* and insurance advice from the CFO*	Any land or buildings	Corporate Property Officer *
		Non land or buildings (and excluding ICT equipment)	Service Director *

		ICT equipment	Head of ICT *

**Also refer to the Council's Corporate Disposals Policy

EXTERNAL ARRANGEMENTS (FINANCIAL REGULATIONS – PART H)

REF	DESCRIPTION	LIMIT / VALUE / THRESHOLD	APPROVER (after obtaining advice from the CFO, MO and HHR)
EA1	Entering the Council into partnership, shared service, pooled budget or joint working arrangements (including Memoranda of Understanding)	Any (including where a direct financial contribution is not obvious)	In accordance with the Council's Constitution Part 2, Article 12 - Decision making, Section 3 - Types of decisions).
EA2	External trading contracts, arrangements or concepts – business case approval, (providing discretionary services to a third party, including the public, in exchange for a fee)	Any contract up to £100,000	Service Director *
		New contracts between £100,000 and £0.5M	Corporate Director
		Incremental contracts between £100,000 and £0.5M	Service Director
		All Contracts over £0.5M	Cabinet / cabinet member
EA3	Submitting any bid for external funding (including joint bids where the Council is not lead body)	Any value	Service Director * with the agreement of the CFO *
EA4	Accepting external funding (BCP aggregate total including any 'match-funding' element and partner(s) share(s) if BCP is lead body or 'host')	Up to £500,000	Service Director * and CFO *
		Between £500,000 and £1.0M	Cabinet / cabinet member (with advice from the CFO)
		Over £1.0M	Council (with advice from the CFO)

For the purposes of EA2 above the following definitions apply:

- New (trading) contracts = the contract, arrangement/concept has not previously been traded
- Incremental (trading) contracts = the contract, arrangement/concept has already been approved applying the approval thresholds above, subsequent incremental trading growth through a series of additional contracts

OTHER DELEGATIONS - TAX RELIEF SCHEMES

REF	DESCRIPTION	APPROVER
TR1	To implement Central Government fully funded council tax, business rate or other tax rebate relief schemes where implementation requires the Council to use its discretionary powers under either Section 47 of the Local Government Finance Act 1988 or Section 13A of the Local Government Finance Act 1992.	CFO
TR2	To implement Non-Domestic Rates criteria under section 49 and section 44a of the Local Government Finance Act 1988 regarding Hardship Relief and Part Occupation Relief.	CFO in consultation with Portfolio Holder for Finance

BCP COUNCIL - FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

Statement of Purpose

Our Audit & Governance Committee is a key component of Bournemouth, Christchurch and Poole (BCP) Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk & Control

To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register.

To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the Internal Audit Charter.

To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.

To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These will include: a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP) c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).

To consider the Head of Internal Audit's annual report: a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit. b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.

To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.

To commission work from the Internal Audit Service (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

External Audit

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments Ltd (PSAA).

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by Councillors.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee).

To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.

To consider reports dealing with the management and performance of the External Audit function.

To consider and approve the Annual Plans of the External Auditor.

Financial Reporting

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

To report to full council and publish an annual report on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full council and publish an annual report on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Other Functions

To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function.

To maintain an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee).

To consider breaches and exemptions of the Financial Regulations.

To consider any relevant issue referred to it by the Chief Executive, Chief Finance Officer (CFO), Chief Internal Auditor (CIA), Monitoring Officer (MO) or any other Council body or cabinet member.

To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity).

To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice.

To consider gifts and hospitality registers relating to officers.

MINOR AMENDMENTS AND EDITING LOG (during 2026-27)

The Chief Finance Officer (CFO) has primary responsibilities for maintaining the Financial Regulations as outlined in Part A page 5. Where changes affect the powers or responsibilities of councillors, approval of Council is required.

It is recognised there may be a need to clarify certain elements of the Financial Regulations from time to time, this may require minor amendments or editing. The CFO has delegated to the Chief Internal Auditor (CIA) and Strategic Procurement Manager (SPM) the ability to make minor amendments and editing changes. Any such changes are logged in the table below.

No.	Description of amendments or editing	Page	Date
1			
2			
3			

FINANCIAL REGULATIONS

BACK COVER ONLY

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Evolution (for the 2026/27 financial year) of the 'Anti-Fraud & Corruption Policy', the 'Whistleblowing Policy', the 'Declaration of Interests, Gifts & Hospitality Policy' (for Officers) and the 'Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act
Meeting date	26 February 2026
Status	Public Report
Executive summary	An annual review of the Council's: • Anti-Fraud & Corruption Policy, • Whistleblowing Policy, • Declaration of Interests, Gifts & Hospitality Policy (for Officers) • Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy has taken place to ensure they are updated in line with best practice and legislation. Some changes have been made to the Council's Anti-Fraud & Corruption Policy including an updated Chief Executive statement and added link to the Schools Financial Value Standards. The Whistleblowing Policy has been updated with the inclusion of a formal officer decision record template to cover the course of action to be followed in accordance with Stage 3 (Initial response for a Formal Resolution). The link and summary guidance contained in the Academy Trust Handbook, in respect of required whistleblowing arrangements, has been updated. Some changes have been made to the Council's Declaration of Interests, Gifts & Hospitality Policy (for Officers) which include additional guidance on declaring 'other employment' and defining responsibilities of line managers in assessing declarations made by employees. A requirement for line managers to pass completed Form 1's to the Service Director for their consideration has been added alongside the Service Director's responsibility to determine if decisions made by line managers are appropriate. Some further general guidance on the declaration form completion process has also been added. The Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy has been updated to include links to associated BCP Council strategies and policies.

Recommendations	It is RECOMMENDED that Audit & Governance Committee: Approve the Council's Anti-Fraud & Corruption Policy, Whistleblowing Policy, Declaration of Interests, Gifts & Hospitality Policy (for Officers) and the Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy for the 2026/27 financial year.
Reason for recommendations	To ensure Council policies are regularly reviewed and updated in line with best practice and legislation.
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
Wards	Council-wide
Classification	For recommendation approval

Background

1. The Audit & Governance Committee Terms of Reference states the committee should consider and approve arrangements for counter-fraud and corruption.
2. This report provides an updated Anti-Fraud & Corruption Policy, Whistleblowing Policy, Declaration of Interests, Gifts and Hospitality Policy (for Officers), and Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy following an annual review to ensure they are in line with best practice and current legislation.
3. All four policies form part of the Council's governance arrangements for preventing, detecting and acting upon fraud and corruption.
4. The approved evolved policies will go live on 1 April 2026 and will remain in place for the financial year 2026/27.

Anti-Fraud & Corruption Policy (see Appendix A)

5. The purpose of the Council's Anti-Fraud & Corruption Policy is to:
 - highlight relevant legislation,
 - set out the Council's approach to countering fraud and corruption,
 - detail roles and responsibilities of officers and councillors, and to
 - provide further detailed guidance for officers and managers.
6. Two minor changes have been made to the policy as part of the annual evolution as summarised below:
 - Chief Executive statement updated by new postholder.
 - Link to the Schools Financial Value Standards added to Appendix G.

Whistleblowing Policy (see Appendix B)

7. The Council's Whistleblowing Policy seeks to enable individuals to feel confident in raising concerns in the public interest about suspected serious wrongdoing in the Council and its services without fear of reprisals or victimisation even where the concern or allegations are not subsequently confirmed by the investigation.
8. Two minor changes have been made to the policy as part of the annual evolution as summarised below:
 - A formal officer decision record template has been added to cover the course of action to be followed in accordance with Stage 3 (Initial response for a Formal Resolution) of the procedure.
 - The Academy Trust Handbook summary guidance and link in respect of required whistleblowing arrangements updated.

Declaration of Interests, Gifts & Hospitality Policy (for employees) (see Appendix C)

9. The purpose of the Declaration of Interests, Gifts & Hospitality Policy is to protect the Council and employees against conflicts of interest and allegations of impropriety. The public must be confident that decisions made by employees of whatever nature are made for good and proper reasons and are not influenced inappropriately by the interests of individual employees, their relatives or friends.
10. Some changes have been made to the policy as part of the annual evolution as summarised below:
 - Other Employment (additional guidance to ensure declarations always made)
 - Added 'other employment' as specific need to declare item.
 - Added extra guidance in relation to other employment.
 - Other employment definition added to Appendix A.
 - Added extra step in relation to 'other employment' to Declarations of Interest Flowchart Appendix B.
 - Added 'other employment' reference in Part B (approving manager section) in Forms 1 and 2.
 - Added 'other employment' as additional FAQ under Appendix E.
 - Line Manager Responsibilities
 - Defined the responsibilities of Line Managers in assessing declarations made by employees and deciding if risk to the Council and the employee is acceptable (or not) and documenting the outcome.
 - Added requirement to pass all completed Form 1's to their Service Director.
 - Service Director Responsibilities
 - Added requirement to receive all declarations made and determine if decisions taken by line managers are appropriate and documenting the outcome.
 - Added requirement to notify employee of decision and ensure they receive a copy of the completed form.
 - Added Service Director's review section in Form 1.
 - General
 - Added further guidance on declaration form process.

Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy (see Appendix D)

11. The BCP Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy explains the type of surveillance the Council can and cannot undertake and also explains those limited circumstances where covert surveillance, requiring external authorisation, may be appropriate.

12. A minor change has been made to the policy as part of the annual evolution to include links to associated BCP Council strategies and policies.

Training and Awareness

13. As part of the annual evolution process, we will conduct additional training and awareness sessions on the annually reviewed policies to ensure they are well-communicated, understood, and accessible.

Options Appraisal

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

Summary of financial implications

15. There are no direct financial implications from this report. All four policies seek to establish strong governance arrangements to prevent fraud and corruption including financial loss through wrongdoing.

Summary of legal implications

16. The relevant legal implications (including non-compliance) are included in the attached policies.

Summary of human resources implications

17. Council Policies generally apply to all relevant individuals acting on behalf of the Council. Some of the content and requirements of the four policies in this report only apply to council employees and where this is the case specific other arrangements may exist for other individuals acting on the Council's behalf such as Councillors or contractors.

Summary of sustainability impact

18. There are no direct sustainability impact implications from this report.

Summary of public health implications

19. There are no public health implications from this report.

Summary of equality implications

20. The equality implications have been considered as part of the development of the policies attached to this report. Equality impact assessment screening tool forms have been reviewed, updated and included in each policy document.

Summary of risk assessment

21. There are no direct risk assessment implications from this report.

Background papers

None

Appendices

Appendix A - Anti-Fraud & Corruption Policy

Appendix B - Whistleblowing Policy

Appendix C - Declarations of Interests, Gifts & Hospitality Policy (for Officers)

Appendix D - Regulation of Investigatory Powers Act (RIPA) & Investigatory Powers Act (IPA) Policy

Anti-Fraud & Corruption Policy

Live from 1 April 2026

Annual evolution changes to this policy are shown in red text each year

Finance

Author: Head of Audit & Management Assurance

Version: V2026.1

Review Date: Annual evolution, next due April 2027



CONTENTS

1	PURPOSE OF THIS POLICY	3
2	WHO MUST COMPLY WITH THIS POLICY?	3
3	STATEMENT FROM THE CHIEF EXECUTIVE	3
4	LEGISLATION AND DEFINITIONS	4
5	COUNCIL RESPONSIBILITIES	5
6	FRAUD AND CORRUPTION RISKS	6
7	DETERRENCE, PREVENTION AND DETECTION	6
8	REPORTING CONCERNS	7
9	INVESTIGATIONS & SANCTIONS	8
10	FRAUD AWARENESS	8
11	WORKING WITH OTHERS	9
12	MONITORING	9
13	DETAILED RESPONSIBILITIES	9
14	FURTHER INFORMATION AND EVIDENCE	11
	APPENDIX A - Further Guidance For Officers & Managers	13
	APPENDIX B – Fraud Response Plan	17
	APPENDIX C - Anti-Money Laundering Requirements.....	18
	APPENDIX D – Anti-Bribery Requirements	23
	APPENDIX E – Criminal Finances Act 2017 Requirements	26
	APPENDIX F - Economic Crime And Corporate Transparency Act 2023 Requirements	30
	APPENDIX G – Guidance notes for schools.....	33
	APPENDIX H – Equality Impact Assessment	35
	APPENDIX I – In Year Minor Amendments and Editing Log	37

1 PURPOSE OF THIS POLICY

Public trust and confidence in the way the Council conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards as it strives to achieve its objectives as stated in the Council's Corporate Strategy.

Public confidence will be weakened if fraud and corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.

The purpose of this document is to:

- Highlight relevant legislation
- Set out the Council's approach to countering fraud and corruption
- Detail roles and responsibilities of officers and councillors
- Provide further detailed guidance for officers and managers

2 WHO MUST COMPLY WITH THIS POLICY?

This policy applies to:

- Any person who is currently employed, directly or indirectly by Bournemouth, Christchurch and Poole Council (BCP) including those whose relationship is with a wholly owned entity, including trading companies and Arm's Length Management Organisations (ALMOs);
- Elected or Co-Opted councillors; and
- Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc.

Failure to comply with the procedures set out in this policy may lead to a criminal offence being committed and disciplinary action being taken. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

3 STATEMENT FROM THE CHIEF EXECUTIVE

BCP Council is committed to acting with integrity, transparency and strong financial stewardship in everything we do. As custodians of public money, we have a duty to protect the resources entrusted to us on behalf of our communities. High standards of governance and ethical behaviour by partners, councillors and colleagues are essential to earning and maintaining the trust of our residents.

Because we deliver a wide range of services, we face varied and evolving fraud risks. We will continue to strengthen our understanding of these risks and maintain robust, modern controls that prevent fraud before it happens. Our approach will remain proactive, adaptable and focused on safeguarding public resources.

Fraud against the Council is fraud against our communities, and it will not be tolerated. We will act decisively and transparently against any councillor, employee, contractor, partner or member of the public who attempts to act dishonestly or misuse public funds.

Everyone across BCP Council has a responsibility to support a culture of good governance. By staying vigilant, championing ethical behaviour and reporting concerns promptly, we help protect our organisation and the services our residents rely on.

4 LEGISLATION AND DEFINITIONS

FRAUD

The Chartered Institute of Public Finance defines fraud as “any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss”.

Please note, where this policy refers to ‘fraud’ this also encompasses theft.

The [Fraud Act 2006](#) created a general criminal offence of fraud and identified three main ways in which it can be committed:

- Making false or misleading representations
- Failing to disclose to another person information which he/she is under a legal duty to disclose
- Abuse of a position of trust

CORRUPTION

There is no universally recognised definition of corruption, however a good working definition is: The abuse of entrusted power for private gain. Forms of corruption include lack of impartiality, cronyism, and embezzlement.

WHISTLEBLOWING

The [Public Interest Disclosure Act 1998](#) aims to protect individuals who make certain disclosures of information in the public interest, to allow such individuals to bring action in respect of victimisation, and for connected purposes.

As the types of disclosures covered by the Public Interest Disclosure Act 1998 extend beyond fraud and corruption, the Council maintains a separate Whistleblowing Policy.

MONEY LAUNDERING

Money Laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin so they can be retained permanently or recycled into further criminal enterprises.

[The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) (and as amended 2019, 2022 & 2024) require the Council to put in place best practice procedures and policies to prevent and protect their services from being used for potential money laundering activities.

The Council’s arrangements for complying with these regulations are found at Appendix C.

BRIBERY

The [Bribery Act 2010](#) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Council's arrangements for complying with the Bribery Act 2010 are found at Appendix D.

CRIMINAL FINANCES

Part 3 of the [Criminal Finances Act 2017](#) entered into force on 30 September 2017 creates the corporate criminal offence of failure to prevent tax evasion.

The Council's arrangements for complying with the Criminal Finances Act 2017 are found at Appendix E.

THEFT

The [Theft Act 1968](#) defines theft as "a person is guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving the other of it."

SOCIAL HOUSING FRAUD

The [Prevention of Social Housing Fraud Act 2013](#) made tenancy fraud a criminal act.

FAILURE TO PREVENT FRAUD

The [Economic Crime and Corporate Transparency Act 2023](#) means the Council could face the risk of criminal prosecution and unlimited fines if they fail to prevent fraud. This legislation requires organisations to proactively assess their fraud risk exposure and develop effective frameworks to prevent, detect, and respond to fraud.

OTHER RELEVANT LEGISLATION

There is other related fraud and corruption legislation not detailed here (e.g. [Proceeds of Crime Act 2002](#) and [the Regulation of Investigatory Powers Act 2000 \(RIPA\) \(as amended 2024\)](#) and [Investigatory Powers Act 2016](#) (IPA) which came into force on 11 June 2019).

5 COUNCIL RESPONSIBILITIES

The Council has a statutory duty under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. BCP has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

The Accounts and Audit Regulations (England) 2015 require the Council to have appropriate control measures in place to enable the prevention and detection of inaccuracies and fraud. The Council is committed to an effective anti-fraud approach designed to reduce losses by:

- Acknowledging and understanding fraud risks faced.
- Preventing fraud happening and detecting it when it does occur.
- Pursuing and punishing fraudsters and recovering losses.

All officers and councillors are expected to follow the 'Nolan' [seven principles of public life](#) which are the ethical standards expected of public office holders. The principles are selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.

Detailed roles and responsibilities in relation to fraud and corruption are set out in Section 13 of this document.

6 FRAUD AND CORRUPTION RISKS

The Council regularly reviews its exposure to the risk of fraud and corruption. Internal Audit supports the maintenance of a risk register of all Council fraud and corruption risks. Management are responsible for ensuring that fraud and corruption risks are identified within their service area, and appropriate mitigating actions are put in place.

All officers and managers have a role in identifying and managing the risks of fraud and corruption within the Council. The risk of fraudulent or corrupt activity is assessed as part of the Council's overall risk management arrangements.

The Internal Audit Plan includes targeted reviews of service areas which have been identified as at high risk of fraud and corruption. Internal Audit also provide specialist investigative resources to support management with some aspects of external fraud risks to the Council.

Internal Audit participates in a number of anti-fraud networks through which they are alerted to new and emerging risks.

7 DETERRENCE, PREVENTION AND DETECTION

DETERRENCE

A strong anti-fraud culture is an effective deterrent to potential fraudsters, whether internal or external to the Council, who may be considering committing or attempting to commit fraudulent or corrupt acts.

The Council is committed to embedding an anti-fraud culture where staff at all levels regard fraud and corruption as unacceptable, are vigilant in the workplace to the indicators of fraud and corruption and are confident in the mechanisms for reporting and investigating fraud. Arrangements include HR policies and procedures, staff fraud awareness training and the Council's Whistleblowing Policy which encourages individuals to raise concerns.

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

PREVENTION

The Council's codes of conduct, declaration of interests, gifts & hospitality policy, financial regulations, procurement guidance and recruitment procedures have all been designed to reduce the risk of fraud and corruption. Managers have a responsibility to ensure that employees are aware of, and comply with, these and other relevant policies.

Managers are responsible for assessing the potential risk exposure of fraud and corruption within their own service's activities and for implementing strategies to reduce this risk. They are responsible for ensuring that robust systems are in place which meet key control objectives and minimise the potential for fraud and corruption. They must regularly ensure that the controls are appropriate and working as intended. They must also ensure that opportunities for fraud are identified and eliminated from systems at the earliest opportunity. Further guidance for officers and managers can be found in Appendix A.

Internal Audit provide advice to managers to ensure they are fully aware of the need to consider the preventative aspects of fraud and corruption work.

The recruitment of appropriate personnel to the organisation is essential in maintaining a strong anti-fraud culture. Procedures for recruitment include obtaining references, right to work and criminal record checks.

DETECTION

The implementation and review of robust systems of internal control by management is critical to detecting irregularities. Important controls to detect potential fraud include management checks, reconciliation processes and exception reports.

Internal Audit carry out a programme of counter-fraud work every year and report the outcomes to the Audit & Governance Committee.

8 REPORTING CONCERNS

EVERYONE TO WHOM THIS POLICY APPLIES is responsible for

- Contacting the Police immediately if a crime is in progress, or an emergency response is required.
- Making an immediate note of the concerns (recording all relevant details, such as what was said in phone or other conversations, the date, the time and the names of anyone involved)
- Promptly reporting the suspicions to your line manager or Internal Audit (see contact details below). If the concern falls under the Council's Whistleblowing Policy the employee will be afforded protection from any detriment
- Not telling anyone else about the suspicions
- Not approaching or accusing individuals directly
- Not reporting the matter to the Police (unless under the circumstance above)
- Not carrying out an investigation (as this may damage any subsequent investigation)
- In cases of suspected money laundering, immediately advising the Council's designated Money Laundering Reporting Officer (See Employee Obligations under the Council's Anti Money Laundering Requirements Appendix C)

Concerns can be reported to Internal Audit via the following:

- Fraud Hotline: 01202 817888
- Fraud email: fraud@bcpcouncil.gov.uk

MANAGERS are additionally responsible for

- Contacting the Police where a theft or burglary has occurred or has been reported by an employee as having taken place (and the Insurance Team notified).
- Ensuring any concerns raised with them are promptly notified to the Head of Audit & Management Assurance. The investigation process will follow the Fraud Response Plan (see Appendix B).

9 INVESTIGATIONS & SANCTIONS

INVESTIGATION

The Chief Internal Auditor is responsible for determining the nature of any investigative work required in respect of any allegation of fraud or corruption, usually in consultation with the service manager.

Investigations will follow the procedures outlined in the fraud response plan as shown at Appendix B.

Financial Regulations set out rights of access for the Chief Internal Auditor and nominated representatives to enable an effective investigation to be undertaken.

SANCTIONS

Acts of fraud and corruption by employees are considered to be gross misconduct which, if proven, will lead to dismissal. The Council will consider the full range of sanctions, including prosecution, and where appropriate cases will be referred to the Police for further investigation.

The decision to refer cases to the Police will be taken by the Chief Internal Auditor following consultation with the relevant manager, the Monitoring Officer and the Chief Financial Officer. A protocol has been established to guide and document this process, which ensures that the application of sanctions is done in a comprehensive, consistent, and proportionate manner.

Financial Regulations give the Chief Internal Auditor the right to refer cases directly to the Police where a clear criminal offence has occurred, or it is considered that an internal inquiry would compromise the integrity of the investigation and/or otherwise prejudice the interests of the Council or the general public.

The Council will take all possible action to recover losses from fraud and corruption, including expenses incurred during an investigation, using criminal and civil law to the fullest extent.

10 FRAUD AWARENESS

Mandatory fraud awareness training is in place for all employees, through an [E-learning portal](#), to reinforce key anti-fraud messages and ensure a consistent level of awareness across the organisation. In addition to this, specialist training is available to officers, in particular those areas identified as at risk from bribery or money laundering.

Regular communications are issued by Internal Audit to promote fraud awareness by communicating information on corporate anti-fraud policy and guidance to staff, schools and Councillors including examples of recent frauds.

The Council ensures that those undertaking anti-fraud work, including investigation and systems review, do so within ethical and professional frameworks and with appropriate training, accreditation and resources for the role.

11 WORKING WITH OTHERS

The Council works in partnership with other organisations including other Local Authorities to share knowledge of fraud risks and specialist anti-fraud resources, investigate allegations, and also to provide a co-ordinated response.

The Council is committed to exchanging information with other local and national agencies to identify and prevent fraud. The Council is committed to full participation in the National Fraud Initiative and other data-matching exercises.

12 MONITORING

The Council's arrangements for countering fraud and corruption are measured and reported upon in the following ways:

- Records are maintained of whistleblowing reports and fraud Investigations, including the outcome of police investigations, subsequent application of sanctions, and recovery of losses.
- The Council participates regularly in fraud surveys and benchmarking exercises.
- The Council aspires to continually improve its resilience to fraud and Internal Audit measures improvement using the CIPFA 'Code of Practice on Managing the Risk of Fraud and Corruption' tool.
- Annual report to the Audit & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy.

13 DETAILED RESPONSIBILITIES

All Employees	Employee responsibilities are: • to uphold the highest standards of conduct, propriety and accountability by adherence to legal and Council requirements, rules, procedures and practices including the 'Nolan' seven principles of public life. • to be open, honest and politically neutral in their work • to comply with the Council's Anti-Fraud & Corruption Policy • to comply with the Council's Employee Code of Conduct • to comply with the Council's Declaration of Interests, Gifts & Hospitality Policy including making a 'base' declaration where required and keeping this declaration up to date. • to be aware of the possibility of fraud and corruption both internal and external • to report any concerns or suspicions regarding fraud, corruption or other irregularities, if need be via the Whistleblowing Policy • to report any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer
Managers	In addition, Manager's responsibilities are: • to create an atmosphere where honesty and integrity are valued highly, and fraud, corruption and dishonesty are not tolerated

	• to promote staff awareness and ensure staff understand their own responsibilities • to make available appropriate training to employees • to ensure that there are mechanisms in place within their service areas to assess the risk of fraud & corruption. • to ensure that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption • to notify the Chief Internal Auditor immediately of any suspected fraud, irregularity, improper use or misappropriation of the Council's property and/or resources • pending investigation and reporting, managers must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration • to act in accordance with the Whistleblowing Policy to support any employees who have 'blown the whistle' • to ensure declarations of interests, gifts & hospitality forms are held centrally with the service directorate or with the Monitoring Officer for Tier 4 and above officers. • to instigate the Council's disciplinary procedures where the outcome of an audit or special investigation indicates improper behaviour
Chief Internal Auditor	• to consider the adequacy of the Council's anti-fraud and corruption arrangements • to support the preparation and maintenance of an Anti-Fraud & Corruption Policy • to liaise with the Police and Courts in the investigation and prosecution of fraud and corruption as necessary • to determine the nature of any investigation work required in respect of any allegation of fraud or corruption. • to ensure that actions are identified to improve controls and reduce the risk of recurrence of irregularities • to produce an annual report to the Audit & Governance Committee covering the outcomes of all anti-fraud work and the effectiveness of the Whistleblowing Policy
Chief Finance Officer	• to develop, maintain and implement an Anti-Fraud & Corruption policy (and associated whistleblowing policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity • to advise on the controls required for fraud prevention and detection • to appoint a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made • to ensure that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act 2010 • to ensure rights and powers of internal auditors and fraud investigators are upheld at all times across the organisation
Monitoring Officer	• to advise councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and statutory Codes of Practice

Chief Executive	to support and promote the development of a strong anti-fraud & corruption culture.
Councillors	- to support and promote the development of a strong anti-fraud & corruption culture. - to adopt high standards of conduct in order to uphold “general principles of conduct” and all other legal requirements, rules, procedures and practices - to immediately notify an appropriate officer of any suspicions of fraud or corruption - to report any suspected breach of the Code of Conduct by another Councillor to the Standards Board
Audit & Governance Committee	to consider arrangements for anti-fraud and corruption, including ‘whistle-blowing’ including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy
Standards Committee	to monitor and advise upon the content and requirement of Codes, Protocols and other procedures relating to standards of conduct for councillors
External Audit	- to establish an understanding of management processes in place to prevent & detect fraud - to establish an understanding of how the Audit & Governance Committee gain assurance from management over the identification and responding to risks of fraud in the Council. - to respond to whistleblowing disclosures when acting as an external prescribed person or body.
Partners, Contractors, Suppliers, Public	to be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions to a Manager, Internal Audit, the Chief Executive or a Councillor.

14 FURTHER INFORMATION AND EVIDENCE

Consultees

The following individuals/groups have been consulted during this year’s evolution of this policy:

Name
Internal Audit
Statutory Officers Group

Equalities Impact Assessment

Assessment date	Reviewed as part of this year’s evolution. Minor amendments have been made which have been assessed by the Service Unit Equality Champion as having no equalities impacts. Updated EIA assessment as per Appendix H.

Document Control

Approval body	Audit and Governance Committee
Approval date	26/02/2026

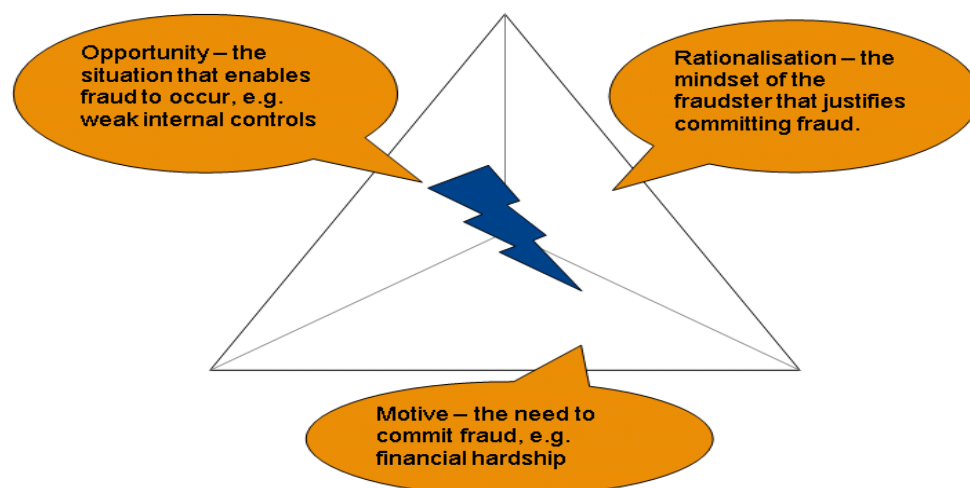
V1 – December 2018	New Policy created (please note any version changes in the future will be shown in red text)
V2 – March 2020	Annual policy review. Added Criminal Finances Act 2017 Requirements (new Appendix E). Added new definition of Corruption. Updated legislation/link <u>The Money Laundering, Terrorist Financing (Amendment) and Transfer of Funds (Information on the Payer) Regulations 2019</u> and value to not take any cash payment amended from £12,000 to £10,000 (same as Financial Regulations). Some other minor changes made including reformatting to BCP corporate formatting requirements.
V2021.1 – March 2021	Annual policy review. Included reference to new BCP Declaration of Interests, Gifts & Hospitality Policy. Updated contact details and made some minor best practice wording changes. Appended EIA screening tool.
V2022.1 – March 2022	Annual policy review. Updated definition of corruption. Included Regulation of Investigatory Powers Act 2000 and Investigatory Powers Act 2016 under other relevant legislation. Minor other wording and contact detail changes.
V2023.1 – March 2023	Added manager guidance to contact the Police where a theft or burglary has occurred and to notify the Insurance Team. Added statement that Financial Regulations give the Chief Internal Auditor the right to refer cases directly to the Police where a clear criminal offence has occurred. Anti-Money Laundering Requirements Appendix C: updated legislation/link to <u>The Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022</u> . Anti-Money Laundering Requirements Appendix C: added need to investigate the circumstances where a refund is requested and expanded indicators to look for to include attempts to make any large cash payments / deposits, attempts to makes any abnormally large payment / deposits, and requests a refund for a series of overpayments.
V2024.1 – March 2024	Annual policy review. Under Other Relevant Legislation added links to <u>Proceeds of Crime Act 2002</u> , <u>Regulation of Investigatory Powers Act 2000</u> and <u>Investigatory Powers Act 2016</u> . Added to Appendix A Further Guidance for Officers & Managers guidance on examining identity documents. Included in Appendix C Anti-Money Laundering Requirements a statement that the Council will cooperate fully with law enforcement authorities, regulatory bodies, and other relevant agencies in combating money laundering and terrorist financing.
V2025.1 – February 2025	Updated some links to latest versions of legislation. Updated link to e-learning system (now Skillgate). Added reference to <u>The Money Laundering and Terrorist Financing (High-Risk Countries) (Amendment) Regulations 2024</u> under Appendix C. Added need to carry out enhanced due diligence checks if customer is high risk under Appendix C. Added direct link to Criminal Finances Act in Appendix E. Removed reference and link to CIPFA School Fraud Risk Assessment tool in Appendix G as no longer accessible.
V2025.2 – February 2025	Minor amendments to strengthen EIA after EIOA panel review
V2025.3 – July 2025	Added Appendix F relating to the Economic Crime & Corporate Transparency Act (ECCTA) 2023 – Failure to Prevent Fraud in accordance with delegated authority to the Head of Audit & Management Assurance as approved by the Audit & Governance Committee on the 27/02/25. Reordered the appendices to group legal act requirements sections together. Insertion of ECCTA into list of relevant legislation.
V2026.1 – February 2026	Annual policy review. Chief Executive statement updated. Link to Schools Financial Value Standards added to Appendix G.

FURTHER GUIDANCE FOR OFFICERS & MANAGERS

WHY DOES FRAUD OCCUR?

Three key elements exist in most acts of fraud and corruption and are shown in the diagram below;

The Fraud Triangle



1. Opportunity

The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility.

Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified. Managers are therefore responsible for ensuring that any systems under their control have been designed to minimise the likelihood of acts of fraud and corruption.

2. Motive/Incentive/Pressure

A person who commits fraud may be pressured to, or need to, commit fraud. It might be due to a financial need such as living beyond their means, debts, a desire for material goods, or to feed an addiction. The sense of beating the system may also act as a motivator.

3. Rationalisation

A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they'll pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

TRUST & HONESTY

- Almost all internal fraud involves the abuse of trust
- Reliance on trust and honesty is not a fraud control

WARNING SIGNS OF POTENTIAL FRAUD

Supplier Invoices

- There is no record of an official order made
- The invoice contains errors in details such as officer's name and addresses
- Goods have not been received
- Stated website has limited contact information
- Invoices and or supporting documents appear inadequate/photocopied or obviously altered

Customer Applications and Payments

- Gaps in information given
- Unable to supply identification
- Unable to provide original documents
- Unwilling to meet at their home
- Large transactions paid by cash
- Overpayments made and refunds requested

Internal

- A person has a sudden change of lifestyle without apparent reason or unexplained and sudden wealth
- Noticeable personality or routine changes - continually works after hours, comes in frequently on weekends, insists on taking work home, requests for unusual patterns of overtime
- Possessiveness of job and records - reluctant to take holiday, go off sick or share responsibility
- Misfiled or missing documents such as receipts, estimates, correspondence.
- Computer enquiries made which are not necessary/relevant to job role
- Suppliers & contractors insisting on dealing with a particular officer
- Unexplained budget pressures
- Poor audit trails

EXAMPLE KEY CONTROLS

Some "key" controls that should ensure systems are robust are detailed below:

- Pre-employment checks are carried out for all new staff.
- Sound accounting processes, prompt financial reporting, budgets independently monitored, apparent discrepancies investigated, bank accounts promptly reconciled.
- Supervision of high fraud risk areas like cash collection.
- Independent monitoring and checking of data and supporting documentation.
- Proper arrangements for the receipt, recording and checking of goods received or services rendered.
- Responsibility for financial tasks clearly defined, documented and understood.
- Adequate separation of duties ensuring that more than one employee is involved in tasks like income collection and payment processing.
- Proper authorisation procedures which require approval of material transactions
- Physically securing and accounting for controlled stationery and cheques.
- Payment only on production of original supporting documentation.
- Processes to monitor compliance with these controls by, for example, reviewing completion of control documents and reconciliations.

REPORTING CONCERNS – Guidance for EMPLOYEES	
✓	✗
• do raise the matter ○ the sooner the problem is raised and looked into the sooner any wrong doing can be stopped. • do make an immediate note of your concerns ○ it is important that you make an immediate note of key details such as what caused your suspicion, when things happened and who was involved. • do pass on your suspicions to someone in authority ○ for an employee this would normally be your Line Manager, however this may not always be appropriate (see “Reporting Concerns” under the Anti-Fraud & Corruption Policy) • do check the Council’s whistle-blowing policy ○ this will give you more information on how you can safely raise a genuine suspicion within the Council and who you should talk to.	• don’t do nothing ○ if you are worried that some wrong-doing is happening within the Council, please don’t keep it to yourself. • don’t be afraid to raise your concern ○ the Council’s whistle-blowing policy will provide safeguards. • don’t approach or accuse any individual directly • don’t try to investigate the matter yourself ○ both the above could only make matters worse and prejudice the official investigation.

N.B. The regulations for Money Laundering have specific and clear guidance for what to do if you suspect Money Laundering is occurring. Check the Anti-Money Laundering Requirements at Appendix C.

REPORTING CONCERNS – Guidance for MANAGERS	
✓	✗
• do be responsive to staff concerns ○ you need to encourage staff to be able to raise any genuine concerns with you. You should reassure them that if they raise concerns with you, they will be protected from victimisation or reprisal. • do note details ○ get as much information as possible from the person raising the concern. If they have made notes or have documentary evidence, ask for copies of these. • do evaluate the information objectively and consult ○ before you take the matter further, you need to decide whether the suspicions seem justified. Consider the facts as you have them and consult with Internal Audit about what should happen next.	• don’t ignore concerns raised with you ○ as a Manager you should reassure staff about raising concerns. • don’t approach or accuse any individuals directly ○ you may inadvertently tip off a fraudster before evidence has been collected. • don’t convey your suspicions to anyone other than those with the proper authority to investigate • don’t try to investigate the matter yourself

• do deal with the matter promptly ○ the sooner the problem is passed on by you for investigation the sooner the potential fraud or corruption can be stopped • do advise the Chief Internal Auditor who will advise on the appropriate course of action, in line with the Fraud Response Plan Appendix B	○ both the above could only make matters worse and prejudice the official investigation.

GUIDANCE ON EXAMINING IDENTITY DOCUMENTS

The National Document Fraud Unit at the Home Office, has prepared valuable guidance around document identification and verification to increase awareness of the different types of identity documents used for identification purposes, including indicators to help recognise forged documents. Please click on the link below to access this information - [Home Office Guidance on Examining Identity Documents 2023](#)

Remember that detecting document fraud requires a combination of attention to detail, familiarity with authentic documents, and the use of appropriate tools and technologies. If you suspect a document is fraudulent, please consult your manager or contact Internal Audit.

Further advice can be sought from Internal Audit on any of the above areas by e-mail fraud@bcpcouncil.gov.uk or phone 01202 817888.

FRAUD RESPONSE PLAN

Please note that this is intended as a guide and not all stages will be followed in all circumstances or necessarily in the order detailed below.

Stage 1 – Commencing an Investigation

Decisions to proceed with an investigation will be made by the Chief Internal Auditor (in liaison with the appropriate service manager). The Chief Internal Auditor will determine the involvement of other officers including the Chief Finance Officer and the Head of Human Resources, and the applicability of the Council's Whistleblowing Policy.

Stage 2 – Appointment of Investigating Officers

For each investigation, the first step will be to appoint an Investigating Officer. This will usually be an officer from the service concerned who will consult on the detailed investigation process with Internal Audit. The Chief Internal Auditor will appoint a lead officer from Internal Audit and decide on the overall lead for the investigation (depending on its nature/significance).

Stage 3 – Planning the Investigation

The Investigating Officer will need to liaise with the Internal Audit lead officer to ensure that a plan of action is drawn up. Internal Audit will as a matter of priority ensure that all relevant evidence including documentary records pertaining to the investigation are immediately secured.

Stage 4 – Referral to Police

If the investigation relates to a suspected criminal offence, the Chief Internal Auditor will need to consider (in conjunction with the Manager, the Monitoring Officer and the Chief Financial Officer) whether to inform the Police. If they decide that a formal police investigation is necessary, then liaison with the Police will normally be via the Internal Audit lead officer.

Stage 5 – Gathering Evidence

The Investigating Officer will ensure, in conjunction with the Internal Audit lead officer that all evidence of fraud or corruption relating to the investigation is gathered legally, objectively, systematically and in a well-documented manner. Where this is being carried out in conjunction with a Police investigation the Internal Audit lead officer will be responsible for preparing any required statement and assembling all evidence and exhibits. The Internal Audit lead officer will keep the Investigating Officer fully informed of all developments with any Police investigation.

Stage 6 – Progress Reviews

During the investigation, the Investigating Officer/lead Internal Auditor will produce interim reports (which can be verbal reports) on progress and findings.

Stage 7 – Conclude Investigation and Improve System Controls

The Investigating Officer/lead Internal Auditor will produce a final report that may be used by management as a basis for disciplinary action, where necessary, in liaison with Human Resources. An issues report will identify any system weaknesses that enabled the fraud to occur and recommend improvements.

Stage 8 – Recovering Losses

The Investigating Officer/Lead Internal Auditor will ensure that all opportunities are followed to obtain compensation for any losses incurred including insurance, voluntary restitution or compensation claims.

Stage 9 – Press Release

The decision to issue press statements about fraud or corruption cases that have been investigated and proven by the Council will be made by the Investigating Officer, Chief Internal Auditor, and Monitoring Officer together with the Council's Communications Team. They will take account of, on a case by case basis, any sensitive and legal issues involved and the need for confidentiality.

ANTI-MONEY LAUNDERING REQUIREMENTS

1 INTRODUCTION

What is money laundering?

Money laundering is a process by which the illegal proceeds of crime are converted into assets which appear to have a legitimate origin, so that they can be retained permanently or recycled into further criminal enterprises.

The source of money, either in cash, paper or electronic form (often referred to as “dirty money”) is disguised and is given the appearance of being clean funds. These are normally used to hide the proceeds of serious criminal activities such as but not limited to terrorism, drug smuggling, theft and fraud.

Legislation

The legislation which is relevant to this Anti-Money Laundering Policy is:

- [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017 \(“MLR”\) as amended by \[The Money Laundering and Terrorist Financing \\(Amendment\\) Regulations 2019\]\(#\), \[The Money Laundering and Terrorist Financing \\(Amendment\\) \\(No. 2\\) Regulations 2022\]\(#\), and \[The Money Laundering and Terrorist Financing \\(High-Risk Countries\\) \\(Amendment\\) Regulations 2024\]\(#\)](#)
- The Proceeds of Crime Act 2002 (“POCA”) (as amended by the Serious Organised Crime and Police Act 2005)
- The Terrorism Act 2000 (“TA”) (as amended by the Anti-[Terrorism](#) and Security Act 2001 and the Terrorism Act 2006).

Money Laundering Regulations

The Council is not defined as a ‘regulated business’ under the regulations and therefore is not legally obligated to apply the provisions of all of the regulations. However, the Council is committed to complying with the spirit of the legislation and regulations as advocated by the Chartered Institute of Public Finance & Accountancy’s (CIPFA) guidance.

The money laundering legislation, regulations and this policy aim to provide preventative measures to reduce the risk of money laundering occurring and to aid identification of any money laundering activity that may occur.

While the risk to the council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities. Serious criminal sanctions may be imposed for breaches of the legislation.

The Council will cooperate fully with law enforcement authorities, regulatory bodies, and other relevant agencies in combating money laundering and terrorist financing.

2 THE COUNCIL'S AND EMPLOYEES' OBLIGATIONS

Council's Obligations

Under the legislation and best practice guidance the Council must:

- Appoint a Money Laundering Reporting Officer ("MLRO") (Compliance and Nominated Officer) to receive disclosures from employees and councillors of money laundering activity (Paragraph 3);
- Implement a procedure to enable the reporting of suspicions of money laundering (Paragraph 4);
- Maintain client identification procedures (due diligence) where appropriate;
- Maintain record keeping procedures (Paragraph 5);
- Undertake an assessment of the money laundering risk that the Council is exposed to (Paragraph 6);
- Train relevant employees on their anti-money laundering responsibilities (Paragraph 7).

Employees' Obligations

Under the legislation and best practice guidance employees must:

- Immediately report any suspected money laundering activity (see section 9, Possible indicators of money laundering) to the Money Laundering Reporting Officer (MLRO) as detailed in the Money Laundering Disclosure Procedure section below
- Not take any cash payment over £10,000 (please note this can be a single transaction or a series of related transactions) and formally report any attempt to do so to the MLRO.
- Verbally report any cash transactions over £5,000 but lower than £10,000 to the MLRO (see Money Laundering Disclosure Procedure section below)
- Investigate the circumstances where a refund is requested.
- Not discuss money laundering suspicions with anyone other than the MLRO
- Undertake customer due diligence wherever possible.

3 THE MONEY LAUNDERING REPORTING OFFICER (MLRO)

The Money Laundering Reporting Officer (MLRO) for the Council is the Head of Audit & Management Assurance. The MLRO is responsible for receiving disclosures regarding suspicions of money laundering activity, evaluating the information provided and, determining whether to report suspicions of money laundering to the National Crime Agency.

Disclosures of suspected money laundering must be made to the MLRO using the Money Laundering Disclosure Procedure in paragraph 4 below. If the MLRO is unavailable the Deputy Money Laundering Officer (Deputy Chief Internal Auditor) must be contacted in their absence.

Disclosure by an Employee

Numerous scenarios could occur where Council employees in the course of their job become aware of potential money laundering activity. In order to prevent the risk of prosecution, employees need to be aware of the need to report these instances.

Where an employee knows or suspects that a money laundering activity is taking/has taken place or becomes concerned that their involvement in a matter may breach legislation, they must disclose this to the MLRO **immediately**.

The suspected money launderer **must not** be informed in any way that a report has been made against them.

The disclosure must include as much detail as possible and should include:

- Names and addresses of persons involved (if a company/public body please include nature of business)
- Nature, value and timing of activity involved
- Suspicions regarding the activity

Once the employee has reported the matter to the MLRO they must follow any directions they are given. The employee **must not** make any further enquiries into the matter.

Consideration of Disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure, the MLRO must note the date and acknowledge it.

The MLRO will consider the disclosure and any other available internal information they think relevant. This may include:

- Reviewing other transaction patterns and volumes
- The length of any business relationship involved
- The number of any one-off transactions and linked one-off transactions
- Clarification of events with the discloser
- Any identification evidence held.

The MLRO will undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the National Crime Agency (NCA) is required (such enquiries being made in such a way as to avoid any appearance of “tipping off” those involved).

Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- There is actual or suspected money laundering taking place; and
- There are reasonable grounds to know or suspect that this is the case; and
- Whether he needs to seek consent from the NCA for a particular transaction to proceed.

5 CUSTOMER DUE DILIGENCE

The Council is not defined as a 'regulated business' under the regulations but as the Council is committed to complying with the spirit of the regulations customer due diligence best practice should be followed wherever possible:

- Identify the person seeking to form the business relationship or conduct the transaction (this could be an individual or a company).
- Verify their identity using reliable, independent sources of information
- Identify who benefits from the transaction
- Monitor transactions to make sure they are consistent with what you understand about that person or company
- Understand the source of their funds
- Ensure there is a logical reason why they would want to do business with the Council
- Enhanced due diligence ([as per Government guidance](#)) should be carried out if a customer is identified as high risk i.e. a politically exposed person or from a high risk country as defined by [The Money Laundering and Terrorist Financing \(High-Risk Countries\) \(Amendment\) Regulations 2024](#).

6 MONEY LAUNDERING RISK

The Council will produce a risk assessment to identify and assess the risk of money laundering and terrorist financing that the Council faces. In addition, money laundering will form part of the Council's Fraud Risk Register.

7 TRAINING

In support of this policy, the Council will:

- Make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
- Give targeted training to those most likely to encounter money laundering.

8 OFFENCES UNDER THE ACTS

The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what sort of Council business they are undertaking) could contravene the money laundering regulations if they become aware of, or suspect the existence of criminal property, and continue to be involved in the matter without reporting their concerns.

Primary money laundering offences:

1. Concealing, disguising, converting, transferring criminal property or removing it from the UK
2. Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
3. Acquiring, using or processing criminal property

Secondary money laundering offences:

- Failure to disclose any of the three primary offences

- “Tipping off” whereby somebody informs a person or persons who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation

Failure to report suspicious money laundering activities or be involved in money laundering activities may lead to a criminal offence being committed and disciplinary or legal action being taken against you. Any internal disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure.

9 PRACTICAL GUIDANCE

Possible Indicators of Money Laundering

The success of money laundering often depends upon a transaction appearing ‘normal’ however there are a number of ways to identify possible money laundering.

Beware of potential transactions where the other party:

- Enters into transactions which make little or no financial sense, or which go against normal practice;
- Cancels transactions without good reason and requests a cheque for previously deposited funds;
- Attempts to make any large cash payments / deposits;
- Attempts to make any abnormally large payment / deposits;
- Makes large overpayments of fees or money on account;
- Requests a refund for a series of overpayments;
- Is happy to enter into an apparent bad deal for them;
- Is unwilling to explain the purpose of a transaction or method of payment or refuses to provide information requested without reasonable explanation;
- Suddenly changes their pattern of activity or method of payment;
- Enters into arrangements beyond their apparent financial means or if the Buyer or Seller's financial profile does not fit (particularly in relation to property transactions);
- Unnecessarily routes funds through third party accounts or has overly complicated financial systems; and / or
- Uses more than one Solicitor / Conveyancer in the sale or purchase of a property or land or if there is an unexplained and unusual geographic use of a solicitor in relation to a property's location

Similarly, you will need to be wary if information about the customer reveals criminality or association with criminality (e.g. previous benefit fraud or suspected benefit fraud).

ANTI-BRIBERY REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place to ensure compliance with the Bribery Act 2010. It explains the process through which the Council intends to maintain high standards and to protect the organisation, employees, councillors and business partners against allegations of bribery and corruption.

The Council is committed to the highest possible standards of openness, probity and accountability and to conduct its business in an honest and open way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2 WHAT IS BRIBERY?

The [Bribery Act 2010](#) defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

The Bribery Act 2010 introduced the following criminal offences:

- **The offence of bribing another person (section 1).** This can occur where a person offers, promises or gives a financial or other advantage to another individual to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity. It is not an issue whether the person given the bribe is the same person who will perform the function or activity concerned.
- **The offence of being bribed (section 2).** This is where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit or not.
- **Bribery of a foreign public official (section 6).** This is where a person directly or through a third party offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.
- **A corporate offence of failure to prevent bribery (section 7).** A commercial organisation* could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.

*The Council accepts that public bodies (in particular its commercial activities) may be classed as a "commercial organisation" in relation to the corporate offence of failing to prevent bribery. In any event, it represents good governance and practice to have adequate procedures in place to protect the Council, councillors, employees and partners from reputational and legal damage. It is in the interests of everybody connected to the Council to act with propriety at all times.

3 WHAT ARE THE CONSEQUENCES?

An individual guilty of a criminal offence under sections 1, 2 or 6 of the Bribery Act, in addition to potential disciplinary action, is liable on conviction in:

- A magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both.
- A crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

The Council, if convicted under sections 1,2, or 6 will also face the same level of fines and if guilty of an offence under section 7, is liable to an unlimited fine.

4 WHAT DO I NEED TO DO AS AN EMPLOYEE?

- **Be aware of the Bribery Act 2010** and this document
- **Declare any conflicts of interests** in accordance with the Council's Declaration of Interests, Gifts & Hospitality Policy.
- **Declare any gifts or hospitality** in accordance with the Council's Declaration of Interests, Gifts & Hospitality Policy.
- **Abide by separation of duties** in systems
- **Comply with delegated authority limits** for decisions
- **Ensure transparency of all activities** by retaining sufficient documentation for all transactions
- **Complete the Fraud Awareness e-learning module**
- **Speak up if you have any concerns** (see 'Reporting Concerns' section of the Council's Anti-Fraud & Corruption Policy and/or the Council's Whistleblowing Policy)

5 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT BRIBERY OCCURRING?

The Council has put in place robust arrangements which comply with Ministry of Justice Guidance which focuses on the Six Principles for Bribery Prevention:

1. Proportionate Procedures

There are several policies and procedures which are in place that contribute towards prevention, detection and investigation of bribery including:

- Constitution and Scheme of Delegation
- Financial Regulations
- Procurement Guidelines
- Anti-Fraud & Corruption Policy
- Whistleblowing Policy
- Declaration of Interests, Gifts & Hospitality Policy
- Internal Audit Plan
- Risk Management Framework
- Codes of Conduct for councillors and Employees
- Disciplinary Procedures and Rules

2. Top level commitment

- A strong anti-fraud culture is established and outlined in the Council's Anti-Fraud & Corruption Policy. Councillors and senior management are committed to ensuring anti-bribery arrangements are robust and adequate.

3. Risk Assessment

- An annual Fraud and Corruption Risk Assessment is undertaken which considers the risk of bribery across all service areas
- All managers are responsible for regularly reviewing the risks from Fraud and Corruption in their business

4. Due diligence

- All necessary efforts are made to ensure that business partners are known and that business relationships are transparent and ethical

5. Communication (including training)

- Commitment to embedding anti-bribery within the Council is in place via policies, procedures and anti-fraud training arrangements.
- Consistent and proportionate sanctions are applied in line with disciplinary policies and the Anti-Fraud & Corruption Policy

6. Monitoring and review

- Internal Audit regularly review systems assessed as at high risk of bribery
- The relevant policies and procedures are regularly reviewed

CRIMINAL FINANCES ACT 2017 REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place to ensure compliance with the Criminal Finances Act 2017 Part 3 (CFA 2017).

The CFA 2017 introduces a new Corporate Criminal Offence of failure to prevent the facilitation of tax evasion. Under the CFA 2017, the Council, if found to be facilitating tax evasion, could face an unlimited fine and consequent damage to its reputation.

The Council aims to conduct its financial affairs in a law abiding way and does not tolerate either the commitment or facilitation of tax evasion.

The Council attaches the utmost importance to this policy and any breach of this policy will be regarded as a serious matter and is likely to result in disciplinary action and possibly criminal prosecution.

2 LEGISLATION

[Part 3 of the CFA 2017](#) entered into force on 30 September 2017, and creates the corporate criminal offence of failure to prevent tax evasion.

Tax evasion is the illegal non-payment or under-payment of taxes, usually as the result of making a false declaration (or no declaration) of taxes due to the relevant tax authorities, which results in legal penalties if the perpetrator is caught.

Tax avoidance, by contrast, is seeking to minimise the payment of taxes without deliberate deception. This is often legitimate but is sometimes contrary to the spirit of the law, e.g. involving the exploitation of loopholes.

Importantly the corporate criminal offence of facilitation only applies to tax evasion. The third party must be found guilty of tax evasion before the Council can be found to have facilitated it.

It is a criminal offence for anyone to evade paying tax of any kind, and also to help anyone to do so. Any individual found to be guilty of this could be subject to criminal proceedings under existing legislation. However, under the Criminal Finances Act 2017 in the event of there being both:

- a) Criminal tax evasion by either a UK or overseas taxpayer (as an individual or an entity) under existing law, and,
- b) Criminal facilitation of this offence by an 'associated person' of the Council

then the Council will automatically be charged with the corporate offence of failing to prevent its representatives from committing the criminal act of facilitation unless it can demonstrate that it had 'adequate' or 'reasonable procedures' in place to prevent that facilitation. If found guilty, the typical consequences for the Council could be an unlimited fine and reputational damage and the potential disbarment from public/governmental contracts.

The scope of 'associated persons' is widely drafted and includes Council officers, its employees, workers, agents, sub-contractors and other people/organisations that provide services for, or on behalf of Council.

3 WHAT DO I NEED TO DO AS AN EMPLOYEE/ASSOCIATE?

Staff and associates are reminded that they are required at all times to abide by the Council's policies, procedures and guidance.

Failure to comply with these policies, procedures and guidance, including in particular failure to comply with the obligations detailed in this policy, may result in disciplinary action for staff and the termination of arrangements with associates.

Should staff or associates be concerned that another employee or associate is facilitating a third party's tax evasion, they should report this to their (own) manager. The Council's Whistle-Blowing Policy can also be engaged.

4 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT FACILITATION OF TAX EVASION?

It is a defence to the corporate criminal offence of facilitating tax evasion if the Council can prove that it has in place such prevention procedures as it is reasonable to expect in the circumstances.

Government guidance suggests an appropriate set of prevention measures which gives due recognition to the following:

1. Risk assessment

The Council's systems of risk and control are designed to ensure regularity. The Council's Internal Audit Team conduct regular compliance checks paying specific attention to areas of high risk (as identified from the Council's Fraud Risk Register) and report any concerns to management and the Audit & Governance Committee.

The following are common Council tax evasion risks which management and employees have a duty to prevent. This list is by no means exhaustive:

- **Incorrect VAT treatment/reclaim**
 - Employee agrees to mis-describe services provided to a third-party in order to facilitate a VAT reclaim by them.
 - Employee authorises a VAT invoice from a supplier knowing that they are not VAT registered.
- **Income Tax\National Insurance Payments**
 - Off payroll working (IR35) - Council fails to identify workers and associates that should be paid via the payroll system rather than the creditors system. A supplier wishes to be treated as a self-employed contractor so that payments to them are paid gross and they can evade paying the appropriate income tax and national insurance liabilities. Council officer helps the supplier by falsifying information on the Employment Status Questionnaire.

- Failure to deduct the tax and NI at the correct rate. For example, a manager agrees to allow one of their staff to claim home to work travel through an expense claim. However, knowing that it is against Council policy and to help their employee from having to pay tax which is properly due, they allow their employee to describe the claim as travel away from the office.
- An employee is rewarded by way of a gift voucher over and above HMRC trivial gift limits (currently £50).
- **Incorrect Expense claims**
Employee authorises an expense claim with photocopied receipts knowing that the claimant will use the original receipts to support a tax reclaim.
- **Construction Industry Scheme**
Supplier submits an artificially low labour breakdown on their invoice to avoid tax being deducted on the labour element or no tax being deducted at all. A lack of understanding as to what work comes within the scope of the scheme or the implications of not applying the scheme.
- **Paying the wrong entity**
Employee accepts request to pay one entity knowing that the goods/services have been provided by another entity and that the purpose of the change is to evade tax.
- **Incorrect gift aid**
Employee allows a payment for goods/services to be described as a donation so that the donor can claim tax relief.
- **Payment in Kind**
Third parties not employed by the Council perform work in return for a payment in kind e.g. travel to a conference or use of facilities, knowing that no tax will be paid on the payment.
- **Direct Payments (for Care & Support Services)**
Failure to ensure deduction of Income Tax and National Insurance from payments made to personal assistants by recipients of Direct Care Payments.
- **Grants**
Failure to ensure that grant funding is used for its intended purpose. The Council gives a grant to an organisation for a specific project or service which may include the employment of staff. Staff are paid without the appropriate deduction of Income Tax and National Insurance.
- **Payment to overseas workers**
Using a third-party to pay in-country workers on the Council's behalf, where you know that there is a withholding obligation, and that the third-party will not comply with that obligation.

2. Proportionality of risk-based prevention procedures.

The Council has systems of controls in place to address specific risks. These controls include policy and guidance documents such as the Council's Whistle-Blowing Policy and Anti-Fraud & Corruption Policy.

3. Top level commitment.

This policy appendix has been endorsed by the Corporate Management Board and the Audit & Governance Committee as part of the Anti-Fraud and Corruption Policy.

4. Due diligence.

Reasonable care and caution is exercised when processing all transactions particularly high value/high risk area payments. Regular monitoring takes place and particular caution is exercised when making payment to new suppliers.

5. Communication (including training).

All staff, especially those involved in processing and approving financial transactions, will be made aware of this policy via their induction. Information is also available on the Council's intranet.

6. Monitoring and review

Regular monitoring and review of systems of controls and policies is carried out by Internal Audit and any findings/concerns reported to management and the Audit & Governance Committee.

ECONOMIC CRIME AND CORPORATE TRANSPARENCY ACT 2023 – FAILURE TO PREVENT FRAUD REQUIREMENTS

1 INTRODUCTION

This policy appendix is in place as a result of the [Economic Crime and Corporate Transparency Act 2023](#), specifically the 'failure to prevent fraud' offence (sections 196-206).

The Economic Crime and Corporate Transparency Act 2023 represents a pivotal step in the UK government's efforts to enhance its legislative framework against economic crime. A notable feature of this Act is the introduction of the 'failure to prevent fraud' offence. This offence holds an organisation criminally liable if an employee, agent, subsidiary, or other "associated person" commits a specified fraud offence with the intent to benefit the organisation, and the organisation lacks adequate fraud prevention measures.

Additionally, this offence can apply if the fraud is committed to benefit a client of the organisation. Importantly, it is not necessary to prove that directors or senior managers were aware of or directed the fraudulent activity.

BCP Council's only defence against this offence is the existence of reasonable counter-fraud measures and procedures at the time the offence occurred. This policy appendix sets out those procedures in detail.

The offence will not extend to individual liability for persons within the organisations who may have failed to prevent the fraudulent behaviour. However, this does not preclude the employee or agent who committed the base fraud, or anyone who encouraged or assisted them, being prosecuted for the base fraud in addition to the corporate being prosecuted for failing to prevent it. Fraud and corruption committed by employees are treated as gross misconduct, which, if substantiated, will result in dismissal. The Council also considers the full range of sanctions, including criminal prosecution, and refers cases to the Police where appropriate.

2 LEGISLATION

The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on 26 October 2023. The 'failure to prevent fraud' offence came into effect on 1 September 2025.

Corporate Criminal Liability

Large organisations, including Bournemouth, Christchurch, and Poole Council, face the risk of criminal prosecution and unlimited fines if they fail to prevent fraud. This legislation requires organisations to proactively assess their fraud risk exposure and develop effective frameworks to prevent, detect, and respond to fraud.

Scope of the Offence

The offence applies to all large bodies, corporate entities, subsidiaries, and partnerships. This includes businesses, large not-for-profit organisations such as charities, and incorporated public bodies like Bournemouth, Christchurch, and Poole Council.

To ensure the burden on businesses is proportionate, only 'large organisations' are in scope, defined by the Companies Act 2006 as meeting two out of three criteria:

- More than 250 employees
- More than £36 million turnover
- More than £18 million in total assets

It should be noted that the Council as a parent organisation can be assigned liability for failing to prevent fraud if an employee of a subsidiary commits fraud for the parent organisation's benefit and the parent organisation did not take reasonable steps to prevent it.

What types of fraud are relevant to this offence?

The offence applies to the fraud and false accounting offences which the government considers are most likely to be relevant to large corporations. These are:

- Fraud by false representation (Section 2, Fraud Act 2006)
- Fraud by failing to disclose information (Section 3, Fraud Act 2006)
- Fraud by abuse of position (Section 4, Fraud Act 2006)
- Obtaining services dishonestly (Section 11, Fraud Act 2006)
- Participation in a fraudulent business (Section 9, Fraud Act 2006)
- False statements by company directors (Section 19, Theft Act 1968)
- False accounting (Section 17, Theft Act 1968)
- Fraudulent trading (Section 993, Companies Act 2006)
- Cheating the public revenue (common law)

The Council's only defence against this offence is to have reasonable counter-fraud defences and procedures in place at the time the offence was committed, and these are listed in this policy.

3 WHAT HAS THE COUNCIL PUT IN PLACE TO PREVENT FRAUD?

BCP Council continues to focus on the following key areas to sustain an effective fraud risk management programme to prevent fraud:

- 1. Top level commitment:** Preventing and detecting fraud is the responsibility of senior management. This policy appendix has been endorsed by senior management and the Audit & Governance Committee as part of the Anti-Fraud and Corruption Policy. They continue to create a culture where fraud is not tolerated and staff feel empowered to speak up if they encounter fraudulent practices.
- 2. Risk assessment:** An annual Fraud and Corruption Risk Assessment is undertaken which considers the risk of fraud across all service areas and is incorporated into the annual audit plan. All managers are responsible for regularly reviewing the risks from fraud and corruption in their area of the Council.
- 3. Proportionate risk-based prevention procedures:** The Council's procedures for preventing fraud by associated persons are proportionate to the specific fraud risks it faces, and aligned with the nature, scale, and complexity of its operations.

A comprehensive Anti-Fraud and Corruption Policy is in place, outlining the Council's approach to tackling fraud and corruption. This policy details the process followed upon receiving a fraud allegation and explains how individuals covered by the policy will be dealt with.

4. **Due diligence:** The Council applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified fraud risks. This includes ensuring that all necessary efforts are made to ensure that business partners are known and that business relationships are transparent and ethical.
5. **Communication (including training):** The Council will continue to ensure that its prevention policies and procedures are communicated, embedded and understood throughout the organisation, through internal and external communication. This includes mandatory fraud training, annual refresh of counter fraud policies and associated communication to staff and fraud alerts to appropriate staff/managers.
6. **Monitoring and review:** The Council monitors and reviews its fraud detection and prevention procedures and makes improvements where necessary. This includes an annual review of all fraud related policies and subsequent approval by the Audit & Governance Committee. In addition, an annual report is presented to the Audit & Governance Committee on counter fraud work carried out by Internal Audit to provide assurance on the Council's response to combating fraud and corruption. This includes learning from investigations and whistleblowing incidents and considering fraud alert information from other public bodies.

4 EXAMPLES OF SITUATIONS THAT COULD BE CONSIDERED FRAUD THAT BENEFIT THE COUNCIL

- The Council deliberately misrepresents its performance metrics to unlawfully obtain increased government grant funding.
- The Council intentionally hides the true number of active software licences it uses from the provider in order to avoid paying the correct fees.
- A maintained school knowingly inflates the number of pupils eligible for pupil premium funding in order to fraudulently claim additional payments.
- The Council intentionally undervalues its assets in order to dishonestly obtain lower insurance premiums.
- Deliberately including false or exaggerated claims in grant applications to increase the likelihood of approval or higher funding amounts.

GUIDANCE NOTE FOR SCHOOLS

The [Schools Financial Value Standards](#) issued by the Department for Education contains the following advice:

1	What are adequate arrangements against fraud and theft? Schools need a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets. Arrangements should both prevent malpractice and enable prompt detection should it nonetheless occur.
2	What are possible types of fraud and theft? The list below gives examples but cannot be exhaustive: • theft (e.g. retaining cash collected for school dinners, trips, etc. for personal use; taking away school assets for personal use); • false claims (e.g. for travel which did not take place, for un-worked overtime etc.); • unauthorised purchase of equipment for personal use; • improper use of petty cash for personal purposes; • failing to charge appropriately for goods or services (e.g. not charging for school rooms used for private functions) or providing improper gifts or hospitality; • processing false invoices for goods or services not received and pocketing the proceeds; • making false entries on the payroll, such as inventing a fictitious employee and arranging to be paid an additional salary; • payment of inappropriate bonuses; • misusing school financial systems to run a personal business; • improper recruitment (e.g. employing a family member or individual known personally to an employee without following appropriate recruitment procedures); • buying from a supplier or contractor known personally to an employee without following required procurement procedures or declaring a business interest; • separating purchases to avoid tendering thresholds; and • suppliers or contractors failing to deliver the agreed goods or services but still being paid in full
3	Noting any instance of fraud or theft detected in the last 12 months All schools should keep a written log of any instances of fraud or theft detected. This should include attempted fraud or theft, so long as this wouldn't prejudice any ongoing action such as legal action against the perpetrator(s). This log will help the school to identify patterns of misconduct and any weaknesses in their current arrangements which need to be addressed.
4	Why you need to have adequate arrangements in place to guard against fraud and theft Schools manage substantial sums of public money and consequently need to safeguard public funds. Local authorities would be likely to take strong action against maintained schools that appeared persistently vulnerable to fraud and theft.
5	How to ensure that your school has adequate arrangements in place to safeguard against fraud and theft The governing body will expect the head teacher and other senior staff to assure them that adequate arrangements are in place, rather than seeking to put operational arrangements in place themselves. The main features of such arrangements are likely to include: • financial management checks, reconciling accounts at the end of each month and keeping an audit trail of documents; • separation of duties – no one employee should be responsible for both validating and processing a transaction, for example certifying that goods have been received and making the payment for them; • strictly limited access to systems for authorising and making payments;

	• spot checks on systems and transactions – this will help identify new risks and measure the effectiveness of existing controls. It also indicates to staff that fraud prevention is a high priority; • investigation and logging of every incident of irregularity, including instances of attempted fraud; • careful pre-employment checks on staff who will have financial responsibilities; and • making employees' financial responsibilities clear through written job descriptions and desk instructions.
6	Make the information available to all staff The governing body and head teacher should inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them, and the consequences of breaching these controls. This information should be included in induction for new school staff and governors. Staff should be reminded of this information if an incident occurs.
7	What to do if adequate arrangements are not in place in your school Adequate arrangements will need to be put in place as soon as possible. If you are unsure how to do this and are a maintained school, you should contact your local authority urgently. You need to identify which arrangements are not adequate and agree an action plan to address them with a deadline for implementation. Once the new arrangements are in place, you should evaluate their effectiveness and regularly review the school's full arrangements to make sure they remain adequate.
8	What to do if fraud or theft is suspected or discovered (including any instances of attempted fraud or theft) Maintained schools should contact their local authority (LA) for help and support in instances where fraud or theft is suspected or discovered and should always report the matter to the LA's Internal Auditors.
9	Further information For maintained schools, your Local Authority should be able to provide further information and support on establishing adequate arrangements to safeguard against fraud and what should happen if fraud is suspected or discovered. In addition, these websites\contacts provide help and advice: 1. Department for Education (DfE) – www.education.gov.uk – this website contains a wide range of information and resources for schools. Here you can access information on the supporting legal framework for school revenue funding, audit and whistle-blowing policy. 2. Action Fraud – www.actionfraud.police.uk this website is the UK's national fraud reporting centre and provides information of what fraud is and the different types of fraud. 3. Institute of School Business Leadership (ISBL) – www.isbl.org.uk – provides information and training for all those involved in school business management including on fraud. 4. Internal Audit is able to provide advice to Maintained Schools on financial control systems. Telephone 01202 817888 or e-mail fraud@bcpcouncil.gov.uk

Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	Anti-Fraud & Corruption Policy
What changes are being made to the policy/service?	Annual policy refresh including changes to the Chief Executive's statement and adding link to the Schools Financial Value Standards
Service Unit:	Finance
Persons present in the conversation and their role/experience in the service:	Chief Internal Auditor Service Equality Champion
Conversation dates:	26/01/2026
Do you know your current or potential client base? Who are the key stakeholders?	Key stakeholders are - any person who is currently employed, directly or indirectly by Bournemouth, Christchurch and Poole Council (BCP) including those whose relationship is with a wholly-owned entity, including trading companies and Arm's Length Management Organisations (ALMOs); - Elected or Co-Opted councillors; and - Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc. It should be noted that the enhanced due diligence checks primarily relate to large cash payments, which are very rare as we migrate to a more cash free operating model (~1 instance in the previous 5 years).
Do different groups have different needs or experiences in relation to the policy/service?	All protected characteristics have been considered, and no different needs or experiences have been identified as a result of these updates.
Will the policy or service change affect any of these service users?	No as these changes apply equally to all key stakeholders
What are the benefits or positive impacts of the policy/service change on current or potential service users?	None identified
What are the negative impacts of the policy/service	There is the potential for claims of discrimination on racial grounds to arise as customers from high risk

change on current or potential service users?	countries are required to have enhanced due diligence checks carried out.
Will the policy or service change affect employees?	Yes, as this policy applies to all BCP Council employees
Will the policy or service change affect the wider community?	No, as this policy only affects BCP Council employees
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	The requirement for enhanced due diligence checks is steered by Government policy, guidance and recommendations, along with best practice. All officers are required to undergo equalities training as part of their mandatory training, which includes training on unconscious bias. As such, this reduces the chance of any potential discrimination, both direct and indirect. A link to guidance on what checks are to be carried out has been included, and responsibility for highlighting any concerns that come out of these checks is well defined within the policy.
Summary of Equality Implications:	The fact that there is a central government mandated list of high risk countries could lead to potential claims of racial discrimination, however training is carried out to ensure that officers are aware of potential discrimination, both direct and indirect. No equality impacts, positive or negative, have been identified as a result of the updates for this financial year.

IN YEAR MINOR AMENDMENTS AND EDITING LOG

Minor Amendments and Editing Log

The Chief Finance Officer has primary responsibility for developing, maintaining, and implementing the Anti-Fraud & Corruption Policy. Where changes affect the powers or responsibilities of councillors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the Anti-Fraud & Corruption Policy from time to time, this may require minor amendments or editing. The Chief Finance Officer has delegated to the Head of Audit & Management Assurance the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page

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Whistleblowing Policy

Live from 1 April 202⁶

Annual evolution changes to this policy are shown in red text each year

Finance

Author: Head of Audit & Management Assurance

Version: V202^{6.1}

Review Date: Annual evolution, next due April 202⁷



CONTENTS

1	PURPOSE OF THIS POLICY	3
2	WHO MUST COMPLY WITH THIS POLICY?	4
3	WHAT IS THE POLICY?	4
4	WHAT IS EXPECTED FROM THE WHISTLEBLOWER?	7
5	HOW IS THE WHISTLEBLOWER PROTECTED?	8
6	HOW IS THIS POLICY IMPLEMENTED?	8
7	SUPPORTING INFORMATION.....	9
8	FURTHER INFORMATION AND EVIDENCE	10
	APPENDIX 1 – Seven stage whistleblowing procedure	11
	APPENDIX 2 – In year minor amendments and editing log	19
	APPENDIX 3 – Equality Impact Assessment	20

1 PURPOSE OF THIS POLICY

- 1.1 Bournemouth, Christchurch and Poole Council (BCP) (hereafter referred to as 'the Council') is committed to high standards of conduct and to compliance with legal obligations and good practice. The Council's intent is to expose and deal with malpractice and it expects its employees, and others who help to deliver its services, to report all instances where they have reasonable suspicions of wrongdoing. Failure to report wrongdoing may lead to financial or reputational damage, poor staff morale and erosion of trust.
- 1.2 The term whistleblowing is generally used only with reference to workers (referred to in Law as making a protected disclosure) and has a specific legal definition pursuant to the Public Interest Disclosure Act 1998 (PIDA), i.e. a disclosure of information which, in the reasonable belief of the worker, is made in the public interest. This Policy is primarily intended to deal with wrongdoing alleged against the Council or its employees and therefore the protected disclosures should relate to Council business. The disclosure of information must always be more than an un-particularised allegation or mere opinion.
- 1.3 The Council recognises that, as a public body, it might receive a disclosure of information not just from its workers but from members of the public. A disclosure made by any person who is not a worker of the Council does not meet the legislative definition of whistleblowing (a protected/qualifying disclosure) and will be addressed by applying other relevant Council Policies.
- 1.4 The Council recognises that it is a [prescribed person](#) and that workers from external organisations may approach the Council to report suspected or known wrongdoing in relation to Health and Safety, Consumer Protection and Food Standards. The relevant individual services have their own procedures for dealing with such disclosures.
- 1.5 This policy incorporates the requirements of PIDA into the Council's governance framework and provides managers with the necessary information to consider cases of whistleblowing. The legislation is contained in Part IV A of the Employment Rights Act 1996 sections 43A to 43L, 47B, 103A and secondary legislation identifying the prescribed persons to report concerns to and the specific areas each covers.
- 1.6 In addition, this policy aims to ensure that those covered by this policy:
 - feel confident in raising concerns in the public interest about suspected serious wrongdoing in the Council and its services without fear of reprisals or victimisation even where the concern or allegations are not subsequently confirmed by the investigation;
 - can raise concerns in confidence and receive feedback on any action taken;
 - receive a response to concerns and are aware of how to pursue them if they are not satisfied;
 - and are protected from possible reprisals or victimisation where they have reported concerns in the public interest.

- 1.7 The Council will take any action necessary in proportion to the nature of the complaint. The Policy's intent is to ensure that whenever a qualifying person (see 3.1-3.3) has a reasonable belief that their disclosure is in the public interest and meets with one or more of the circumstances in paragraph 3.7 (a to f), they will be protected from detriment (for example victimisation, bullying or being disciplined).

2 WHO MUST COMPLY WITH THIS POLICY?

- 2.1 This policy applies to:
- any person who is currently employed by Bournemouth, Christchurch and Poole Council (BCP),
 - Elected or co-opted councillors,
 - Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, foster carers etc.
- 2.2 It is expected that all organisations that are part or wholly owned by the Council will have their own whistleblowing arrangements which ensure that proper reporting arrangements are in place which are consistent with the requirements of the PIDA and that staff are fully protected in line with this legislation. If such organisations do not have their own Whistleblowing Policy arrangements, then the Council's will apply.
- 2.3 All organisations that carry out activities on behalf of the Council, for example providers of commissioned services, are expected to have appropriate and robust whistleblowing arrangements which are consistent with the requirements set out in legislation and in this policy.
- 2.4 The Department for Education state that Maintained schools should have their own [in-house whistleblowing procedures](#). Maintained schools can make representation to the Head of Audit and Management Assurance (HAMA) to act as an external representative.
- 2.5 The [Academy Trust Handbook](#) (also known as the Academies Financial Handbook) sets out the requirements for Academies in respect of their whistleblowing arrangements. In doing so, the Handbook (section 2.40) states that “**The board of trustees must agree a procedure for whistleblowing, and publish it on the trust's website, to protect staff who report individuals they believe are doing something wrong or illegal.**”

3 WHAT IS THE POLICY?

Who is protected

- 3.1 An employee* is protected by the legislation from any detriment as a result of having made a qualifying protected disclosure and/or from being dismissed where it could be found that the main reason for their dismissal (if there is more than one) was because they had made such a disclosure.

*The terms 'worker' and 'employee' are interchangeable for the purposes of this policy.

- 3.2 Other people protected are:
- Most agency employees,
 - Some trainees such as apprentices,
 - Former employees who have made disclosures whilst still employed (and they suffer a detriment after employment).

- 3.3 The people described in 3.1 and 3.2 will be referred to as 'qualifying individuals' in the rest of this policy.

Who is not protected

- 3.4 The following individuals, whilst having to comply with this policy, are not protected by the relevant legislation:
- Councillors
 - Volunteers
 - Public appointments
 - Self-Employed persons
 - Foster Carers/Shared Lives providers
 - Interns
 - Former employees who have made disclosures after leaving the Council.
- 3.5 These people will be offered support, confidentially as far as possible, and will be provided with a contact who can receive complaints which might otherwise be considered whistleblowing type concerns. Members of the public maybe signposted to a relevant 'prescribed person' to send their concern to if the Council is not the appropriate body.
- 3.6 Councillors are not employees of the Council and are therefore not protected under whistleblowing legislation. However, Councillors should raise any concerns via the proper democratic processes of the Council, by contacting one or more of the following:
- Leader of the Council
 - Head of Paid Service
 - Monitoring Officer
 - The relevant Overview and Scrutiny Board

Types of disclosure covered by this policy

- 3.7 PIDA specifies what 'Qualifying Disclosures' are. The qualifying individual disclosing information must have a reasonable belief that their disclosure is made in the public interest and tends to show that any of the following apply:
- (a) that a criminal offence has been committed, is being committed or is likely to be committed,
 - (b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he/she is subject,
 - (c) that a miscarriage of justice has occurred, is occurring or is likely to occur,
 - (d) that the health or safety of any individual has been, is being or is likely to be endangered,
 - (e) that the environment has been, is being or is likely to be damaged, or

(f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

3.8 There can be some confusion between grievances and whistleblowing. Whistleblowing is the raising of a concern about a danger or risk so that it may be investigated, while a grievance seeks redress for a wrong done to oneself (or a group of employees if the individual is also one of those employees).

3.9 This policy does not apply to raising grievances about a person's personal situation and thus does not replace existing procedures for resolving personal differences or conflicts. If an employee has concerns in respect of a personal grievance (e.g. bullying, harassment, discrimination) they should consult the Grievance Policy and Procedure, their immediate manager, Human Resources (HR) and/or Legal Services who can advise them about the correct procedure to follow.

Safeguarding Concerns raised by Council Employees

3.10 Employees have a duty to report in a timely way any concerns or suspicions they may have that an adult or child at risk, is being, or is at risk of being, harmed and the Council has specific arrangements in place to address concerns raised, which are summarised below:

If you think someone may be at immediate risk of serious harm, contact the Police.

3.11 Children's Safeguarding:

To report Children's safeguarding concerns staff should contact the Multi Agency Safeguarding Hub via email childrensfirstresponse@bcpcouncil.gov.uk or via telephone on 01202 123334

An allegation against someone who works with children and young people or a concern about their suitability to work with children and young people should be reported direct to the Local Authority Designated Officer (LADO) - lado@bcpcouncil.gov.uk or via telephone 01202 817600.

For emergency safeguarding concerns outside of office hours contact can be made with the children's social care Emergency Duty Service via telephone on 01202 738256

3.12 Adults Safeguarding:

For safeguarding concerns relating to Bournemouth, Christchurch or Poole residents, get in touch with the ASC Contact Centre who are responsible for receiving and assessing Adults safeguarding concerns via email asc.contactcentre@bcpcouncil.gov.uk or via telephone: 01202 123654.

For emergency safeguarding concerns outside of office hours contact can be made with the adult social care Emergency Duty Service on 0300 123 9895.

3.13 A safeguarding concern (Children's or Adults) raised by an employee may also be a 'qualifying disclosure' under whistleblowing legislation (as per paragraph 3.7). If the concern relates to wrongdoing alleged against the Council or its employees, the employee will be protected under this policy and should be

reported to the Head of Audit & Management Assurance (HAMA) who is responsible for annual reporting (see paragraph 6.6).

4 WHAT IS EXPECTED FROM THE WHISTLEBLOWER?

- 4.1 Employees will normally raise their concerns with their line manager. The matter will then be dealt with in line with the seven-stage procedure at Appendix 1.
- 4.2 If a qualifying individual makes a disclosure within the Council, they are expected to:
- have reasonable grounds for suspicion about the malpractice;
 - have a reasonable belief that the disclosure is in the public interest; and
 - not make the disclosure for personal gain.
- 4.3 The Council acknowledges the seriousness of knowingly making false accusations, as such actions can undermine the credibility of the whistleblowing process and potentially harm the Council's or an individual's reputation. Failure to comply with the expectations above, including, making a frivolous or malicious disclosure may result in disciplinary action being taken.

Note: If an individual is currently involved in a theft, fraud, disciplinary matter or employment dispute, and the individual subsequently makes a whistleblowing disclosure, then this will not stop or pause any ongoing investigation into the original matters. In such circumstances any qualifying disclosures will be treated separately in line with this Policy.

Disclosures that are not proved

- 4.4 A qualifying disclosure that is not confirmed by subsequent investigation will not lead to any action, penalty or detriment against the person making the allegation or disclosure providing the provisos contained in 4.2 apply.

Disclosures to other organisations

- 4.5 The Council is committed to addressing all genuine and serious concerns raised and therefore disclosures should be made to the Council in the first instance. However, if a qualifying individual feels unable to use the procedure described in this policy the disclosure should be made to a prescribed person, so that their employment rights are protected.
- 4.6 If a qualifying individual decides they cannot go to the Council with the disclosure first, they should contact a [prescribed person or body](#).

Anonymous disclosures

- 4.7 Whilst this policy is intended to deter people from making anonymous disclosures, they will be considered to the extent that it is reasonable and practicable to do so. It is often difficult to attach equal weight to anonymous allegations due to the investigator's difficulty in confirming or following up evidence.

5 HOW IS THE WHISTLEBLOWER PROTECTED?

- 5.1 The following safeguards and principles should be applied in all cases.

Confidentiality and Anonymity

- 5.2 The Council's Whistleblowing Policy seeks to protect the identity of the individual making a disclosure. However, in alleged cases of serious wrongdoing, it must be appreciated that the Council cannot guarantee that this will be maintained particularly if external legal action results from the disclosure. In some cases, a qualifying individual's concern may require further action and they may have to act as a witness and/or provide evidence, for example serious criminal offences which are referred to the Police.
- 5.3 Anyone within the Council who inappropriately breaches a whistleblower's confidentiality or anonymity will be subject to disciplinary action which may lead to dismissal.
- 5.4 If a disclosure relates to a child at risk or abuse of a vulnerable adult, then the Council is required to investigate this under separate procedures and this takes priority over any request for anonymity.

Harassment and Victimisation

- 5.5 The Council acknowledges that the decision to report a concern can be a difficult choice for an individual to make, not least because of the fear of reprisal from those responsible for the malpractice. Any qualifying individual who makes a 'qualifying disclosure' which meets the requirements of the PIDA is legally protected against victimisation or harassment for whistleblowing.
- 5.6 Anyone within the Council who harasses or victimises a whistleblower will be subject to disciplinary action which may lead to dismissal.
- 5.7 Managers are responsible for monitoring how whistleblowers are subsequently treated after raising a concern. They will ensure that any harassment or victimisation is dealt with under disciplinary arrangements.
- 5.8 Any qualifying individual who believes they have been victimised as a result of making a disclosure or whistleblowing should report their concerns to their Service Director (or the Corporate Director if this is more appropriate).

6 HOW IS THIS POLICY IMPLEMENTED?

Procedure

- 6.1 Disclosures will be dealt with under the following stages. Not all disclosures will follow all stages in the order below, subject to the circumstances of each case. The action taken by the Council will be reasonable and proportionate, depending on the nature of the concern.
- 6.2 Disclosures will be dealt with under the following stages:

- Stage 1 – Informal Resolution
- Stage 2 – Formal Resolution
- Stage 3 – Response for a Formal Resolution
- Stage 4 – Investigation
- Stage 5 – Responding to the Investigation
- Stage 6 – Confirmation of the Outcome
- Stage 7 – Lessons learnt in consultation with the whistleblower

Further details can be found in Appendix 1 – Seven Stage Whistleblowing Procedure.

- 6.3 If the individual is dissatisfied with the outcome response or the process followed, they should put their concern in writing to the Chief Executive and request that the investigation is reviewed. Protect (previously Public Concern at Work) may also be contacted on 020 3117 2520.

Implementation and Communication

- 6.4 New staff joining the Council will be given information and guidance on the policy during their corporate induction and it will be integrated into training and documents relating to conduct and behaviour. The policy will be publicised using the Council's intranet site.
- 6.5 All managers will be expected to take note of their responsibilities in relation to allegations and protecting whistleblowers from any adverse treatment. Where appropriate, management should seek advice from HR and/or Legal Services.
- 6.6 The responsibility for ensuring that the Council adheres to this policy rests with all managers, who have an obligation to support and encourage staff to speak out, to protect them from detriment and to take action where staff are subjected to any disadvantage relating to whistleblowing.

How will the policy be monitored?

- 6.7 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Head of Audit & Management Assurance (in liaison with Human Resources) will produce an annual report to the Audit and Governance Committee in respect of the number, type and outcomes reported of whistleblowing allegations.

How long will disclosure records be kept?

- 6.8 Staff disciplinary cases - see Human Resources Retention & Destruction schedule and liaise with HR Business Partner.
- 6.9 Internal Audit investigations - 3 years.
- 6.10 Proven cases following a criminal investigation - see Government guidance paragraph 5.

7 SUPPORTING INFORMATION

- 7.1 Individuals who have major concerns arising from their employment may wish to seek advice from their union or the whistleblowing charity [Protect](#) (020 3117 2520), to see whether the information which they wish to report would meet the definition of a 'qualifying disclosure' and whether they should be using this procedure, or an alternative.
- 7.2 The Department for Business, Energy and Industrial Strategy has published '[Whistleblowing: Guidance for Employers and Code of Practice](#)'.

8 FURTHER INFORMATION AND EVIDENCE

Consultees

The following individuals/groups have been consulted during this year's evolution of this policy:

Internal Audit
Statutory Officers Group
Head of Human Resources

Equalities Impact Assessment

Assessment date	Reviewed as part of this years' evolution. Assessment by the Service Unit Equality Champion has not identified any qualities impacts from the changes made this financial year. Updated EIA assessment as per Appendix 3.

Document Control

Approval body	Audit & Governance Committee
Approval date	26 February 2026
V1 December 2018	New Policy created (please note any version changes in the future will be shown in red text)
V2 March 2020	Policy annual review. Some minor changes made including reformatting to BCP corporate formatting and changed "Department for Business Innovation and Skills", to "Department for Business, Energy and Industrial Strategy".
V2021 March 2021	Policy annual review. Several links and Adults safeguarding contact details updated. Added section in relation to the Council acting as a prescribed person. Added links to templates for initial response and outcome confirmation to the whistleblower. Appended updated EIA screening tool.
V2022 March 2022	Policy annual review. Added various areas following review against ISO37002 Whistleblowing Management Systems including; impact of not reporting wrongdoing, retention of disclosure records, requesting feedback from the whistleblower, breaches of a whistleblower's confidentiality or anonymity process, assessing the risk of detriment to the whistleblower, and ensuring timely response to the disclosure. Clarified Policy primary purpose to deal with protected disclosures relating to Council business. Clarified process regarding safeguarding concerns (Children's or Adults) raised by an employee. Other minor wording changes and updated links and contact details.

V2023 March 2023	Policy annual review. Update to a Children's safeguarding contact number and reference to a section of Employment Rights Act legislation. Some minor amendments made to Appendix 1 Seven Stage Whistleblowing Policy to clarify the process. Outcome template letter amended to ask for receipt confirmation and to advise that feedback will be sought. Repeated in Section 6 'How Is This Policy Implemented' the process to follow if the individual is dissatisfied with the outcome response or the process followed.
V2024 March 2024	Section 4 'What is Expected from the Whistleblower' para 4.3 - added the seriousness/impact of a person knowingly making a false accusation and added note to explain that a whistleblowing referral will not affect the investigation into a theft/fraud/disciplinary/employment dispute investigation. Added Protect reference and website link (was previously Public Concern at Work). Appendix 1 Seven Stage Whistleblowing Procedure - added allocation of a unique reference number. Stage 3 of Whistleblowing Procedure - Initial Response (Preliminary Enquires) – moved wording for checking of relevance to the policy, added additional potential outcomes of 'no further action' and 'identified that the concern was frivolous or malicious and disciplinary action maybe required', also included reference to a formal decision record being kept.
V2025 February 2025	Policy annual review. No changes required other than version control.
V2026 February 2026	Policy annual review. Updated Academy Trust Handbook link and summary guidance. Officer Decision Record template added to the policy.

SEVEN STAGE WHISTLEBLOWING PROCEDURE

The individual does not need to declare their disclosure as a “Disclosure in the Public Interest” for it to be acted upon. Management must be aware of their responsibilities in identifying and reporting the disclosure in line with this policy.

When making a disclosure, give as much information as possible about:

- The nature of the problem
- The background (with dates if possible)
- Who is involved
- The reasons you are concerned

Every qualifying disclosure must be notified immediately to the HAMA who will keep a log and register the details including allocating a unique reference number (the HAMA can be contacted via email: nigel.stannard@bcpcouncil.gov.uk or via telephone: 01202 128784. In each instance, when the matter is resolved, the HAMA must be notified promptly, and the register will be updated. If the allegation is without foundation or resolved informally, the register will reflect this, but it is crucial that a record is maintained of all allegations for transparency and audit purposes.

Stage 1 – Informal Resolution

In some situations, the issue may be resolved without the need for a major investigation. If an individual is aware or concerned about misconduct or wrongdoing taking place inside the organisation that he or she thinks may damage or undermine the interests of the wider public they are advised in the first instance to share the details with their line manager or Service Director, who in consultation with the HAMA will see if it can be resolved without following the formal resolution stages of this policy.

The applicable line manager and HAMA will decide on the basis of the information provided how the matter can be resolved including assessing the risk of detriment to the whistleblower. This may include informal resolution or formal consideration. The outcome will be explained to the whistleblower and it may be agreed to end the process at this point. Move to straight to stage 6 if no formal resolution is deemed necessary.

Stage 2 – Formal Resolution

If the individual feels unable to discuss their concerns with their line manager or Service Director or does not accept that the response at the informal resolution stage is sufficient or believes that senior management is involved in the matter of concern, more formal resolution will be required. The HAMA, Monitoring Officer or the Head of Paid Service should be contacted.

If the allegation concerns one or more of these officers, the disclosure may be made to the Council's External Auditors or any another relevant [prescribed person or body](#).

It should be noted that a qualifying individual making disclosures to a prescribed person, such as an industry regulator, must reasonably believe that the matter falls within the regulator's area of responsibility and that the information and any allegations contained in it are substantially true.

At this stage, the person making the disclosure (the 'whistleblower'), will be asked whether he or she wishes their identity to be disclosed and will be reassured regarding protection from possible reprisals or victimisation.

He or she may also be asked to consider making a written or verbal statement. In the latter case, a summary of the interview will be made which will be agreed by both parties.

Details of the disclosure will be considered by the HAMA, or the Monitoring Officer or the Head of Paid Service or his/her representative, including any recommendations for further action.

Stage 3 – Initial Response for a Formal Resolution

The HAMA, Monitoring Officer or the Head of Paid Service or representative who has received the disclosure will take any urgent action they deem necessary and then decide how to respond to the disclosure, having regard to all the circumstances, including the evidence available. Preliminary inquiries will be made to establish the nature of the issue, the relevance to this policy, and how best to respond in the public interest.

Depending on the nature of the issue raised and the findings of the preliminary enquiry, the response, in the judgement of the HAMA, Monitoring Officer or the Head of Paid Service will decide whether one or more of the following courses of action is appropriate:

- a management investigation in consultation with HR and Legal Services;
- a disciplinary investigation in accordance with the Council's policies;
- a referral for consideration under other procedures;
- a referral to the Police;
- a referral to the External Auditor;
- an independent investigation;
- amendment of procedures;
- preliminary enquiry identifies that no further action is required
- no action due to lack of sufficient evidence; or
- preliminary enquiry identifies that the concern was frivolous or malicious and disciplinary action may be required

A formal decision record ([template below](#)) will be created by the HAMA, Monitoring Officer or Head of Paid Service outlining which of the courses of action above will be taken. This decision record will include the rationale and factors considered.

The whistleblower will be notified of the intended response to the disclosure in a timely manner (usually within one calendar month) and the reasons for it. The template letters below are available as a guide but other forms of written communication, such as embedding similar content in an email, may be more suitable in certain circumstances. The timeframes for an initial response to a formal disclosure will depend on the nature and complexity of the concern raised.

Move straight to stage 6 if no form of investigation is deemed necessary.

Stage 4 – Investigation

Where the decision has been made to carry out an investigation, a manager or other person will be appointed as the investigating officer.

He or she will agree terms of reference with the HAMA, Monitoring Officer or the Head of Paid Service or relevant representative and identify a provisional date when the investigation should be completed by. The investigation will be carried out observing the strictest confidentiality. The investigation is essentially a 'fact finding' exercise, to establish the facts and determine what further action may be necessary and make recommendations accordingly. A report will be produced detailing the findings and recommendations for review by the HAMA.

The investigating officer will have regard to the human rights of any individuals affected by the investigation. The investigation may also serve as the information gathering part of the Council's disciplinary procedures. In such cases this will be made clear to any people who may be subject to such investigation and any right to be accompanied will be made clear.

Normal support arrangements - e.g. counselling/unions/HR - will be available as required, to the whistleblower, any person accused of being involved in, or having concealed, wrong-doing and any others affected.

Stage 5 – Responding to the Investigation

The HAMA, Monitoring Officer or the Head of Paid Service or representative will decide whether any further action is necessary as a result of the investigation report and recommendations. If the result of the investigation is that there is a case to be answered by any individual, the relevant Council policy or procedure will be followed.

The amount of contact between the officers considering the issues and the employee raising the concern will depend on the nature of the matters raised, the potential difficulties involved, and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.

The Council will take all steps to ensure that the whistleblower suffers no reprisals or victimisation as required by the Public Interest and Disclosure legislation.

Stage 6 – Confirmation of the Outcome

So far as legally possible and subject to rights of confidentiality, the whistleblower will be informed of the outcome of the response to the disclosure (stage 1 & 3) or the outcome of any investigation (stages 4 & 5) and how the matter has been resolved. The template letters below are available as a guide but other forms of written communication, such as embedding similar content in an email, may be more suitable in certain circumstances. In consultation with the whistleblower any ongoing protection measures will be agreed. If the whistleblower is dissatisfied with this response, they should put their concern in writing to the Chief Executive and request that the investigation is reviewed.

Stage 7 – Lessons learnt in consultation with the whistleblower

The HAMA, Monitoring Officer or the Head of Paid Service or representative will collect feedback from the whistleblower where this is practical and if the whistleblower is willing to do so.

BCP Council Whistleblowing Procedure Stage 3 – Preliminary Enquiry Decision Record - Ref <reference number>

The BCP Council Whistleblowing Procedure Stage 3 – Initial Response for a Formal Resolution states:

Stage 3 – Response for a Formal Resolution

The Head of Audit and Management Assurance (HAMA), Monitoring Officer (MO) or the Head of Paid Service or representative who has received the disclosure will take any urgent action they deem necessary and then decide how to respond to the disclosure, having regard to all the circumstances, including the evidence available. Preliminary inquiries will be made to establish the nature of the issue and how best to respond in the public interest.

Depending on the nature of the issue raised and the findings of the preliminary enquiry, the response, in the judgement of the HAMA, Monitoring Officer or the Head of Paid Service will decide whether one or more of the following courses of action is appropriate:

- a management investigation in consultation with HR and Legal Services;
- a disciplinary investigation in accordance with the Council's policies;
- a referral for consideration under other procedures;
- a referral to the Police;
- a referral to the External Auditor;
- an independent investigation;
- amendment of procedures;
- preliminary enquiry identifies that no further action is required
- no action due to lack of sufficient evidence; or
- preliminary enquiry identifies that the concern was frivolous or malicious and disciplinary action may be required

A formal decision record will be created by the HAMA, Monitoring Officer or Head of Paid Service outlining which of the courses of action above will be taken. This decision record will include the rationale and factors considered.

The whistleblower will be notified of the intended response to the disclosure in a timely manner (usually within one calendar month) and the reasons for it. The template letters below are available as a guide but other forms of written communication, such as embedding similar content in an email, may be more suitable in certain circumstances. The timeframes for an initial response to a formal disclosure will depend on the nature and complexity of the concern raised.

Move straight to Stage 6 if no form of investigation is deemed necessary.

As a reminder to the decision making, the law states:

The law – what is whistleblowing?

'Blowing the whistle' occurs when a person raises a concern about past, present or imminent wrongdoing, or an attempt to cover up wrongdoing, in an organisation or a body of people. To attract the legal protection, the information disclosed must be in the public interest, broadly meaning that the issue must affect people at large in some way. In BCP Council context, this might include, for example organisations (DLUHC, NHS, suppliers etc), colleagues or the general public. Personal grievances and individual complaints that only impact the individual making the complaint are not usually covered by whistleblowing law. BCP Council has separate procedures for making such a complaint.

The law – what protections exist for whistleblowers?

The Public Interest Disclosure Act 1998 (PIDA) protects whistleblowers from detrimental treatment by their employer (amending the Employment Rights Act 1996) as a result of making a public interest disclosure. To be counted as a public interest disclosure / “whistleblowing” disclosure, information must be disclosed; it is not sufficient to gather information or threaten to make a disclosure. The individual reporting must reasonably believe that the information relates to one of six categories listed in PIDA:

- commission of a criminal offence
- failure to comply with a legal obligation
- a miscarriage of justice
- danger to the health and safety of any individual
- damage to the environment
- the deliberate concealment of information falling within any of these categories.

A public interest disclosure must be made in the public interest (see above). It will not be a public interest disclosure if the person making the disclosure commits an offence by making the disclosure. A public interest disclosure must be made to certain people (e.g. the employer) in order to attract statutory protection; this requirement is covered in detail in the BCP Council Whistleblowing Policy.

Brief summary of the case requiring a Stage 3 decision:

<Summary of the whistleblowing referral>

Summary of the preliminary enquiries leading to the decision:

<Summary of preliminary enquiries and proposed outcome>

Decision

<Summary of the rationale and factors considered in forming the decision>

Stage 3 Decision maker and consultees:

NOTE: must be one of the following officers: Head of Audit & Management Assurance, Monitoring Officer, Head of Paid Service, or representative who has received the disclosure.

<enter decision maker name/job title>

<enter names/job titles of consultees>

Date of decision: *<enter date>*

Recommendations

<enter proposed actions/recommendations>

<electronic signature of decision maker>

Date: *<enter date>*

Service / Team
Address Line 1
Address Line 2
Town / City Postcode



Mr/Mrs

Date: (Insert date)

Address Line 1

Our Ref: 000000000000

Address Line 2

Contact:

Town

Email: (Insert Council email address)

Postcode

Tel: (Insert work telephone address)

Draft letter to Employee (Whistleblower) confirming how matter will be progressed

Dear

Reporting of concern under Whistleblowing Procedure

I am writing to confirm acknowledgement of the concerns you have raised under the Council's Whistleblowing Procedure (available on the Council's Intranet) and to outline how the matter will be taken forward.

Firstly, thank you for raising concerns. It is important for employees to bring forward any issues of concern which could damage public trust and confidence in the services provided by the Council.

After initial consideration of the issues that you have raised, I have made the decision that. [Either](#): a) the concerns you have raised fall more properly within the Council's Grievance Policy [\(or some other policy\)](#) (copy attached), and if you wish to take the matter further you should follow the process outlined in that document. [Explain reasons](#)

You can seek support from a member of the HR Team who will be able to talk through the process with you. [\(Insert name and contact\)](#) Or b) I believe that your complaint warrants a formal investigation. [Provide further details, e.g. Management investigation, Internal Audit investigation, Police referral, referral to regulatory body](#)

I will act as the Designated Officer in this case / It has been agreed that [\(Name & Role\)](#) to be the Designated Officer in this case. [\(delete as appropriate\)](#)

If you are asked to attend a meeting as part of the investigation you may of course be accompanied by either a Trade Union representative or workplace colleague.

It is anticipated that it will take [\(insert indicative timescales\)](#) before I can advise you of progress. You will be contacted by [\(insert details\)](#)

I/Designated Officer will keep you informed. Once the investigation is complete I/Designated Officer write to you and confirm the outcomes of the investigation into the concerns you have raised.

In the meantime, if you require any support you should contact [\(Name & Role\)](#)
The Council will treat this matter confidentially in accordance with the terms of the Whistleblowing Policy.

If you have any queries about the contents of this letter, please let me know.

Yours sincerely,
[\(Insert title\)](#)

Service / Team
Address Line 1
Address Line 2
Town / City Postcode



Mr/Mrs

Date: (Insert date)

Address Line 1

Our Ref: 000000000000

Address Line 2

Contact:

Town

Email: (Insert Council email address)

Postcode

Tel: (Insert work telephone address)

Draft letter to Employee (Whistleblower) confirming outcome of concerns

A meeting with person who has raised concerns may take place to advise them of the outcome. In this case, the letter should be confirmation of what was discussed at that meeting.

Dear

Outcome of Investigation into concerns raised under Council's Whistleblowing Policy

I refer to the concerns you raised under the Council's Whistleblowing Policy on (insert date). I am writing to confirm the outcome of the management investigation that took place.

Conclusions of the Investigation

The principal conclusions of the investigation were as follows:

- Either the full findings of the investigation report or a summary of the findings may be listed here.
- If the concern was unfounded, this needs to be made clear with reasons.

As a result of this investigation, the following action has been taken:

- Describe changes (if any) in operational practice
- (Where relevant) The (employee in question) has been formally counselled about their role in this matter, and the situation will be closely monitored to ensure no reoccurrence in the future
- (Where relevant) the (employee in question) has been dealt with under the Disciplinary/Capability Policy and:

I would like to thank you again for bringing this matter to our attention.

I trust you feel that this has been dealt with satisfactorily. If you are dissatisfied with this response or the process that has been followed, in accordance with the Whistleblowing Policy, you can put your concern in writing to the Chief Executive and request that the investigation is reviewed. You may also seek advice from Protect (previously Public Concern at Work) who can be contacted on 020 3117 2520.

Please confirm receipt of this communication. I will be in touch subsequently to seek any feedback to assist with lessons learned from the process (Stage 7 of the Whistleblowing Policy).

If applicable - Should you wish, we can arrange a meeting to discuss the contents of this letter, please contact me on (insert details)

Yours sincerely

Senior Manager overseeing investigation.

IN YEAR MINOR AMENDMENTS AND EDITING LOG

The Chief Finance Officer has primary responsibility for developing, maintaining, and implementing the Whistleblowing Policy. Where changes affect the powers or responsibilities of councillors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the Whistleblowing Policy from time to time, this may require minor amendments or editing. The Chief Finance Officer (CFO) has delegated to the Head of Audit & Management Assurance (HAMA) the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page

Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	Whistleblowing Policy
What changes are being made to the policy/service?	Annual policy refresh, including updating the Academy Trust Handbook link and summary guidance as well as adding the Officer Decision Record template.
Service Unit:	Finance
Persons present in the conversation and their role/experience in the service:	Chief Internal Auditor Service Equality Champion
Conversation dates:	26/01/2026
Do you know your current or potential client base? Who are the key stakeholders?	Key stakeholders are • any person who is currently employed by Bournemouth, Christchurch and Poole Council • Elected or Co-Opted councillors; and • Any other individual who undertakes activities on behalf of the Council including for example, volunteers, partners, contractors, etc. It should be noted that whistleblowing allegations are not commonplace – in 2024/25, there were only 3, with 3 received in 2025/26 to date.
Do different groups have different needs or experiences in relation to the policy/service?	All protected characteristics have been considered, and no different needs or experiences have been identified as a result of these updates.
Will the policy or service change affect any of these service users?	No as these changes apply equally to all key stakeholders
What are the benefits or positive impacts of the policy/service change on current or potential service users?	None identified
What are the negative impacts of the policy/service change on current or potential service users?	There is the potential for claims of discrimination to arise depending on which whistleblowing claims are investigated internally, which are referred onward and which have no action taken.
Will the policy or service change affect employees?	Yes, as this policy applies to all BCP Council employees
Will the policy or service change affect the wider community?	No, as this policy only affects the key stakeholders identified above
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	All officers are required to undergo equalities training as part of their mandatory training, which includes training on unconscious bias. As such, this reduces the chance of any potential discrimination. Additionally a decision record is made of the reasons whether to take a whistleblowing

	allegation forward or not, and these decisions are often made in consultation with the CFO, Monitoring Officer or Chief Executive depending on the nature of the allegation.
Summary of Equality Implications:	The policy itself does not impact on any protected characteristics, but the potential exists for claims of discrimination depending on the outcome of the preliminary enquiry into the disclosure. Training is carried out to ensure that officers are aware of potential discrimination, both direct and indirect, which mitigates this risk. No equalities impacts have been identified as a result of the changes made this financial year.

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Declaration of Interests, Gifts and Hospitality Policy (for Officers)

Live from 1 April 2026

Annual evolution changes to this policy are shown in red text each year

This policy has been produced collaboratively by Internal Audit, Human Resources and Law & Governance

Author: Nigel Stannard, Head of Audit & Management Assurance

Version: **V2026.1**

Review Date: Annual evolution, next due April 2027



1. Purpose Statement

- 1.1 The purpose of the policy is to protect the Council and employees against conflicts of interest and allegations of impropriety. The public must be confident that decisions made by employees of whatever nature are made for good and proper reasons and are not influenced inappropriately by the interests of individual employees, their relatives or friends.
- 1.2 The Council is entitled to put in place a series of precautionary measures to ensure that conflicts or potential conflicts of interest are notified to the Council at an early stage.
- 1.3 The [Bribery Act 2010](#), and the [Local Government Act 1972](#) are relevant.
 - The Bribery Act 2010 makes it an offence for an employee to give advantage to someone in return for favours in relation to the Council's business.
 - [Section 117 of the Local Government Act 1972](#) requires that employees notify the authority in writing of any direct or indirect financial interests which they have in any Council contracts, or proposed contracts, of which they become aware. Breach of Section 117 is a criminal offence subject to a fine.
- 1.4 All but incidental gifts and hospitality received by a council employee may be perceived as a potential conflict or may be viewed as a potential bribe. The Council generally requires all but incidental gifts and hospitality to be declared on Form 1 or Form 2 as appropriate.

2 Who the policy applies to

- 2.1 This policy applies to all BCP Council employees, including casual, part-time and temporary staff including those supplied by employment agencies.
- 2.2 This policy does not apply to BCP 'maintained' schools' employees where an individual school policy exists. A BCP 'maintained' school may use all or parts of this policy if they wish to do so.

3 This policy replaces

- 3.1 This policy replaces sections of any legacy Councils' respective Code of Conduct or any standalone policies, procedures or guidance of legacy Councils relating to conflicts of interest and or accepting/declaring gifts or hospitality.
- 3.2 This policy operates in conjunction with the BCP Council Code of Conduct for employees and the disciplinary procedure. The BCP Code of Conduct states 'Employees are required to follow the 'Declaration of interests, gifts and hospitality policy' (this policy).

4 Approval process

- 4.1 The Audit & Governance Committee reviews and annually approves the policy as part of their role to ensure the adequacy of governance arrangements in place to prevent fraud and corruption.

5 Links to Council Strategies

- 5.1 This policy supports BCP Council's Corporate Strategy, specifically the core value "we have integrity" and also supports "we are a modern, accessible and accountable council".

6 The Policy

In relation to Declarations of Interest

- 6.1 The Council requires all employees to declare the following interests:

- a direct or indirect financial interest in any contracts with the Council or under consideration by the Council. The financial interests of a person with whom you live also counts for this purpose (this is a requirement of Section 117 of the Local Government Act 1972; it is potentially a criminal offence not to declare such an interest);
- a financial interest or employment or other role in any business or organisation, such as a directorship, which has a business, funding or regulatory relationship with the Council;
- any personal membership that they or their partner/relative/close friend may have with any organisation or association not open to the public without formal membership and/or commitment of allegiance and/or has secrecy about rules or membership or conduct;
- any partner/relative/close friend who has an interest in an organisation which could have a relationship with the Council; and
- any partner/relative/close friend who works for the Council or is a BCP councillor.
- other employment paid or unpaid or business they are engaged in.

This list is not exhaustive; employees should additionally consider whether their specific job role or personal circumstance requires any further declaration.

- 6.2 Employees must submit details of any interests using the appropriate declaration form contained in this policy.
- 6.3 Interests must not conflict with the employee's role at the Council or have a detrimental effect on the Council's operations, reputation, or business interests. The line manager will assess the submitted declaration and record the decision on the appropriate declaration form.
- 6.4 A conflict of interest is a conflict between the public duty and the private interest of an individual in which that individual's private capacity interest could improperly influence the performance of their Council duties and responsibilities.
- 6.5 Employees may hold interests for which they cannot see obvious potential conflict. However, caution is always advisable because others may see it differently. It will be important to exercise judgement and to declare such interests where there is otherwise a risk of imputation of improper conduct. The perception of an interest can be as damaging as an actual conflict of interest.

In specific terms – Relating to other employment

- 6.6 In accordance with Section 7 of the BCP Council Code of Conduct, it is a legal requirement that colleagues must declare to their Service Director, Corporate Director, Chief Executive or Monitoring Officer, as appropriate, details of any other employment paid or unpaid or business they are engaged in or other external interest.

- 6.7 In accordance with the BCP Standard Statement of Appointment Conditions officers shall not work for anyone else whilst employed by BCP Council without prior written approval. Existing secondary employment or business activities must be disclosed to BCP Council. Failure to declare such activities may result in disciplinary action, up to and including your employment being ended.

In general terms – Relating to receiving gifts and hospitality

- 6.8 If it is likely that a typical member of the public would think that a specific gift or incidence of hospitality is inappropriate, then it probably is and should therefore be declined. It is always better to be cautious and politely decline any offer of a gift or hospitality.
- 6.9 The overriding principle is that employees should not compromise their position as public service workers by accepting gifts or hospitality and allowing themselves to reach the position where they might be, or might be thought by others to have been, influenced in making a certain decision as a consequence.
- 6.10 Employees must:

- Treat any offer of a gift or hospitality if it is made to them personally with extreme caution;
- Not receive any payment or fee other than their salary;
- Never accept cash or cheques or other monetary gifts (including gift vouchers) of any kind*;
- Always refuse offers of gifts, hospitality or services to them (or their family members) from organisations or persons who do, or might, provide work, goods or services, to the Council or who require a decision from the Council**; and
- Always report any such offers above to their line manager.

*Any exceptions to this specific policy bullet point must be agreed in writing by the Chief Executive and lodged with the Monitoring Officer.

**Incidental promotional gifts, such as calendars, diaries, pens, mugs etc. may be accepted, but should be declared if the total estimated value is £25 or more.

In specific terms – Relating to receiving gifts

- 6.11 A gift is any item or service that an employee receives free of charge. It also includes any goods or services which are personally offered at a discounted rate or on terms not available to the general public. It does not include staff offers / discounts which are negotiated corporately.
- 6.12 When deciding whether or not to accept an offer of a gift, the context is very important. An offer from an organisation seeking to do business with, or provide services to, or receive services from the Council or are in the process of applying for permission or some other decision from the Council should not be accepted, regardless of the value of the gift. By contrast, a gift estimated to be worth less than £25 given at Christmas by a service user as a gesture of appreciation to an employee will generally be acceptable.
- 6.13 Employees must declare (on Form 1 or Form 2 as appropriate) all instances where gifts are accepted or where they are declined except in these specific circumstances:
- Employees may accept a gift which is a one-off or infrequent gesture, from a service user and which has only a small or token value, estimated to be less than

£25 in value, without making a declaration or obtaining the approval of a more senior officer.

- Incidental promotional items such as a calendar, diary, pen with an estimated total combined value of less than £25 from a representative of an organisation or persons who, or might, provide work, goods or services to the Council or who require a decision from the Council may be accepted without needing to be declared.

Note, employees should always politely and courteously decline a gift if the estimated value is more than £25 or becomes more frequent than one-off.

6.14 If as a result of their employment an employee becomes aware that he or she is likely to become a beneficiary in a service user's Will, this must always be reported to their line manager and Service Director to consider any appropriate action. If as a result of their employment an employee becomes a beneficiary in a service user's Will, this must always be reported to their line manager and Service Director. The employee must not accept the bequest, regardless of its size or value unless granted explicit permission by their Service Director. Permission is very unlikely to be granted unless the legacy is of little financial value, such as a sentimental item.

6.15 In exceptional circumstances a gift from a third-party representative (not a service user) may be accepted if the employee is accepting the gift of behalf of the Council (or residents) and they deem that refusing the gift would cause significant offence; for example, a gift from a 'twinning association'. In this circumstance the relevant Corporate Director or Service Director must be informed as soon as possible, and they will decide what will happen to the gift and will complete an officer decision record.

In specific terms – relating to receiving hospitality

6.16 Hospitality for the purpose of this Policy is the offer of food, drink, accommodation or entertainment or the opportunity to attend any cultural or sporting event offered as a result of being employed by BCP Council.

6.17 Employees may accept hospitality including invitation to events or functions where the employee is demonstrably representing the Council. e.g. opening ceremonies, trade shows, events where they are invited to speak, events hosted or sponsored by the Council, working lunches provided to enable the parties to continue to discuss business, refreshments offered in connection with any meeting, meals or refreshments funded by other public sector partners as part of joint working or collaboration, meals or refreshments provided as part of a ceremony or event to promote or launch a project or initiative supported by the Council.

6.18 Hospitality accepted, after applying 6.14 above, must be declared (on Form 1 or Form 2) as appropriate if the estimated value is more than £50. Hospitality accepted, as per 6.14 above, does not need to be declared if the estimated value is less than £50.

6.19 The following hospitality should not be accepted***:

- hospitality of any kind attended in the employee's own time and/or where the employee is not demonstrably representing the Council;
- hospitality offered to a partner/relative/close friend (of the employee);
- hospitality from a tenderer in the immediate period before tenders are invited or during the tender process. If employees are carrying out site visits as part of the tender process, they can accept the offer of light refreshments (only) provided it is proportionate and not extravagant;
- Lavish or extravagant hospitality including meals; or

- Offers of holidays, overnight stays, air or rail travel, use of a company's own holiday accommodation, after dinner speaker celebrity events, sporting or cultural events (e.g. theatre tickets, football match, golfing event).

***Any exceptions to these specific policy bullet points must be agreed in writing by the Chief Executive and lodged with the Monitoring Officer.

6.20 Hospitality declined, after applying 6.16 above, must be declared (on Form 1 or Form 2 as appropriate) if the estimated value is more than £50. Hospitality declined, as per 6.16 above, does not need to be declared if the estimated value is less than £50.

In specific terms – relating to giving hospitality

6.21 Only Service Directors, Corporate Directors and the Chief Executive have authority to approve expenditure to give hospitality; where they consider this to be in the interests of the service or the Council and is capable of public justification.

In specific terms – relating to BCP Council receiving and giving sponsorship or donations or prizes

6.22 Where an external organisation or individual wishes to sponsor a BCP Council activity, whether by invitation, tender, negotiation or voluntarily, or make a donation or give a prize to the Council this policy will apply. Only Service Directors, Corporate Directors and the Chief Executive can approve acceptance of sponsorship, donations or prizes, where they consider this to be in the interests of the service or the Council and is capable of public justification, including consideration of the following criteria:

- Does the sponsorship/donation contribute to the Council's Corporate Objectives?
- Is there a risk of damage to the Council's reputation?
- Could it be construed as influencing Council decisions, for example, procurement?
- Will there be any additional or on-going resource requirements associated with the donation (e.g. officer time, maintenance costs)?

6.23 From time to time BCP Council may choose to sponsor, or give grants or prizes, for example sporting and cultural events such as exhibitions, plays or performances, or games. Only Service Directors, Corporate Directors and the Chief Executive can approve the giving of sponsorship, grants or prizes where they consider this to be in the interests of the service or the Council and is capable of public justification.

6.24 No employee or any member of the employee's family should receive any benefit from such sponsorship, grant or prize in a direct or indirect way without there being full disclosure, in advance of the award, to their line manager (and must declare on Form 1 or 2 as appropriate).

7 How to use this policy

7.1 Whilst implementing the requirements of this policy employees must follow the 'Procedures for declaring interests, gifts and hospitality (accepting and declining)' in Appendix B.

8 Roles and responsibilities

8.1 Core roles & responsibilities of all Employees

- Make a personal declaration to their Line Manager and keep this declaration up to date as required (Form 1 or Form 2 as appropriate).
- Nil declarations are required for employees who use their own discretion to make eligibility decisions, award decisions or grant permissions (for example planning officers and officers who approve grants). Where local service arrangements exist this policy requirement must also be complied with.
- Work with the Line Manager to agree any mitigation (of conflict risks) actions or strategy.
- Maintain discussion with the Line Manager at one to one meetings to ensure on-going review of the mitigation actions or strategy.
- Declare on Form 1 or Form 2 as appropriate any gifts or hospitality accepted or declined (*One-off gifts from a service user or incidental promotional items such as calendars and pens, with a total estimated value of less than £25, do not need to be declared*).

8.2 Additional roles & responsibilities of **all** Line Managers

- Regularly promote and ensure Policy compliance in their teams/service areas.
- **Assess declarations made by employees and decide whether the risk to the Council and the employee is acceptable without further action, acceptable with mitigation or not acceptable.**
- **Where appropriate, work** with the employee to agree any mitigation (of conflict risks) actions or strategy.
- **Document the decision on the employee's declaration (Form 1 or Form 2 as appropriate).**
- Escalate to the Service Director any issues that cannot be satisfactorily agreed.
- Ensure all completed Form 1s are **passed to their Service Director.**
- Maintain discussion with the employee at one to one meetings to ensure on-going review of the mitigation actions or strategy.
- Lead on any disciplinary action that may be necessary where employees have failed to comply with this Policy.

8.3 Additional roles & responsibilities of Heads of Service (Tier 4 officers, including any acting)

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and officers must keep this declaration up to date as required.

8.4 Additional roles & responsibilities of Service Directors (Tier 3 officers, including any acting)

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and officers must keep this declaration up to date as required.
- Regularly promote and ensure Policy compliance in their teams/service areas.
- **Receive all declarations made within their Service and determine whether the decisions taken by line managers regarding these declarations are appropriate.**
- **In cases where the Service Director does not agree with the decisions taken by the line manager, work with them to agree a resolution.**
- Determine any mitigation (of risk) actions or strategy in escalation instances, where the employee and Line Manager have been unable to agree.
- Escalate to the Corporate Director any issues that cannot be satisfactorily agreed.
- **Document the decision on the employee's declaration (Form 1 or Form 2 as appropriate).**
- **Ensure the employee is notified of the decision and receives a copy of the completed form.**

- Securely & confidentially store (for their Service area) all employee declarations of interest, gifts and hospitality accepted and declined in the prescribed BCP Council format (Form 1).
- In exceptional circumstance, determine what happens to gifts which have been wrongly accepted by an employee in their service area.
- In the case of an employee being a beneficiary in a service user's Will, determine the appropriate course of action in line with 6.14.
- Lead on any disciplinary action that may be necessary where a line manager has failed to comply with this Policy.

8.5 Additional roles & responsibilities of Corporate Directors (Tier 2 officers, including any acting)

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and officers must keep this declaration up to date as required.
- Promote and ensure Policy compliance in their teams/service areas.
- Seek annual assurance from Service Directors that arrangements relating to this policy are operating effectively within their directorates.
- Lead on any disciplinary action that may be necessary where a Service Director (Tier 3 officer) has failed to comply with this Policy.

8.6 Additional roles & responsibilities of the Monitoring Officer

- Make a personal declaration on Form 2 to the Chief Executive, of interests, gifts and hospitality (accepted and declined); nil declarations are required, and the Monitoring Officer must keep this declaration up to date as required.
- Promote and ensure Policy compliance in their teams/service areas.
- Securely & confidentially store Head of Service, Service Director, Corporate Director and Chief Executive (Council Tier 4 officers and above) declarations of interest, gifts and hospitality accepted and declined in the prescribed BCP Council format.
- Prepare an annual report to the BCP Audit & Governance Committee summarising the declarations of interest, gifts and hospitality (accepted and declined) of the Council's Tier 4 officers and above.

8.7 Additional roles & responsibilities of the Chief Executive

- Make a personal declaration on Form 2 of interests, gifts and hospitality (accepted and declined), to the Monitoring Officer; nil declarations are required, and the Chief Executive must keep this declaration up to date as required.
- Promote and ensure Policy compliance amongst the Corporate Management Board (CMB).
- Securely store the Monitoring Officer's declarations of interest, gifts and hospitality accepted and declined in the prescribed BCP Council format.
- Lead on any disciplinary action that may be necessary where a Corporate Director (Tier 2 officer) has failed to comply with this Policy.

9 **Enforcement and sanctions**

- 9.1 Employees must comply with the requirements in this Policy. Failure to do so is a disciplinary matter, and disciplinary action may be taken, regardless of whether the actions amount to a criminal offence.
- 9.2 Criminal charges will apply if an employee fails to declare an interest in a contract or proposed contract or they or a relative have abused their position to influence Council contracts for their or their relative's gain.

9.3 It is also a criminal offence for any employee to demand or accept a gift or reward in return for allowing oneself to be influenced as a local government employee.

10 Further information and evidence

10.1 Employees should be aware that:

- Under the Bribery Act 2010, both individuals and organisations are liable for conviction in court, imprisonment and/or fines if found guilty of an offence;
- Fraud is defined as “deliberate deception intended to provide a direct or indirect personal gain”; and that
- Corruption is defined as the “abuse of entrusted power for private gain”.

10.2 Any queries or concerns about whether a particular interest or offer of, or the receipt of a gift or hospitality is appropriate, or if any clarification is required about this policy employees should approach their line manager in the first instance.

10.3 If a line manager is unable to answer the query, the line manager, can seek clarification from the Head of Audit & Management Assurance, the Head of Human Resources or the Monitoring Officer.

Consultees

The following individuals/groups have been consulted during this year’s evolution of this policy:

Name
Internal Audit
Statutory Officers Group

Equalities Impact Assessment

Assessment date	Reviewed as part of this years’ evolution. Minor amendments have been made which have been assessed by Service Unit Equality Champion as having no equalities impacts. Updated EIA assessment as per Appendix D.

Document Control

Approval body	Audit & Governance Committee
Approval date	26 February 2026
V2020.1 – March 2020	Policy introduced w.e.f. 1 st April 2020.
V2021.1 – March 2021	Annual policy refresh. Introduced Nil declarations requirement for employees who use their own discretion to make eligibility decisions, award decisions or grant permissions (using Form 1). Some minor wording amendments. Amended Tier 2 Officer requirements relating to assurance from Service Directors. Appended EIA screening tool.
V2022.1 – March 2022	Annual policy refresh. Clarified need to for employees to comply with this policy when using their own discretion to make eligibility decisions, award decisions or grant. Added responsibility of Line Managers/Team Leaders/ Heads of Service to ensure all completed Form 1’s are held centrally within the Service Directorate. Added responsibility of Service Directors to, in the case of an employee being a beneficiary in a service user’s Will, determine the appropriate course of action. Updated definition of corruption as “abuse of entrusted power for private gain”. Introduced Officer decision record required for the acceptance of gifts that are done to avoid causing significant offence. Clarified that the Gifts flowchart does not apply to a gift from a third-party representative (not a service user) which may be accepted if the employee is accepting the gift of behalf of the Council (or residents) and they deem that refusing the gift would cause significant offence. Amended Gifts flowchart to clarify that any gift of value over £25 from a representative of organisation or persons who do, or might, provide work, goods or services to the Council or who require a decision from the Councils should never be accepted. On Forms 1 and 2 added sections for the approving manager to detail why they have made their decision about the declaration/gift/hospitality. Added Appendix E – Frequently Asked Questions.

	Added if as a result of their employment an employee becomes a beneficiary in a service user's Will, this must always be reported to their line manager and Service Director and also clarified that permission to accept is very unlikely to be granted unless the legacy is of little financial value, such as a sentimental item.
V2023.1 – March 2023	Annual policy refresh. List of areas the Council requires all employees to declare interests expanded to include consideration if their job role or personal circumstance requires any further declaration (and added to Appendix B flowchart). Guidance added on the Council giving/receiving donations and clarification made for giving/receiving sponsorship. Additional clarification made of terms used re officer tiers in Appendix A.
V2024.1 – March 2024	Added In Year Minor Amendments and Editing Log. Added confidentially store declarations to responsibilities of Service Directors and the Monitoring Officer.
V2025.1 – February 2025	Added directorship as a business role example that requires declaring if there is a business relationship with the Council (para 6.3 & Appendix B). Added wording to clarify employees should not accept gifts from an organisation the Council is receiving services from (para 6.9). Clarified guidance on accepting incidental promotional items with a value of less than £25 (para 6.10). Minor wording change regarding definition of hospitality (para 6.13). Added guidance on the Council receiving and giving prizes (para 6.19-6.21). Added link on how to edit PDFs in MS Word on Form 1 and Form 2 in Appendix C.
V2026.1	Added 'other employment' as specific need to declare item (para 6.1). Added further guidance on declaration form process (para 6.2-6.3). Added extra guidance in relation to other employment (para 6.6-6.7). Defined the responsibilities of Line Managers and Service Directors in completing Forms 1 and 2 and following required processes, including the requirement for Service Directors to review and document whether Line Managers' decisions on declarations are appropriate (para 8.2 and 8.4). Other employment definition added to Appendix A. Added extra step in relation to other employment to Declarations of Interest Flowchart Appendix B. Added 'other employment' reference in Part B (approving manager section) in Forms 1 and 2. Added Service Director's review section in Form 1. Added 'other employment' as additional FAQ under Appendix E.

In Year Minor Amendments and Editing Log

The Chief Finance Officer & Monitoring Officer have primary responsibility for developing, maintaining, and implementing the Declaration of Interests, Gifts & Hospitality Policy. Where changes affect the powers or responsibilities of councillors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the Declaration of Interests, Gifts & Hospitality Policy from time to time, this may require minor amendments or editing. The Chief Finance Officer has delegated to the Head of Audit & Management Assurance the ability to make minor amendments and editing changes. Any such changes will be logged in the table below.

Date	Description of amendments or editing	Page
-	-	-

Appendix A – Definitions of terms

“Partner” means a spouse, civil partner or the other member of a couple consisting of two people who are not married to each other but are living together as a couple.

“Close Friend” means someone who you know well and whom you regard with liking, affection or loyalty. A closer relationship is implied than that of mere acquaintance or work colleague.

“Relative” means a parent, grandparent, child, grandchild, sibling, aunt, uncle, niece, nephew, cousin, step-child/sibling/parent, mother/father/son/daughter/brother/sister in-law. All of the aforementioned include adoptive relationships and relationships of full blood or half blood and including the relatives of the employee’s partner. For these purposes, relative also includes a guardian or special guardian or ward.

“Business” means any company, partnership or other business arrangement in which the employee has an interest, whether in the form of shares, dividends, bonds, or otherwise and where the value of that interest exceeds 5% of the value of the business. Business also includes any business in which the employee is employed.

“Business Interest” and “business relationship” shall be construed in relation to the terms “Business” and relationship to “Partner”, Close Friend” and “Relative” above.

“Business Associate” means a person with whom the employee has a business relationship.

“Tier 4 officer or above” = Head of Service, Service Director, Corporate Director, Chief Executive.

“Tier 4 officer” = Head of Service or equivalent (senior officer who formally reports directly to a Tier 3 officer)

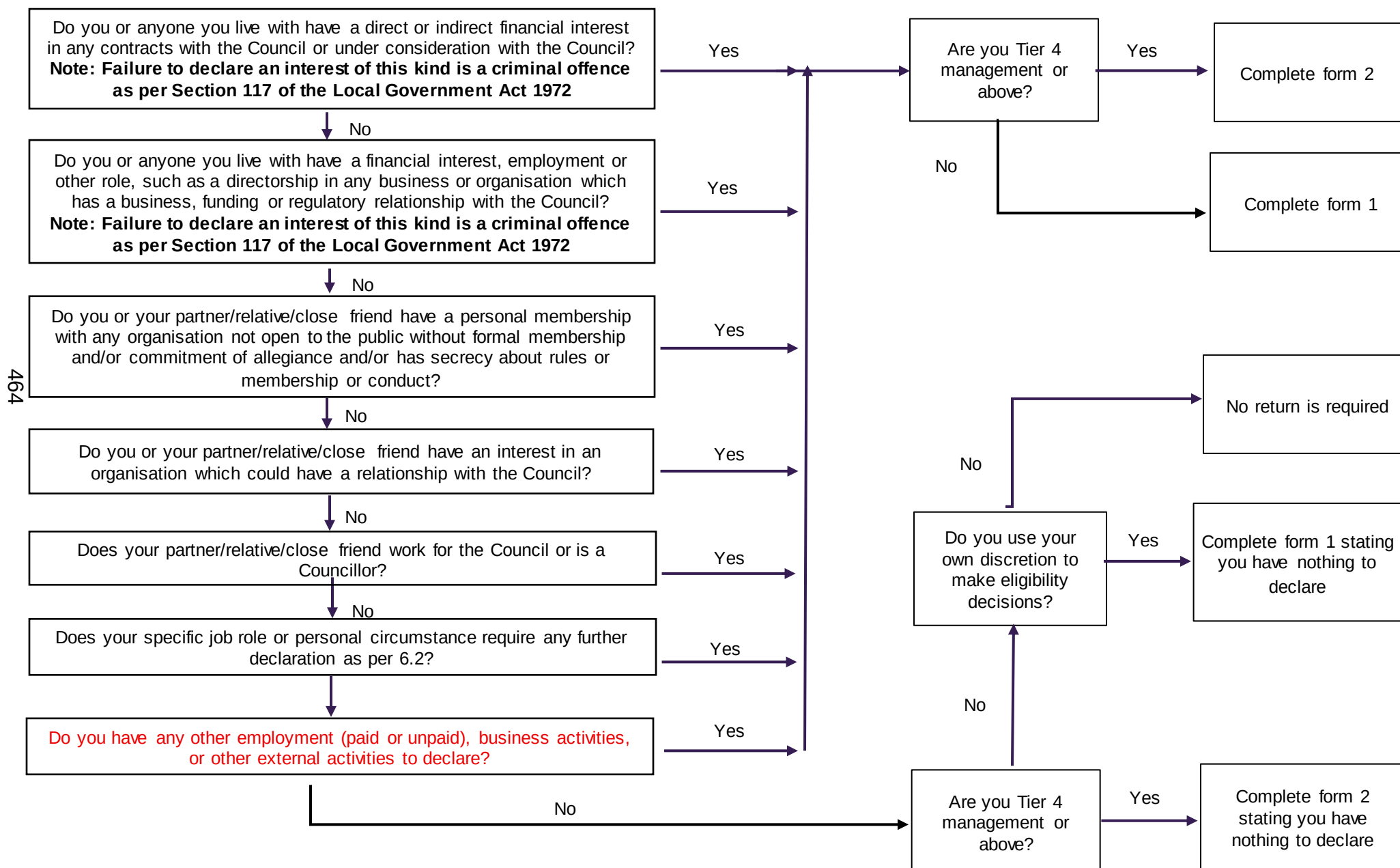
“Tier 3 officer” = Service Director

“Tier 2 officer” = Corporate Director

“Tier 1 officer” = Chief Executive

“Other employment” = Includes any other work, either full or part time, paid or unpaid.

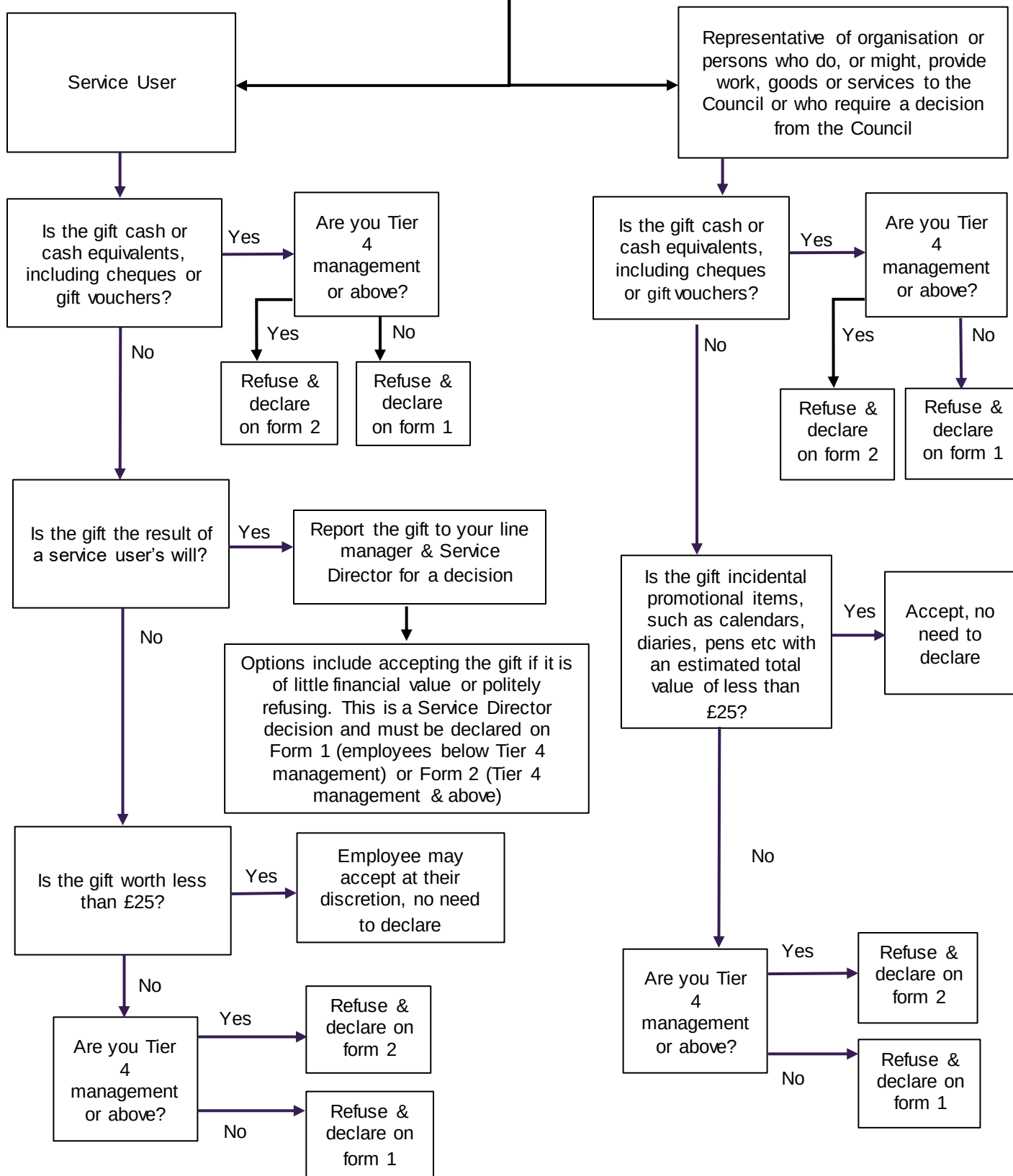
Declarations of Interest procedure



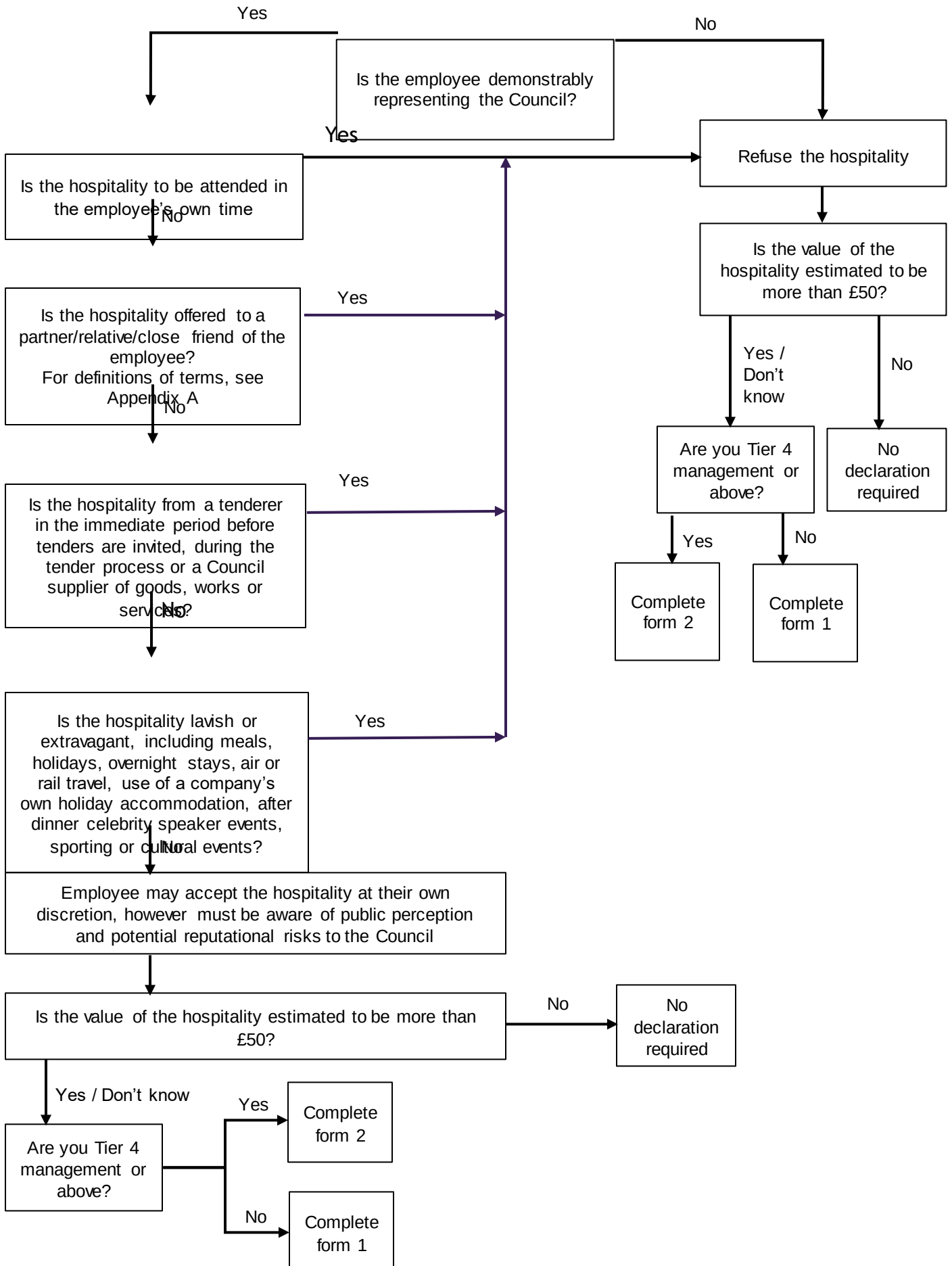
BCP Gifts Flowchart

Who is gift from?

Note: this Flow chart does not apply to a gift from a third-party representative (not a service user) which may be accepted if the employee is accepting the gift of behalf of the Council (or residents) and they deem that refusing the gift would cause significant offence. See Para 6.12



Hospitality flowchart



DECLARATION OF INTEREST, GIFTS OR HOSPITALITY



FORM 1

(To edit this PDF see: [How to edit PDFs in Word](#))

PART A – To be completed by the employee making the declaration																	
Employee Name:																	
Job Title:																	
Service Directorate:																	
Section / Team:																	
Date of Declaration:																	
Type of Declaration:	<table border="0"> <tr> <td>Other Employment</td> <td>☐</td> <td>Close Personal Relationship</td> <td>☐</td> </tr> <tr> <td>Gift and / or Hospitality</td> <td>☐</td> <td>Financial Interest</td> <td>☐</td> </tr> <tr> <td>Business Interest</td> <td>☐</td> <td>Personal / Other Interest</td> <td>☐</td> </tr> <tr> <td>Organisation not open to the Public</td> <td>☐</td> <td>'Nil' Return</td> <td>☐</td> </tr> </table>	Other Employment	☐	Close Personal Relationship	☐	Gift and / or Hospitality	☐	Financial Interest	☐	Business Interest	☐	Personal / Other Interest	☐	Organisation not open to the Public	☐	'Nil' Return	☐
Other Employment	☐	Close Personal Relationship	☐														
Gift and / or Hospitality	☐	Financial Interest	☐														
Business Interest	☐	Personal / Other Interest	☐														
Organisation not open to the Public	☐	'Nil' Return	☐														
Please provide as much detail as possible in relation to your declaration. In the case of other employment, please include details relating to who the other employer will be, the nature of the role (including duties and responsibilities) and the times/days that you are proposing to work. In the case of gifts and hospitality received, please include details of the donor, the reason for the offer and the estimated value. In the case of a close personal relationship with a fellow employee, please provide details of that person.																	
Please forward your completed form to your line manager for consideration.																	
PART B - To be completed by the approving manager																	

The Manager is responsible for considering the contents of this form and making a decision on the declaration.	
I confirm that I consider:	Please tick
The declared personal interest, other employment or offer of gift or hospitality to be acceptable within the employee's role and no further action is required.	☐
Reason(s) why this declaration is acceptable	
The declared personal interest, other employment or offer of gift or hospitality to be acceptable within the employee's role, providing that the changes and/or actions detailed below are completed.	☐
Reason(s) why this declaration is acceptable subject to the following changes and mitigating actions	
The declared personal interest, other employment or offer of gift or hospitality to be unacceptable within the employee's role for the reasons detailed below.	☐
Reason(s) why this declaration is unacceptable and action to address	
Line Manager's Name:	
Job Title:	
Date:	
Service Director's Name:	
Date:	
A copy of the completed form should be e-mailed to the employee and a copy held centrally within the Service Directorate	

DECLARATION OF INTEREST, GIFTS OR HOSPITALITY



FORM 2 (for Tier 4 Officers and above)

(To edit this PDF see: [How to edit PDFs in Word](#))

PART A – To be completed by the employee making the declaration																	
Employee Name:																	
Job Title:																	
Service Directorate:																	
Date of Declaration:																	
Type of Declaration:	<table border="0"> <tr> <td>Other Employment</td> <td>☐</td> <td>Close Personal Relationship</td> <td>☐</td> </tr> <tr> <td>Gift and / or Hospitality</td> <td>☐</td> <td>Financial Interest</td> <td>☐</td> </tr> <tr> <td>Business Interest</td> <td>☐</td> <td>Personal / Other Interest</td> <td>☐</td> </tr> <tr> <td>Organisation not open to the Public</td> <td>☐</td> <td>'Nil' Return</td> <td>☐</td> </tr> </table>	Other Employment	☐	Close Personal Relationship	☐	Gift and / or Hospitality	☐	Financial Interest	☐	Business Interest	☐	Personal / Other Interest	☐	Organisation not open to the Public	☐	'Nil' Return	☐
Other Employment	☐	Close Personal Relationship	☐														
Gift and / or Hospitality	☐	Financial Interest	☐														
Business Interest	☐	Personal / Other Interest	☐														
Organisation not open to the Public	☐	'Nil' Return	☐														
Please provide as much detail as possible in relation to your declaration. In the case of other employment, please include details relating to who the other employer will be, the nature of the role (including duties and responsibilities) and the times/days that you are proposing to work. In the case of gifts and hospitality received, please include details of the donor, the reason for the offer and the estimated value. In the case of a close personal relationship with a fellow employee, please provide details of that person.																	
Please forward your completed form to your line manager for consideration																	

PART B - To be completed by the approving manager

The Manager is responsible for considering the contents of this form and making a decision on the declaration. In situations where the declaration relates to a Service Director, approval should be sought from the relevant Corporate Director. For declarations involving a Corporate Director and the Chief Executive, approval should be sought from the Monitoring Officer (i.e. Director of Law & Governance). For the Monitoring Officer's declaration, approval should be sought from the Chief Executive.

I confirm that I consider:

Please tick

The declared personal interest, **other employment** or offer of gift or hospitality to be acceptable within the employee's role and no further action is required.

☐

Reason(s) why this declaration is acceptable

The declared personal interest, **other employment** or offer of gift or hospitality to be acceptable within the employee's role, providing that the changes and/or actions detailed below are completed.

☐

Reason(s) why this declaration is acceptable subject to the following changes and mitigating actions

The declared personal interest, **other employment** or offer of gift or hospitality to be unacceptable within the employee's role for the reasons detailed below.

☐

Reason(s) why this declaration is unacceptable and action to address

The declared 'Nil' Return to be acceptable.

☐

Line Manager's Name:

Job Title:

Date:

A copy of the completed form should be e-mailed to the employee and to the monitoring.officer@bcpCouncil.gov.uk.

Appendix D - Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	Declaration of Interests, Gifts & Hospitality
What changes are being made to the policy/service?	Annual policy refresh including clarification of reporting requirements around other employment and additional clarification around roles and responsibilities of line managers and service directors.
Service Unit:	Finance
Persons present in the conversation and their role/experience in the service:	Chief Internal Auditor Service Equality Champion
Conversation dates:	26/01/2026
Do you know your current or potential client base? Who are the key stakeholders?	Key stakeholders are all BCP Council employees, including casual, part-time and temporary staff including those supplied by employment agencies
Do different groups have different needs or experiences in relation to the policy/service?	The requirement to declare other employment outside of a BCP Council role could potentially affect those of a lower socio-economic status, who may be more likely to have second jobs, however this is not anticipated to have any equality impacts. All other characteristics have been considered, and no additional groups with different needs or experiences have been identified as a result of these changes.
Will the policy or service change affect any of these service users?	No as these changes apply equally to all BCP Council employees
What are the benefits or positive impacts of the policy/service change on current or potential service users?	None identified
What are the negative impacts of the policy/service change on current or potential service users?	None identified
Will the policy or service change affect employees?	Yes, as this policy applies to all BCP Council employees
Will the policy or service change affect the wider community?	No, as this policy only affects BCP Council employees
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	No negative impacts have been identified, thus no mitigating actions are required
Summary of Equality Implications:	No equalities implications have been identified as a result of the changes to this policy this financial year.

Appendix E – Frequently Asked Questions

Not sure if you need to make a declaration? read through these FAQ or scenarios to help you decide.

Are you an Officer who is below Tier 4? *Tier 4 officer or above = Head of Service, Service Director, Corporate Director, Chief Executive.*

- You must complete a 'base' declaration (Form 1) but only if you have something to declare, your completed declaration needs to be sent to your Service Director who is responsible for keeping it safe and confidential in a local record.
- Keep your 'base' declaration up-to-date in as near to real time as possible, to do this in practice simply add whatever needs adding or deleting from your base declaration and re-send to your Service Director.

Are you a Tier 4 Officer or above? *Tier 4 officer or above = Head of Service, Service Director, Corporate Director, Chief Executive.*

- You must complete a 'base' declaration (Form 2) even if you have nothing to declare, your completed declaration needs to be sent to the Monitoring officer, monitoring.officer@bcpcouncil.gov.uk who maintains the safe and confidential corporate record. This record is commonly known as the senior officer record of declarations.
- Keep your 'base' declaration up-to-date in as near to real time as possible, to do this in practice simply add whatever needs adding or deleting from your base declaration and re-send to the Monitoring Officer.

Do you recruit new staff?

As part of your induction responsibilities, you need to make all new employees aware of the BCP Policy and explain the requirement, or not depending on grade, to produce a 'base' declaration Form 1 or 2.

Are you a temporary or casual employee?

The policy applies to all BCP Council employees, including casual, part-time and temporary staff including those supplied by employment agencies. You need to make a declaration as guided by the Policy.

I cannot see any conflict, so why do I need to make a declaration? its none of the Council's business what I do in my spare time.

A conflict of interest is a conflict between the public duty and the private interest of an individual in which that individual private capacity interest could improperly influence the performance of their Council duties and responsibilities.

Employees may hold interests for which they cannot see obvious potential conflict. However, caution is always advisable because others may see it differently. It will be important to exercise judgement and to declare such interests where there is otherwise a risk of imputation of improper conduct. The perception of an interest can be as damaging as an actual conflict of interest.

What type of interests do I need to declare?

- a direct or indirect financial interest in any contracts with the Council or under consideration by the Council. The financial interests of a person with whom you live also counts for this purpose (this is a requirement of Section 117 of the Local Government Act 1972; it is potentially a criminal offence not to declare such an interest);
- a financial interest or employment or other role in any business or organisation which has a business, funding or regulatory relationship with the Council;
- any personal membership that they or their partner/relative/close friend may have with any organisation or association not open to the public without formal membership and/or commitment of allegiance and/or has secrecy about rules or membership or conduct;
- any partner/relative/close friend who has an interest in an organisation which could have a relationship with the Council; and
- any partner/relative/close friend who works for the Council or is a councillor.

What type of gifts do I need to declare?

A gift is any item or service that an employee receives free of charge. It also includes any goods or services which are personally offered at a discounted rate or on terms not available to the general public. It does not include staff offers / discounts which are negotiated corporately.

When deciding whether or not to accept an offer of a gift, the context is very important. An offer from an organisation seeking to do business with or provide services to the Council or in the process of applying for permission or some other decision from the Council should not be accepted, regardless of the value of the gift. By contrast, a gift estimated to be worth less than £25 given at Christmas by a service user as a gesture of appreciation to an employee will generally be acceptable.

Are there any gifts I can accept without making a declaration?

Employees may accept a gift which is a one-off or infrequent gesture, from a service user and which has only a small or token value, estimated to be less than £25 in value, without making a declaration or obtaining the approval of a more senior officer. Please note, employees should always politely and courteously decline a gift from a service user if the estimated value is more than £25 and/or becomes more frequent than one-off.

If the gift is from a representative of an organisation or persons who, or might, provide work, goods or services to the Council or who require a decision from the Council and is incidental promotional items such as a calendar, diary, pen etc with an estimated total combined value of less than £25, then these may be accepted without needing to be declared.

What if I have been included in someone's Will, in my capacity as a Council employee (provided a service to the individual)?

If as a result of your employment you become a beneficiary in a service user's Will, you must always report this to your line manager and Service Director. You must not accept the bequest, regardless of its size or value unless granted explicit permission by your Service Director. Permission will only be granted where the legacy is of little financial value, such as a sentimental item.

Can I accept gifts on behalf of the Council?

In exceptional circumstances a gift from a third-party representative (not a service user) may be accepted if the employee is accepting the gift on behalf of the Council (or residents) and they deem that refusing the gift would cause significant offence; for example, a gift from a 'twinning association'. In this circumstance the relevant Corporate Director or Service Director must be informed as soon as possible, and they will decide what will happen to the gift.

What type of hospitality (offered) can I accept?

Employees may accept hospitality including invitation to events or functions where the employee is demonstrably representing the Council. e.g. opening ceremonies, trade shows, events where they are invited to speak, events hosted or sponsored by the Council, working lunches provided to enable the parties to continue to discuss business, refreshments offered in connection with any meeting, meals or refreshments funded by other public sector partners as part of joint working or collaboration, meals or refreshments provided as part of a ceremony or event to promote or launch a project or initiative supported by the Council.

Hospitality accepted, fitting the above criteria, must be declared (on Form 1 or Form 2) as appropriate if the estimated value is more than £50. Hospitality accepted, fitting the above criteria, does not need to be declared if the estimated value is less than £50.

What type of hospitality (offered) must I refuse?

The following hospitality should not be accepted***:

- hospitality of any kind attended in the employee's own time and/or where the employee is not demonstrably representing the Council;
- hospitality offered to a partner/relative/close friend (of the employee);
- hospitality from a tenderer in the immediate period before tenders are invited or during the tender process. If employees are carrying out site visits as part of the tender process, they can accept the offer of light refreshments (only) provided it is proportionate and not extravagant;
- Lavish or extravagant hospitality including meals; or
- Offers of holidays, overnight stays, air or rail travel, use of a company's own holiday

accommodation, after dinner speaker celebrity events, sporting or cultural events (e.g. theatre tickets, football match, golfing event).

***Any exceptions to these specific policy bullet points must be agreed in writing by the Chief Executive and lodged with the Monitoring Officer.

Hospitality declined, after applying criteria above, must be declared (on Form 1 or Form 2 as appropriate) if the estimated value is more than £50. Hospitality declined, after applying criteria above, does not need to be declared if the estimated value is less than £50.

Can I give hospitality to colleagues or a third party and charge it to my p-card, budget or the Council more generally?

Only Service Directors, Corporate Directors and the Chief Executive have delegated authority to approve expenditure to give hospitality; where they consider this to be in the interests of the service or the Council and is capable of public justification.

What are the sanctions in place?

Failure to follow the Policy is a disciplinary matter, and disciplinary action may be taken, regardless of whether the actions amount to a criminal offence.

Criminal charges will apply if an employee fails to declare an interest in a contract or proposed contract or they or a relative have abused their position to influence Council contracts for their or their relative's gain.

It is also a criminal offence for any employee to demand or accept a gift or reward in return for allowing oneself to be influenced as a local government employee.

Who can I check with, if I have a specific question regarding this Policy?

If a line manager is unable to answer the query, you or the line manager, can seek clarification from the Head of Audit & Management Assurance, the Head of Human Resources or the Monitoring Officer.

Do I need to declare and seek approval for other employment?

Yes, in accordance with Section 7 of the BCP Council Code of Conduct, it is a legal requirement that colleagues must declare to their Service Director, Corporate Director, Chief Executive or Monitoring Officer, as appropriate, details of any other employment paid or unpaid or business they are engaged in or other external interest.

BCP Council Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy

April 2026

Policy Owner: Monitoring Officer and Chief Internal Auditor
Author/s: Internal Audit, Law & Governance
Version: v2026.1
Review Date: Annual evolution, next due March 2027



Table of Contents

Purpose Statement.....	2
Who the Policy Applies to.....	2
This Policy Replaces	2
Approval Process.....	2
Links to Council Strategies.....	2
The Policy.....	3
Authorisation of RIPA Application to a Magistrates Court	4
How to use this Policy and Useful Documents.....	6
Roles and responsibilities.....	6
Enforcement and Sanctions	7
Further Information and Evidence.....	7
Glossary	9
APPENDIX A – Surveillance that can and cannot be carried out by LA's	10
APPENDIX B – RIPA Authorisation Process	13
APPENDIX C – Does RIPA apply? Directed Surveillance Flowchart	14
APPENDIX D – Covert Human Intelligence Source Flowchart	15
APPENDIX E – Accessing Communications Data Flowchart	16
APPENDIX F – Equality Impact Assessment: conversation screening tool	17

1. Purpose Statement

- 1.1. This policy ensures compliance with the regulatory framework for the use of covert surveillance techniques by BCP Council as set out in the [Regulation of Investigatory Powers Act 2000 \(RIPA\)](#) and [RIPA \(Directed Surveillance and Covert Human Intelligence Sources\) Order 2010 \(and as amended 2012\)](#).
- 1.2. This policy also covers access to, or the acquisition of, Communications Data covered by the [Investigatory Powers Act \(IPA\) 2016](#) which came into force on 11 June 2019 and [Investigatory Powers \(Amendment\) Act 2024](#). See 6.3.
- 1.3. Surveillance plays a necessary part in modern life. Most of the surveillance carried out by or on behalf of BCP Council will be overt. That is, there will be nothing secretive, clandestine or hidden about it. Overt surveillance is not covered by RIPA.
- 1.4. Covert surveillance is surveillance carried out in a manner calculated to ensure that the person subject to the surveillance is unaware that it is, or may be, taking place. If certain activities are conducted by council officers, then RIPA regulates them in a manner that is compatible with the [European Convention on Human Rights \(ECHR\)](#), particularly [Article 8](#), the right to respect for private and family life.
- 1.5. BCP Council will only use covert surveillance where it is proportionate to do so and where overt measures have been exhausted or are not possible. Covert surveillance will not be undertaken unless absolutely necessary.

2. Who the Policy Applies to

- 2.1. Those officers who may conduct or authorise covert surveillance investigations.
- 2.2. In most cases investigations carried out by council officers will not be subject to RIPA, as they involve overt rather than covert surveillance.

3. This Policy Replaces

- 3.1. This policy replaces the legacy policies, procedures and guidance of the three preceding authorities that now make up BCP council.

4. Approval Process

- 4.1. This policy will be approved by the Audit and Governance Committee.

5. Links to Council Strategies

- 5.1. This policy has been prepared based on Government legislation and requirements laid out under the Regulation of Investigatory Powers Act 2000 (and as amended) and taking into account accompanying guidance and codes of practice.
- 5.2. This policy links to the following BCP Council policies and strategies:
 - [ICT Security Policy](#)
 - [Information Governance Policy](#)
 - [Equality & Diversity Policy](#)
 - [BCP Council Safeguarding Strategy](#)

6. The Policy

- 6.1. In some circumstances, it may be necessary for BCP Council employees or contractors, in the course of their duties, to make observations of a person or person(s) in a covert manner, i.e. without that person's knowledge. By their nature, actions of this sort may constitute an interference with that person's right to privacy and may give rise to legal challenge as a potential breach of Article 8 of the European Convention on Human Rights and the Human Rights Act 1998 (‘the right to respect for private and family life’).
- 6.2. RIPA limits local authorities to using two types of covert surveillance techniques, as set out below (see Appendix A for definitions):
 - **Directed surveillance** (see Appendix C)
 - **Covert Human Intelligence Source (CHIS)** (see Appendix D)
- 6.3. IPA is the main legislation governing the **access to or acquisition of Communications data**; it does not fully replace all pre-existing RIPA requirements but does introduce some important and significant variations to authorisation and regulatory oversight in particular. The use of IPA (see Appendix A and Appendix E for more detail) is unlikely to be used by the Council.
- 6.4. Employees and contractors (where applicable) of BCP Council cannot, according to law, carry out **intrusive surveillance** (see Appendix A for definition) within the meaning of the Regulation of Investigatory Powers Act 2000 nor will they interfere with property or wireless telegraphy.
- 6.5. BCP Council employees and contractors (where applicable) will adhere to the authorisation procedure (see Appendix B) before conducting any covert surveillance.
- 6.6. Officers of BCP Council may only seek authorisation to engage in directed surveillance, to use a CHIS or to access/acquire IPA communications data where the need meets the statutory tests that it is necessary for the “prevention or detection of crime or disorder” and where it has been demonstrated to be necessary and proportionate in what it seeks to achieve. Only a Council nominated Authorising Officer can give this approval. If in any doubt, advice from the RIPA Senior Responsible Officer (SRO) or the RIPA Administrator must be sought (see roles and responsibilities section).
- 6.7. The Revised Code of Practice which came into effect in August 2018 requires the highest levels of authorisation where ‘confidential information’ is likely to be acquired and at BCP Council this is the Head of Paid Service in consultation with the RIPA SRO. Confidential information consists of matters subject to legal privilege, confidential personal information or confidential journalistic material, or where information identifies a journalist's source.
- 6.8. BCP Council will ensure the code of practice is complied with through appropriate training given to officers and annual Audit and Governance oversight of RIPA usage.
- 6.9. BCP Council is subject to audit and inspection by the Investigatory Powers Commissioner's Office (IPCO) and it is important that compliance with RIPA and accompanying guidance can be demonstrated in every case. BCP Council will hold a central record of RIPA authorisations in line with [section 8 of the Code Practice](#).
- 6.10. Types of surveillance that can and cannot be carried out by Local Authorities and further information is set out in Appendix A.

7. Authorisation of RIPA Application to a Magistrates Court

- 7.1 [Statutory Instrument 2010 No. 521](#) restricts Authorising Officers in Local Authorities to be Directors, Heads of Service or Service managers or equivalent. In BCP Council only certain officers, within these categories of managers, are designated as Authorising Officers (See section 9).
- 7.2 All other reasonable and less intrusive options to gain the required information must be considered before an authorisation is applied for and the RIPA application must detail why these options have failed or have been considered not appropriate in the circumstances of the individual investigation.
- 7.3 [The Protection of Freedoms Act 2012](#) requires that Local Authorities seeking RIPA authorisation are subject to judicial approval in the local Magistrates' Court. If the Authorising Officer authorises an application under RIPA, the application must be presented to a Magistrate for final approval. Authorisation will not take effect until a Magistrate has made an order approving the grant of the authorisation. It is vital that any surveillance for which authorisation has been sought does not start until such a time as it has been approved by a Magistrate.
- 7.4 It is necessary for the council to obtain judicial approval for all initial RIPA authorisations/applications and renewals. There is no requirement for the Magistrate to consider either cancellations or internal reviews.
- 7.5 When considering an application, the Authorising Officer must:
- Have regard to the contents of this document, the training provided and any other guidance or advice given by the RIPA SRO;
 - Satisfy themselves that the RIPA authorisation will be:
 - In accordance with the law
 - Necessary in the circumstances of the particular case; and
 - Proportionate to what it seeks to achieve;
 - Assess whether or not the proposed surveillance is proportionate considering the following elements:
 - The custodial sentence applicable to the offence being investigated
 - Balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence
 - Explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others
 - Whether the activity is an appropriate use of the legislation and a reasonable way, having considered all practical alternatives, of obtaining the necessary result
 - Evidencing, as far as reasonably practicable, what other methods had been considered and why were not implemented;
 - Take into account the risk of intrusion into the privacy of persons other than the specified subject of the surveillance (called 'collateral intrusion'), and consider whether any measures should be taken to avoid or minimise collateral intrusion as far as possible (the degree of likely collateral intrusion will also be relevant to assessing whether the proposed surveillance is proportionate);
 - Consider any issues which may arise in relation to the health and safety of council employees and agents and ensure that a risk assessment has been undertaken;
 - Ensure that the equality impact of any proposed surveillance is considered through the completion of an Equality Impact Assessment (EIA).
- 7.6 When authorising the conduct or use of a CHIS, the Authorising Officer must also:
- Be satisfied that the conduct and/or use of the CHIS is proportionate to the objective sought to be achieved;

- Be satisfied that appropriate arrangements are in place for the management and oversight of the CHIS. These arrangements must address health and safety issues by the carrying out of a formal and recorded risk assessment;
- Consider the likely degree of intrusion for all those potentially affected;
- Consider any adverse impact on community confidence that may result from the use or conduct of the CHIS or the information obtained;
- Ensure that records contain the required particulars of the CHIS and that these are not available except on a 'need to know' basis.

7.7 If an application is granted, the Authorising Officer must set a date for its review and ensure that it is reviewed on that date. Records must be kept in relation to all RIPA applications and authorisations and, to facilitate this, each investigation or operation should be given a unique reference number (URN) by the RIPA Administrator. Any subsequent forms relating to the same investigation or operation should be identified by the means of the same URN.

7.8 Authorisations will have effect until the date for expiry specified on the relevant form. They will only be granted for the designated period of three months for directed surveillance and twelve months for the use or conduct of a CHIS. No further operations should be carried out after the expiry of the relevant authorisation unless it has been renewed. It will be responsibility of the officer in charge of an investigation to ensure that any directed surveillance or use of a CHIS is only undertaken under an appropriate and valid authorisation, and therefore, they must be mindful of the date when authorisations and renewals will cease to have effect. The RIPA Administrator will perform an auditing role in this respect but the primary responsibility rest with the officer in charge of the surveillance investigation.

7.9 Authorisations will be reviewed at appropriate intervals to update the Authorising Officer on progress on the investigation and whether the authorisation is no longer required. Reviews should take place on a monthly basis unless the Authorising Officer considers they should take place more regularly. The results of the review should be recorded and retained.

7.10 Authorisations must be 'cancelled' as soon as they become unnecessary. Authorisations should not be allowed to lapse and must be formally cancelled or renewed, whichever is required, before the expiry date. The responsibility for ensuring that authorisations are cancelled rests primarily with the officer in charge of the surveillance investigation who should submit a request for cancellation to the RIPA Administrator.

7.11 If it is required, a renewal must be authorised (by a Magistrate) prior to the expiry of the original authorisation. Applications for renewal should be made on the appropriate form shortly before the original authorisation period is due to expire. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred. Renewals may be granted more than once, provided the criteria for granting that authorisation are still met. However, if the reason for requiring the authorisation has changed from the purpose for which it was originally granted, then it should be 'cancelled' and new authorisation sought. Any renewal should seek to begin on the day when the original authorisation would otherwise have expired.

7.12 Following the completion of any case involving the use of RIPA a written assessment review should be undertaken by the Authorising Officer in charge of the surveillance. This written assessment should detail the information obtained and how it was used to take the case forward. The written assessment must be passed to the RIPA

Administrator and stored with any other URN records for that case be provided as part of any inspection by the IPCO.

- 7.13 Records must be maintained for a period of at least three years from the cancellation of the authorisation. Following which they shall be securely destroyed in accordance with the guidance from the council's Information Governance team on document retention.

8 How to use this Policy and Useful Documents

- 8.1 Appendix A: Surveillance that can and cannot be carried out by LA's
- 8.2 Appendix B: RIPA Authorisation Process
- 8.3 Appendix C: Does RIPA apply? Directed Surveillance Flowchart
- 8.4 Appendix D: Covert Human Intelligence Source Flowchart
- 8.5 Appendix E: Accessing Communications Data Flowchart
- 8.6 Appendix F: Equality Impact Assessment for this policy
- 8.7 [Equality Impact Assessment templates \(on the BCP Council intranet\)](#)
- 8.8 [Home Office guidance to local authorities in England and Wales on the judicial approval process for RIPA and the crime threshold for directed surveillance](#)
- 8.9 [Revised Code of Practice Covert Surveillance and Property interference](#)
- 8.10 [Revised Code of Practice Interception of Communications](#)
- 8.11 [Revised Code of Practice Covert Human Intelligence Sources](#)
- 8.12 [Home Office RIPA Forms](#)

9 Roles and responsibilities

Role	Responsibilities
Senior Responsible Officer (SRO) Director of Law & Governance (and Monitoring Officer) Deputy SRO will be Chief Executive	- The integrity of the process in place within the council for the directed surveillance, management of CHIS and acquisition of communications data - Overall responsibility for the management and oversight of requests and authorisations under RIPA - Ensuring that all authorising officers are trained to an appropriate standard - Ensures compliance with Part 2 of the Act and with the Home Office Codes of Practice - Oversight of the reporting of errors to the relevant Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors - Engagement with the Investigatory Powers Commissioner's Office (IPCO) inspectors when they conduct their audits or inspections, where applicable - Where necessary, oversight of the implementation of post-inspection action plans approved by the relevant oversight Commissioner
Authorising Officer Head of Public Protection Director of Housing & Communities	- The only officers in BCP Council who can authorise applications (and renewals) under RIPA for onward consideration by a Magistrate or IPA for onward consideration by NAFN - Must 'cancel' authorisations where the case has concluded and undertake reviews in relation to any investigation carried out - Must not delegate their powers in relation to RIPA to any other officers Note: The officer who authorises a RIPA application should also carry out the review, renewal and cancellation. If the original Authorising Officer is not available to undertake the review, renewal or cancellation, (in the case of illness or has left the Council in the interim only) this can be undertaken

Chief Executive and Corporate Directors	by another Authorising Officer. In exceptional circumstances it may be necessary for the Chief Executive or a Corporate Director to act as an Authorising Officer
RIPA Administrator Head of Audit and Management Assurance Deputy RIPA Administrator will be Audit Manager (Deputy Chief Internal Auditor)	• Issue a unique reference number to each authorisation requested under RIPA or IPA – reference numbers will be sequential and start at BCP01. • Retain a copy of the application and authorisation together with any supplementary documentation and notification of the approval given by the authorising officer • Maintain a central RIPA records file matrix entering the required information as soon as the forms/documents are received in accordance with the relevant Home Office Code of Practice • Review and monitor all forms and documents received to ensure compliance with the relevant law and guidance in consultation with the RIPA Senior Responsible Officer and inform the Authorising Officer of any concerns • Chase failures to submit documents and/or carry out reviews/cancellations
All Staff	• Must not engage in directed surveillance of any type unless authorised to do so, formally by a designated Authorising Officer
Audit and Governance Committee	• Monitor the Council's usage of its powers under RIPA on an annual basis

10 Enforcement and Sanctions

- 10.1 Compliance with the provisions of RIPA and IPA, the Home Office Codes of Practice and this policy and procedures should protect the Council, its officers and agencies working on its behalf against legal challenge. Section 27 of RIPA states that “conduct... shall be lawful for all purposes if an authorisation...confers an entitlement to engage in that conduct on the person whose conduct it is and his conduct is in accordance with the authorisation”.
- 10.2 If correct procedures are not followed, the Council could be rendered liable to claims, complaints and significant costs (subjects of surveillance may bring their own proceedings on Human Rights grounds) and the use of the information obtained may be disallowed in any subsequent legal proceedings.
- 10.3 The Investigatory Powers Commissioner's Office (IPCO) conducts audits and inspections of the use of investigatory powers to ensure that public bodies that are authorised to use investigatory powers are doing so lawfully and in line with best practice. They produce thorough and impartial reports which support and inform the work of the IPC and the Judicial Commissioners. The IPCO also carries out ad-hoc investigations into potential non-compliance.
- 10.4 Any failure to follow this policy will be considered gross misconduct and investigated accordingly.

11 Further Information and Evidence

- 11.1 The Home Office has [Codes of practice and guidance](#) for making an application under the Regulation of Investigatory Powers Act (2000).
- 11.2 Individuals who feel that the Local Authority has applied the principles of this policy incorrectly can appeal to the IPCO.

Consultees

The following individuals/groups have been consulted during this year's evolution of this policy:

Internal Audit
Law & Governance

Equalities Impact Assessment

Assessment date	Reviewed as part of this year's evolution. Minor amendments have been made which have been assessed by Service Unit Equality Champion as having no equalities impacts. Updated EIA assessment as attached at Appendix F.

Document Control

Approval body	Audit & Governance Committee
Approval date	26 February 2026
V1.1 April 2021	New Policy created (please note any version changes in the future will be shown in red text)
V2022.1 March 2022	Policy annual review. Introduced new combined Regulation of Investigatory Powers Act and Investigatory Powers Act Policy. Clarified that the use of IPA is unlikely to be used by the Council. Introduced requirement for a Council nominated Authorising Officer to give approval for IPA communications data access/acquisition before onward consideration by NAFN. Introduced requirement for unique reference number to be obtained from the RIPA Administrator for IPA authorisation requests. Added section for Policy consultation, equalities impact assessment date and document control. Included details of full approval process for IPA in Appendix A (Surveillance that can and cannot be carried out by LA's). Some amendments made to Appendix B (RIPA Authorisation Process) including use of necessary forms and clarified surveillance can only take place until the expiry date is reached. Amendments made to Appendix E (Accessing Communications Data Flowchart) including reference to serious crime, necessary and proportionate question, need to obtain approval from Authorising Officer and assignment of unique reference number by RIPA Administrator. Some other minor wording changes made.
V2023.1 March 2023	Policy annual review. Added reference and links under Section 8 to Home Office Code of Practices for Covert Surveillance and Property interference (Aug 2018), Interception of Communications (Dec 2022) and Covert Human Intelligence Sources (Dec 2022). Added links to and RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (and as amended 2012) and Investigatory Powers Act (IPA) 2016 which came into force on 11 June 2019. Also added links to the European Convention on Human Rights (ECHR), RIPA (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 Statutory Instrument 2010 No. 521 and The Protection of Freedoms Act 2012.
V2024.1 March 2024	Added Contents page. Included references to Appendices C,D & E in Section 6 'The Policy'. Authorising Officer title changes – Regulatory Services Manager replaced with Head of Public Protection and Director of Communities replaced with Director of Housing & Communities. Added subjects of surveillance may bring their own proceedings on Human Rights grounds to Enforcement and sanctions Section 10. Added In Year Minor Amendments and Editing Log.
V2025.1 March 2025	Policy annual review. Added reference and link to Investigatory Powers (Amendment) Act 2024 under Section 1. Added brief guidance on use of technology (including artificial intelligence) with regard to surveillance in Appendix A.
V2026.1 March 2026	Policy annual review. Added links to associated BCP strategies & policies.

In Year Minor Amendments and Editing Log

The Chief Executive & Monitoring Officer have primary responsibility for developing, maintaining, and implementing the RIPA & IPA Policy. Where changes affect the powers or responsibilities of councillors approval of the Audit & Governance Committee is required.

It is recognised there may be a need to clarify or update certain elements of the RIPA & IPA Policy from time to time, such as in the case of legislation changes, this may require minor amendments or editing. The Senior Responsible Officer has delegated to the Head of Audit & Management Assurance the ability to make minor amendments and editing changes. Any such changes will be logged in the table below and will be reported to the Audit & Governance Committee.

Date	Description of amendments or editing	Page
-	-	-

12 Glossary

12.1 The following terms are useful to know in regards to RIPA & IPA:

- RIPA - Regulation of Investigatory Powers Act 2000
- IPA - Investigatory Powers Act
- CHIS - Covert Human Intelligence Source
- SPoC - Single Point of Contact
- SRO - Senior Responsible Officer
- IPCO - Investigatory Powers Commissioner's Office
- NAFN - National Anti-Fraud Network
- CSP- Communications Service Provider

Intrusive Surveillance

Intrusive surveillance is a specific form of covert surveillance which local authorities cannot, according to law, carry out within the meaning of the RIPA nor will they interfere with property or wireless telegraphy. The ability to undertake intrusive surveillance is limited to the Police and Security Services who, in certain circumstances and within RIPA requirements, must obtain a High Court order to authorise.

Intrusive surveillance is any form of covert surveillance taking place in any residential premise or any private vehicle.

Directed Surveillance

Directed surveillance is a specific form of covert surveillance and may only be authorised under RIPA for the purpose of preventing or detecting criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months' imprisonment or are related to the underage sale of alcohol and tobacco.

As the description implies the form of surveillance is 'directed' at a specific individual or business.

Authorised directed surveillance would be needed for example, when using mobile, hidden recording devices or cameras to record what is going on in a shop selling alcohol and tobacco.

Covert Human Intelligence Source (CHIS)

A CHIS is a specific form of covert surveillance and is defined as the use of an individual to create a relationship with a subject, for the purposes of obtaining information, where the purpose of the relationship is not disclosed to the subject. Interaction with the subject of surveillance is therefore required in order for an individual to be regarded as a covert human intelligence source (CHIS).

For example, CHIS would be required for developing a relationship with a person in a shop, to obtain information about the seller's suppliers of an illegal product e.g. illegally imported products.

The provisions of RIPA relating to CHIS do not apply where a situation would not normally require a relationship to be established for the covert purpose of obtaining information. For example;

- Where members of the public volunteer information to the council as part of their normal civic duties;
- Where members of the public volunteer to make test purchases on behalf of the Council;
- Where the public contact telephone numbers set up by the council to receive information;
- Where members of the public are asked to keep diaries of incidents in relation to, for example, planning enforcement, anti-social behaviour or noise nuisance. However, in certain circumstances, RIPA authorisation may be required if the criteria in section 26(2) of the Act are met.

Activity not falling within the definition of covert surveillance requiring authorisation

Some covert surveillance activity does not constitute intrusive or directed surveillance for the purposes of Part II of the 2000 Act and no directed or intrusive surveillance authorisation is required to be obtained for such activity. Such activity includes:

- Covert surveillance by way of an immediate response to events;
- Covert surveillance as part of general observation activities;
- Covert surveillance not relating to the statutory grounds specified in the 2000 Act;
- Overt use of CCTV and ANPR systems;

- Covert surveillance authorised as part of an equipment interference warrant under the 2016 Act;
- Certain other specific situations of covert surveillance that is not directed surveillance or Covert Human Intelligence Source (CHIS) – such as covert recording of noise where the recording is of decibels only or non-verbal noise (such as machinery, music or an alarm).

Communication Data

Acquisition of Communications data is the ‘who’, ‘when’, ‘where’ and “how” of a communication, but not the ‘what’ (i.e. the content of what was said or written).

Under IPA a local authority can only obtain authorisation for less intrusive types of communications data acquisition, called Entity Data, to investigate ‘applicable crime’. Under no circumstances can local authorities be authorised to obtain traffic data under IPA.

Local authorities are not permitted to intercept the content of any person’s communications and it is an offence to do so without lawful authority.

For access to communication data, a Single Point of Contact (SPoC) is required to undertake the practical facilitation with the communications service provider (CSP) in order to obtain the data requested. The SPoC must have received training specifically to facilitate lawful acquisition of communications data and effective co-operation between the local authority and CSP. The SPoC does not need to be an officer of the authority, the National Anti-Fraud Network provides a SPoC service to local authorities and BCP have access to this on-line service.

Approval of the on-line application by an Authorising Officer under this Policy is required before a request is progressed (see Appendix E for process to follow). Approval for the acquisition of communications data must then be granted by the Office for Communications Data Authorisations (OCDA) but NAFN will arrange that. NAFN will also report statistics on the use of IPA powers to the regulator IPCO.

Social Networking Sites

The Internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered. Where a person acting on behalf of the local authority is intending to engage with others online without disclosing their identity a CHIS authorisation may be needed.

In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where reasonable steps are taken to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not be required.

Depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as an investigation. This is regardless of whether the individual has sought to protect such information by restricting its access by activating privacy settings.

Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy.

Simple reconnaissance of such sites is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where information is systematically collected or recorded about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.

CCTV

If CCTV is accompanied by clear signage, then the monitoring will be overt. If it is intended to use CCTV for covert monitoring, for example by using either hidden cameras or without any signs warning that CCTV is in operation then RIPA authorisation is likely to be required.

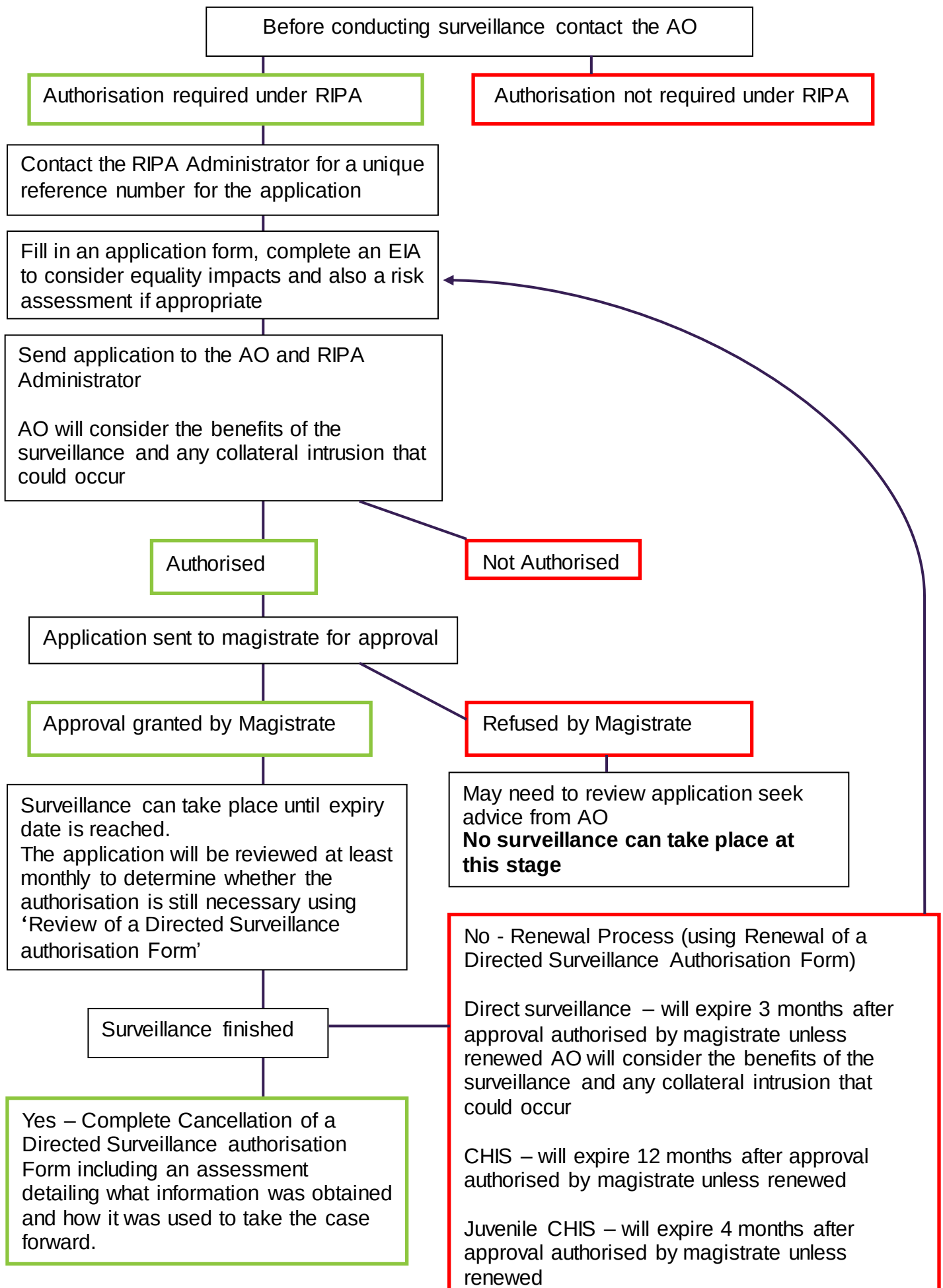
If a law enforcement agency wishes to use BCP Council CCTV for directed surveillance then they must provide the authorisation (redacted if necessary) and only utilise the CCTV equipment in accordance with that authorisation.

Use of Technology

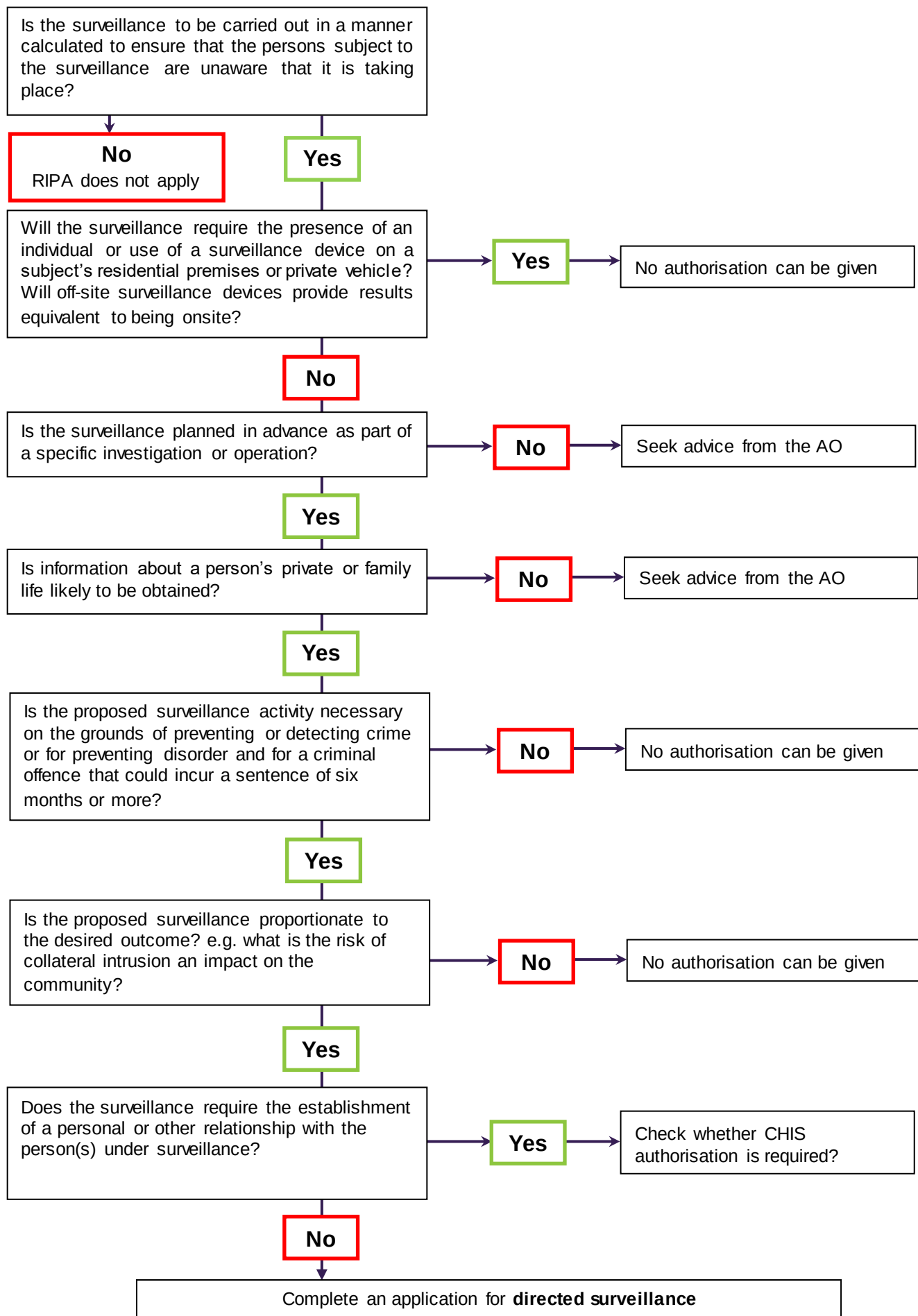
Whilst advances in technology, including artificial intelligence, offer significant benefits in enhancing surveillance capabilities, it also introduces challenges that need careful management to protect privacy and ensure ethical use.

The safeguards that should be considered when using artificial intelligence in surveillance include; ensure transparency where applicable; ensure system is free from biases; only use where necessary; keep human oversight; protect individual's data with strong security measures; and consider potential impact on civil liberties and human rights.

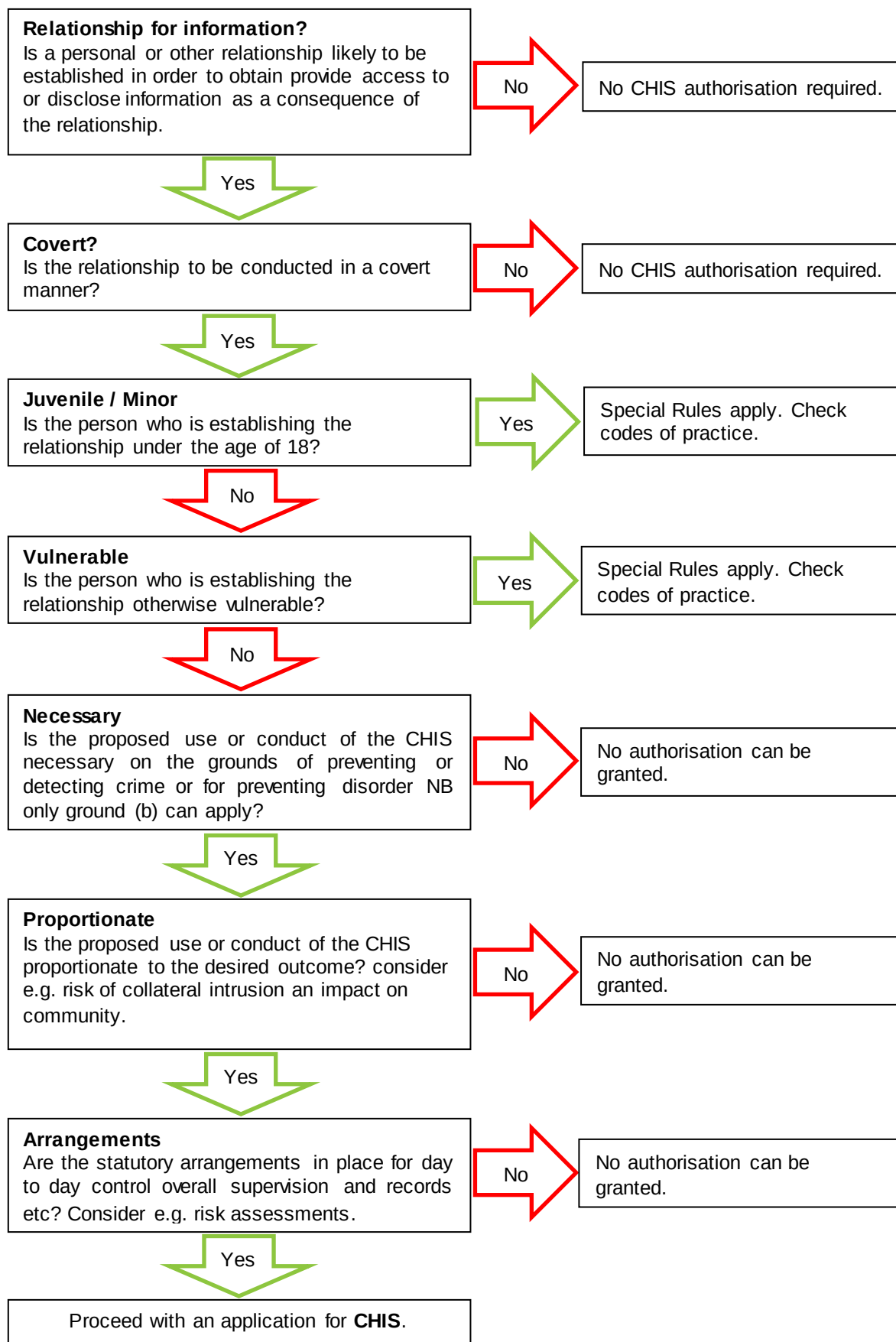
APPENDIX B - RIPA Authorisation Process



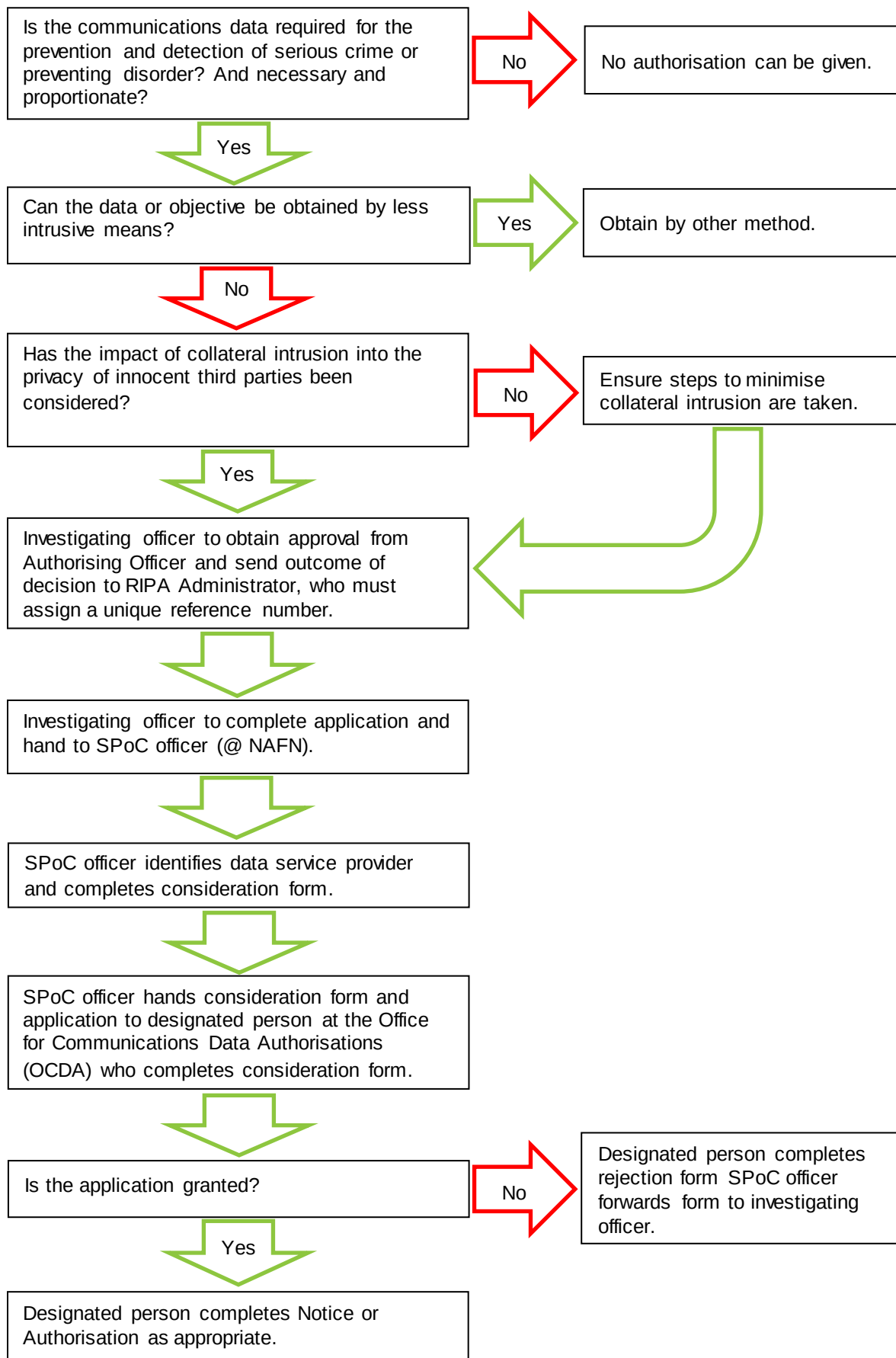
APPENDIX C – Does RIPA apply? Directed Surveillance Flowchart



APPENDIX D - Covert Human Intelligence Source Flowchart



APPENDIX E - Accessing Communications Data Flowchart



Note: If at any time during the process, the data is no longer required for any reason. The SPoC officer should be informed and the Designated Person will complete the relevant cancellation notice which is forwarded to the Data service Provider

APPENDIX F – Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	BCP Council Regulation of Investigatory Powers Act (RIPA) and Investigatory Powers Act (IPA) Policy
What changes are being made to the policy/service?	Annual policy refresh including updating links to relevant council strategies and policies.
Service Unit:	Law and Governance
Persons present in the conversation and their role/experience in the service:	Chief Internal Auditor Service Equality Champion
Conversation dates:	26/01/2026
Do you know your current or potential client base? Who are the key stakeholders?	The client base is anyone the authority may choose to conduct covert surveillance about. This could, therefore, apply to any resident or staff member of BCP. BCP Council has not conducted covert surveillance under RIPA since its creation (1/4/2019), and the predecessor authorities had not for a number of years prior to that.
Do different groups have different needs or experiences in relation to the policy/service?	BCP Council's aim is that no resident or staff member should have a different experience of the policy because of any protected characteristic. The policy requires an equality impact assessment to be carried out prior to application so a detailed assessment can be made based on the circumstances to ensure any equality implications are taken into consideration.
Will the policy or service change affect any of these service users?	The policy will ensure that there is a rigorous procedure in place for dealing with requests to conduct covert surveillance and ensure uniformity of process.
What are the benefits or positive impacts of the policy/service change on current or potential service users?	Surveillance plays a necessary part in modern life. It is used not just in the targeting of criminals, but also as a means of protecting the public from harm and preventing crime. The policy implements legal requirements approved by Parliament and is designed to safeguard the human rights of individuals. The policy operates in a neutral way in respect of individuals. To ensure this, the policy asks to applicants to consider the equality impacts of covert surveillance for each individual application.
What are the negative impacts of the policy/service change on current or potential service users?	None
Will the policy or service change affect employees?	Yes, it impacts staff as it sets out the legal parameters within which staff may employ covert surveillance techniques and also how the authority may legally use covert surveillance to monitor staff.
Will the policy or service change affect the wider community?	Yes, the policy will confirm a lawful approach to establishing covert surveillance for the whole community.
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	None required at this stage

Summary of Equality Implications:	The policy notes that any use of activities under RIPA will be as a last resort and council policy is not to undertake such activities unless absolutely necessary. In the few circumstances where the council may use this policy it ensures that any covert surveillance is conducted within the parameters set out by Parliament and, therefore, protects human rights. This policy ensures that an equitable approach is taken towards individuals and requires that assessments are made of the equality impact when authorisations are requested. No equalities implications have been identified as a result of the changes to this policy this financial year.

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