



DRAFT
Annual
Financial
Report
2023/2024



NEW FOREST DISTRICT COUNCIL
ANNUAL FINANCIAL REPORT - YEAR ENDED 31 MARCH 2024

CHAIRMAN OF THE COUNCIL
Councillor D Hawkins

LEADER OF THE COUNCIL
Councillor J Cleary

CHIEF EXECUTIVE Mrs K Ryan

CHIEF FINANCE OFFICER (s151) Mr A Bethune

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STATEMENT OF RESPONSIBILITIES

1. The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Responsible Financial (s151) Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

I confirm that these accounts were approved by Members of the Audit Committee at the meeting held on 31 May 2024 with formal approval by the Chairman on TBC.

**Cllr A Alvey
Chairman of the Audit Committee**

Date TBC

2. The Responsible Financial (s151) Officer's Responsibilities

The Responsible Financial (s151) Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this statement of accounts, the Responsible Financial (s151) Officer has:

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

The Responsible Financial (s151) Officer has also:

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

I certify that the statement of accounts presents a true and fair view of the financial position of New Forest District Council at 31 March 2024 and the income and expenditure for that year ended.

**Mr A Bethune FCCA
Chief Finance Officer (s151)**

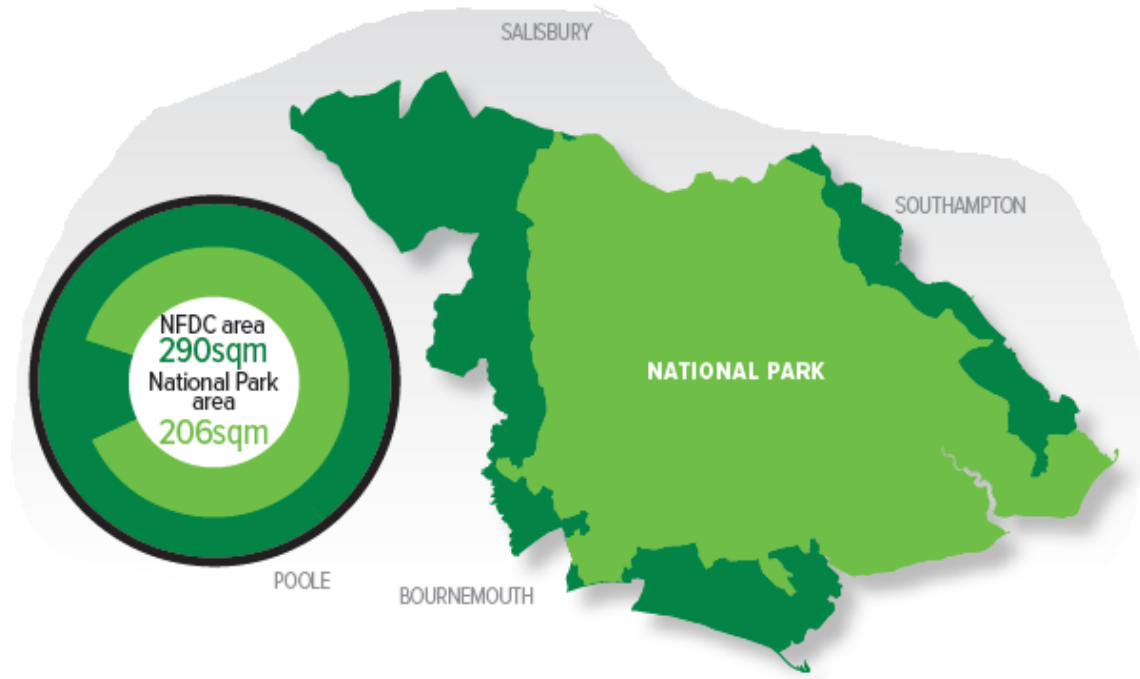
Date TBC

NARRATIVE STATEMENT

1. Foreword from the Council's Responsible Financial Officer

The New Forest

The local government administrative area of New Forest District Council (290 square miles) includes the New Forest National Park (206 square miles).



Within the district there are 145 square miles of Crown land, managed by Forestry England. The district is one of the most populated in England (circa 180,000) not to be a unitary authority and within its boundaries there are 37 active Town and Parish Councils. Hampshire County Council is responsible for upper tier services.

The New Forest is home to the fourth largest economy in the Hampshire County Council. In 2020, the New Forest economy generated some £4.4 billion in Gross Value Added. The New Forest has 9,110 businesses, 13% of all businesses in Hampshire. 89% of these businesses are micro in size employing fewer than 10 people. Just over two thirds of the New Forest's businesses (68%) are broadly located in urban areas and close to one third in rural areas (32%). Leisure, tourism and marine along with their associated supply chains are significant employment and economic sectors within the district. The concentration of manufacturing in the New Forest is above the national average with the construction sector also significant across the district.

Average earnings for New Forest residents are lower than the median for the South East. This, and the high average house price, results in significant cross commuting between those who work in the forest but cannot afford to live there, and those who can afford to live within the district but work elsewhere.

NARRATIVE STATEMENT

The district council is located between the two major conurbations of Southampton and Bournemouth. Sites on the New Forest Waterside are key contributors to the successful delivery of the Solent Freeport which is intended to unlock billions of pounds of investment, create thousands of jobs and will secure the future of the Port of Southampton as a globally important trading hub. The district council has remained engaged in the activity of the Freeport throughout 2023/24, with regular attendance at Solent Freeport Board meetings and sub-committees.

Housing, and particularly affordable housing, for local people is a particular issue in the district. The District Council manages its own housing stock (over 5,000 properties) and the Council's allocation policy manages the waiting list to ensure those in the greatest need have the best chance of securing a Council owned property.

Corporate Plan and Council Priorities

The Council is led by 48 Councillors and elections took place in May 2023. The current Political make-up of the Council is: 26 Conservative, 14 Liberal Democrats, a new Independent group of 4, a Green Group of 3 and a single Labour councillor.

Community Matters, the Council's Corporate Plan for 2020-2024, focuses on the challenges faced and the plans to address them. It recognises the ongoing financial constraints, whilst building on the strong financial position created and sets priorities that matter to the people of the district to deliver a prosperous New Forest and put the community first.

The plan's vision is to secure a vibrant and prosperous New Forest, guided by the people we serve and working in partnership with others to enhance the quality of lives for all by:

- Understanding local needs and creating a balanced, healthy community who feel safe, supported and have access to services;
- Protecting the special character of the New Forest and responding pro-actively to environmental challenges; and
- Working with others to maintain a vibrant local economy that brings opportunities to the area.

Key achievements realised during 2023/24 against the Portfolios are outlined in the Annual Performance Report, to be reported to Cabinet in Summer 2024.

During 2023/24 work commenced on the new Corporate Plan to cover the period 2024-2028. The new plan was adopted by the Council in April 2024, and future performance reporting will be aligned to the priorities as outlined within it.

A significant undertaking throughout 2023/24 has been the continued work on the roll-out of the adopted Waste Strategy. The Council's Garden Waste service was updated during the year, with new software supporting a new wheeled bin service, replacing a heavily manual bag-based system. Uptake for the new service has been strong. In support of the next phase of the waste strategy roll-out, conversations have been on-going across the County in attempting to rationalise the whole service cost, from collection through to disposal. The Council's project to develop a new depot facility at Hardley commenced, with construction well underway at the yearend point.

NARRATIVE STATEMENT

Future Financial Outlook

The Council continues to deliver essential front-line services to the circa 180,000 residents of the New Forest, despite significant funding reductions from Central Government since austerity measures were introduced, now over 14 years ago. Significant efficiencies have been realised over the period and income generation has increased. This Council has an excellent track record of delivering the same, or in some instances improved services, at a lower overall cost.

The Council is also working on the delivery of an adopted Housing Strategy, in which the Council has targeted the ownership of 600 additional homes by 2026 and is prepared to spend circa £100 million over this period in delivering this target. External Borrowing was arranged during 2023/24 to help support the financing of this significant capital programme.

The Council has a well-established Housing Revenue Account, which is well placed to support and manage additional stock numbers. As the largest registered provider of social housing in the district, the Council recognises it has an important role to play in the delivery of new affordable homes to those wanting to work and live in the New Forest.

The latest Medium Term Financial Plan, that accompanied the setting of the 2024/25 budget, highlighted the likely impact that the Fair Funding Review and the potential that a 'hard' Business Rates reset will have on the Council's finances. Despite this, the plan outlined options to address the funding gap and demonstrate the ability to set a balanced budget through to 2027/28. Options include efficiency savings (to be borne from the Council's Transformation Strategy), income growth through yield, the generation of new additional income through the Commercial and Residential Property Strategies and Council Tax increases.

Group Accounts

The Council prepares Group Accounts reflecting the Wholly Owned Group of 'Appletree Property' companies. It consists of Appletree Holdings Limited and two subsidiaries. Appletree Property Lettings Ltd concerns itself with the acquisition and letting of open market properties, and is an activity aligned to the Council's General Fund as opposed to the Housing Revenue Account. The activity aims to support the private rented sector; and enables the Council to provide rental properties at all tenures, considering affordable and social rents are also offered through the Housing Revenue Account. Appletree Residential Developments Limited is a dormant company. An annual report is presented to the Council's Resources and Transformation Overview and Scrutiny Panel on the activity of the Group of Companies.

Climate and Nature Emergency

During 2021/22, the Council declared a Climate and Nature Emergency. A Climate Action Manager was recruited in 2022, and subsequently an initial action plan drawn up and adopted. The Council's budget includes £750,000 over 3 years to promote activity in this area.

NARRATIVE STATEMENT

Utility and Cost of Living Crisis

In reflection of continued high utility costs, utility budgets for 2023/24 were uplifted, with spend for the year being managed within those increased budgets. The Council was also able to support its Leisure Operator as a result of exceptionally and unforeseen high utility costs.

The Council's internal 'Cost of Living' group met regularly throughout 2023/24 and an action plan was presented to the Housing & Communities Overview and Scrutiny panel in March 2024.

2. The Statement of Accounts

The accounts comprise the following statements:

- **Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing General Fund and Housing Revenue Account services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and housing rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation and rents position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

**Expenditure and Funding Analysis
(supporting note to the Comprehensive Income and Expenditure Statement)**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- **Movement in Reserves Statement**

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and that statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

NARRATIVE STATEMENT

- **Balance Sheet**

This statement shows the value, as at the Balance Sheet date, of the Council's recognised assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Council may use to provide services, subject to any statutory limitations and the need to maintain prudent reserve levels. The second category is reserves that the Council cannot use to provide services. This category includes reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

- **Cash Flow Statement**

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

- **Housing Revenue Account (HRA) Income and Expenditure Statement**

This statement shows the economic cost in the year of providing Council Housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents. The Council charges rents to cover net expenditure incurred in accordance with regulations, which is different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the HRA section of the Movement in Reserves Statement.

- **Collection Fund**

This is an agent's statement that reflects the statutory obligation of the Council, as a billing Authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution of the income to local authorities and the Government. While there is only one Collection Fund, separate statements are shown for council tax and non-domestic rates, due to the complexity of non-domestic rates transactions under the Retention Scheme that was introduced in 2013/14.

NARRATIVE STATEMENT

3. Financial Performance during the Year

As at 31 March 2024 the Council had net assets of £419 million.

The majority of this net worth is within Council Dwellings, valued at £426 million, offset with a debt liability of £124 million. Operational Land and Buildings total £74 million, Investment Properties £30 million and other long-term assets and investments total £31 million. Cash and short-term investments total £23 million. The Council has a net pension liability of £19.626 million. This is explained in more detail in section 4 of this narrative statement.

Usable reserves total £52 million (a reduction of £1 million from 2022/23), with £4 million of the total being earmarked to support the visible delivery of the General Fund (£3 million) and Housing Revenue Account (£1 million).

- **General Fund**

This section provides a summary of General Fund performance for the year in a simplified format that is consistent with the Council's published revenue budget and in a format used for operational budget monitoring throughout the year. All actual figures are included within the Comprehensive Income and Expenditure Statement.

The 2023/24 original net budget requirement for the General Fund was £22.468 million, an increase of £1.794 million from 2022/23. The Council's budget anticipated being funded £14.3 million from Council Tax (including a £5 increase) and £7.3 million from retained business rates.

Net income and expenditure variations in services during the year were £24,000 (£1.598 million net underspend in services offset by direct transfers to reserves of £1.621 million). In addition, additional interest earnings of £2.132 million, a VAT refund of £668,000 and additional business rates income of £702,000 enabled financing of capital to be increased by £961,000, £1.5 million to be transferred to a new Corporate Priorities Reserve, the Treasury Management Reserve to be increased by £262,000 and £765,000 to be transferred to the Capital Programme Reserve.

NARRATIVE STATEMENT

	Original Budget	Actual	Variation
	£000	£000	£000
Net Service Expenditure	21,029	19,431	(1,598)
VAT Refund (Net of Assessment)	0	(668)	(668)
Revenue Financing of Capital	2,576	3,537	961
Interest Earnings (Net)	(837)	(2,969)	(2,132)
Other Unringfenced Government Grants	(16)	(25)	(9)
Net Budget Requirement	22,752	19,306	(3,446)
Transfer to/(from) Earmarked Revenue Reserves	(284)	3,099	3,383
Transfer to/(from) Capital Programme Reserve	0	765	765
Contributions to/(from) Reserves	(284)	3,863	4,147
General Fund Budget	22,468	23,170	702
Council Taxpayers	(14,020)	(14,020)	0
Council Tax Support Grants	(854)	(854)	0
Collection Fund from previous years - Council Tax	(262)	(262)	0
Non-Domestic Rates Redistribution	(7,722)	(7,665)	57
Collection Fund from previous years - Business Rates	390	390	0
Transfer to/(from) Business Rates Equalisation Reserve	0	(759)	(759)
(Increase)/Decrease in General Fund Balance	0	(0)	(0)

- **Housing Revenue Account**

The Housing Revenue account deficit for 2023/24 was £528,000 compared with an originally budgeted deficit of £150,000. Income was £358,000 higher than originally budgeted and supervision and management costs £500,000 lower than estimate. The net savings were offset by increased levels of expenditure on Repairs and Maintenance of £310,000, additional Capital Financing costs of £229,000 and Other Expenditure £205,000, in the main due to increased provisions for rent arrears. The balance on the account on 31 March 2024 was £1 million, after allowing for additional Revenue Financing of Capital (Depreciation) costs of £492,000 and the transfer of £528,000 from earmarked reserves. The budget for 2024/25 anticipates a break-even position.

	Original Budget	Actual	Variation
	£000	£000	£000
Income	(32,553)	(32,911)	(358)
Expenditure:			
Repairs and Maintenance	6,096	6,406	310
Supervision and Management	9,121	8,621	(500)
Capital Financing Costs	7,547	7,776	229
Other Expenditure	239	444	205
	(9,550)	(9,664)	(114)
Revenue Financing of Capital	9,700	10,192	492
(Surplus)/Deficit	150	528	378
Transfer to/(from) Earmarked Revenue Reserves	(150)	(528)	(378)
(Increase)/Decrease in Housing Revenue Account Balance	(0)	0	0

NARRATIVE STATEMENT

4. Pension Liability

The Council's Balance Sheet shows a net pension liability of £19.626 million, a reduction of £1.536 million from 31 March 2023. The reduction has arisen following the triennial review in 2022, an increase in the discount factor and a reduction in CPI assumption used, all of which have reduced the liabilities significantly. Whilst the deficit has a substantial impact on the net worth of the Council, as recorded in the Balance Sheet, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy, as the deficit on the scheme will be made good by increased contributions over the working lives of employees.

5. Long Term Asset Impairments/Revaluations

In 2023/24 net increases in asset values credited to the Income and Expenditure Statement were £6.721 million and transfers from revaluation reserve were £353,000. These were offset by capital expenditure not enhancing value of £20.434 million, to arrive at a net impairment of £13.360 million. This compares with a net impairment of £7.198 million in 2022/23. These items are reflected in the Net Cost of Services. In addition, a net £32.626 million was credited to the Revaluation Reserve (£34.359 million in 2022/23).

	2022/23 £000	2023/24 £000
Income and Expenditure Statement / Capital Adjustment Account		
Revaluation Increases	(11,095)	(11,168)
Revaluation Decreases	1,427	4,447
Net Revaluation (Increases)/Decreases	(9,668)	(6,721)
Transfer to/(from) Revaluation Reserve	0	(353)
Capital Expenditure not enhancing asset value	16,866	20,434
Total Income and Expenditure Statement Impairments	7,198	13,360
Revaluation Reserve		
Revaluation Increases	(35,498)	(680)
Revaluation Decreases	1,139	32,953
Transfer to/(from) Capital Adjustment Account	0	353
Total Revaluation Reserve	(34,359)	32,626
Total Impairments/Revaluations	(27,161)	45,986

NARRATIVE STATEMENT

6. Capital Expenditure

The level of approved capital expenditure is reviewed regularly throughout the year, to ensure that it is achievable within the estimated resources available. The original Capital Programme for 2023/24 (including the gross value of the Coastal Regional Monitoring Programme) was £42.641 million. This was initially supplemented by rephasings of £1.128 million from 2022/23. A review of the programme during the year, as reported through Financial Monitoring, reduced the approved budget to £41.902 million. Actual expenditure of £34.542 million was £7.360 million less than the last approved budget, including £4.692 million of schemes rephased into future years.

	Original Budget	Expenditure	Variance
	£000	£000	£000
Housing Revenue Account			
Major Repairs	11,260	11,259	(1)
Public Sector Disabled Adaptations	950	1,034	84
Acquisition and Development Programme	15,200	13,979	(1,221)
Environmental Enhancements	200	110	(90)
	27,610	26,382	(1,228)
Community Safety and Wellbeing			
Health and Leisure Centres	0	146	146
	0	146	146
Environment and Sustainability			
Coast Protection*	2,751	1,854	(897)
Waste Strategy Container Rollout	592	529	(63)
Public Conveniences	519	621	102
Sustainability Fund	250	0	(250)
Cemeteries	0	7	7
	4,112	3,011	(1,101)
Finance and Corporate			
Depots	4,875	1,729	(3,146)
Commercial Property Investment	250	115	(135)
Vehicles, Plant and Equipment	3,212	506	(2,706)
	8,337	2,350	(5,987)
Housing and Homelessness			
Private Sector Disabled Adaptations/Home Repair Loans	1,300	1,341	41
	1,300	1,341	41
Leader			
Rural England Prosperity Fund	240	9	(231)
UK Shared Prosperity Fund	42	34	(8)
	282	43	(239)
Planning and Economy			
Open Space	202	277	75
Mitigation Schemes	798	992	194
	1,000	1,269	269
	42,641	34,542	(8,099)
Less:			
Coastal Regional Monitoring Programme*	(2,484)	(1,674)	810
	40,157	32,868	(7,289)

NARRATIVE STATEMENT

The actual expenditure was financed by:

	£000	%
Capital Reserve	2,333	7.10
Revenue Contributions to Capital	1,807	5.50
Loan - General	8,652	26.32
Capital Receipts	3,000	9.13
Grant	5,615	17.08
Developers' Contributions	1,012	3.08
Community Infrastructure Levy	257	0.78
Other (HRA Repairs and Maintenance)	10,192	31.01
	32,868	100.00

7. Funding of Future Capital Expenditure

The level of capital expenditure is reviewed and approved annually through the Capital Strategy, in accordance with the estimated resources available.

As at 31 March 2024 the Council had useable reserves/receipts of £36.819 million for capital expenditure purposes (Housing Acquisitions and Development Reserve £5.317 million, Capital Programme Reserve £10.573 million, Developers' Contributions and Community Infrastructure Levy £12.384 million, Capital Grants Unapplied £2.498 million and Capital Receipts Reserve £6.047 million). These reserves may be supplemented by loans raised under Prudential Borrowing, grants, new capital receipts and contributions from the revenue accounts.

The approved original capital expenditure budget for 2024/25 is £48.959 million, including £32.380 million of schemes to be funded from Housing Revenue Account resources. The estimated total resources for 2024/25 will be sufficient to finance the Council's planned expenditure.

In February 2017, the Council approved a strategy to invest in commercial property. The strategy set out a £30 million fund and an intention to invest within the District for the purpose of economic redevelopment, support and regeneration, and income generation. Following a number of successful acquisitions and the development of the Platinum Jubilee Business Park, the level of approved investment was increased by £20 million, to £50 million, in December 2022. No acquisition or development activity was undertaken during 2023/24. In December 2017, the Council also approved a strategy to invest up to £10 million in residential property, giving it the opportunity to become a private sector landlord with the benefit of a proven track record in rental property management. The financing of the future capital expenditure in relation to the roll-out of both investment strategies will be an appropriate mix of use of capital reserves, internal and prudential borrowing.

NARRATIVE STATEMENT

8. Current Economic Climate / Future Service Delivery

The Council's General Fund balance reserve as shown within these 2023/24 accounts and as included in the setting of the 2024/25 budget is £3 million and is available to support the budget and delivery of services in any given year. Other General Fund earmarked reserves total £21.973 million. The Housing Acquisitions and Development Reserve balance is £5.317million and the Housing Revenue Account balance is £1 million. In addition, the Housing Revenue Account ICT reserve is £185,000 as at 31 March 2024.

The Council's Medium Term Financial Plan as adopted in February 2024 included a forecast on the latest expectations with regards to Retained Business Rate income, pay and price expenditure pressures, and laid out areas of work underway that would make a significant contribution towards achieving a balanced budget over the Medium Term.

Pay award pressures will continue into 2024/25 as the government continues to want to increase the National Living Wage. A base assumption of a percentage uplift was included in the detailed budget planning for 2024/25, and a separate pay award contingency figure allowed for in addition. The National Joint Council's current offer falls inside the Council's budgeted pay award allowance.

In February 2021, the Council made a decision to contract a partner to operate and maintain the District Council's five Leisure Centres to commence on 1 July 2021 for an 11 year period with an option to extend for a further 4 years.

9. National Non-Domestic Rates (Business Rates)

During 2022/23 and 2023/24 the Government granted business rates relief to retail, hospitality and leisure services and compensated Councils for these reliefs with additional Section 31 grant.

The legislation that governs Collection Fund accounting means that these reliefs result in a deficit in the Collection Fund in the year, which will not be charged to the Council's General Fund until the following year. The additional S31 grant is credited to the Council's General Fund in the year that it is received, resulting in an inflated year end General Fund position.

The reliefs are shown as a deficit within the Collection Fund Adjustment Account. £1.750 million was transferred from the Business Rates Reserve in 2023/24 for the impact from 2022/23; and £990,000 was transferred into the Reserve in 2023/24 to cover the impact on the General Fund in 2024/25.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated 2022/23				2023/24			
Gross Expend £000	Gross Income £000	Net Expend £000		Note	Gross Expend £000	Gross Income £000	Net Expend £000
10,095	(3,029)	7,066	Community Safety and Wellbeing		6,151	(2,823)	3,328
18,046	(7,490)	10,556	Environment and Sustainability		17,415	(7,970)	9,445
35,602	(30,437)	5,165	Finance and Corporate		34,183	(29,873)	4,310
10,138	(6,354)	3,784	Housing and Homelessness		9,121	(6,956)	2,165
698	(135)	563	Leader		1,427	(360)	1,067
6,196	(2,006)	4,190	Planning and Economy		5,502	(1,814)	3,688
80,775	(49,451)	31,324	General Fund		73,799	(49,796)	24,003
29,402	(29,863)	(461)	Housing Revenue Account		38,381	(32,286)	6,095
110,177	(79,314)	30,863	Cost of Services		112,180	(82,082)	30,098
			Other Operating Expenditure				
6,987			Town and Parish Council Precepts		7,548		
	(2,078)		(Gains)/Losses on the disposal of Non-Current Assets			(1,523)	
	0		VAT Assessment / (Refund)			(668)	
		4,909	Total Other Operating Expenditure				5,357
			Financing and Investment Income and Expenditure				
			Interest Payable and Similar Charges:				
10			- General Fund		4		
4,099			- HRA		4,731		
	(3)		Expected Credit (Gain)/Loss on Investments		0		
1,768			Changes in the fair value of Investments		321	(90)	
	(1,867)		Other Investment Income			(3,585)	
2,221			Net interest on the net defined benefit liability/(asset)	35	1,001		
	(413)		Income, expenditure and changes in the fair value of Investment Properties	10		(716)	
		5,815	Total Financing and Investment Income and Expenditure				1,666
			Taxation and Non-Specific Grant Income				
	(20,678)		Council Tax Income (incl. Parish precepts)			(21,693)	
	(5,802)		Non-Domestic Rates Income and Expenditure	37		(8,034)	
	(833)		Unringfenced Government Grants	37		(879)	
	(5,765)		Capital Grants and Contributions	37		(4,946)	
		(33,078)	Total Taxation and Non-Specific Grant Income				(35,552)
125,262	(116,753)	8,509	(Surplus)/Deficit on the Provision of Services	5	125,785	(124,216)	1,569
	(34,358)		(Surplus)/Deficit arising from the revaluation of Property, Plant and Equipment Assets			32,626	
	(73,466)		Re-measurement of the defined benefit liability/(asset)	35		(3,109)	
		(107,824)	Other Comprehensive Income and Expenditure				29,517
		(99,315)	Total Comprehensive Income and Expenditure				31,086

The Council adopted a new Portfolio structure in 2023/24, therefore the 2022/23 prior year comparators have been restated.

Mr A Bethune FCCA – Chief Finance Officer (S151)

Date TBC

EXPENDITURE AND FUNDING ANALYSIS
(supporting note to the Comprehensive Income and Expenditure Statement)

	Income and Expenditure chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure for the equivalent amounts in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
2023/24:			
Community Safety and Wellbeing	3,093	235	3,328
Environment and Sustainability	8,128	1,317	9,445
Finance and Corporate	4,222	88	4,310
Housing and Homelessness	2,150	15	2,165
Leader	1,005	62	1,067
Planning and Economy	3,573	115	3,688
General Fund	22,171	1,832	24,003
Housing Revenue Account	(6,605)	12,700	6,095
Cost of Services	15,566	14,532	30,098
Total Other Operating Expenditure	6,880	(1,523)	5,357
Total Financing and Investment Income and Expenditure	(42)	1,708	1,666
Total Taxation and Non-Specific Grant Income	(30,606)	(4,946)	(35,552)
(Surplus)/Deficit on the Provision of Services	(8,202)	9,771	1,569
Other Comprehensive Income and Expenditure	7,958	21,559	29,517
Total Comprehensive Income and Expenditure	(244)	31,330	31,086
Opening General Fund and HRA Balances	(4,000)		
Less Deficit/(Surplus) on General Fund and HRA in Year	(244)		
Transfer to/ (from) Earmarked Reserves	244		
Closing General Fund and HRA Balances	(4,000)		
Restated 2022/23:			
Community Safety and Wellbeing	3,135	3,931	7,066
Environment and Sustainability	7,852	2,704	10,556
Finance and Corporate	3,868	1,297	5,165
Housing and Homelessness	3,045	739	3,784
Leader	460	103	563
Planning and Economy	2,754	1,436	4,190
General Fund	21,114	10,210	31,324
Housing Revenue Account	(6,048)	5,587	(461)
Cost of Services	15,066	15,797	30,863
Total Other Operating Expenditure	6,987	(2,078)	4,909
Total Financing and Investment Income and Expenditure	1,287	4,528	5,815
Total Taxation and Non-Specific Grant Income	(27,314)	(5,764)	(33,078)
(Surplus)/Deficit on the Provision of Services	(3,974)	12,483	8,509
Other Comprehensive Income and Expenditure	14,365	(122,187)	(107,824)
Total Comprehensive Income and Expenditure	10,391	(109,704)	(99,315)
Opening General Fund and HRA Balances	(4,000)		
Less Deficit/(Surplus) on General Fund and HRA in Year	10,391		
Transfer to/ (from) Earmarked Reserves	(10,391)		
Closing General Fund and HRA Balances	(4,000)		

See Note 5 for further analysis. The Council adopted a new Portfolio structure in 2023/24, therefore the 2022/23 prior year comparators have been restated.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund / HRA Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy Unapplied	Developers' Contributions Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000		£000	£000	£000	
Balance at 31 March 2022	(3,000)	(37,068)	(1,000)	(5,895)	(2,001)	(7,023)	(4,790)	(60,777)	(290,187)	(350,964)
Movement in reserves during 2022/23										
(Surplus)/deficit on the provision of services	9,033	0	(524)	0	0	0	0	8,509	0	8,509
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	(107,824)	(107,824)
Total Comprehensive Income and Expenditure	9,033	0	(524)	0	0	0	0	8,509	(107,824)	(99,315)
Adjustments between accounting basis and funding basis under regulations (note 7)	(2,117)	0	3,999	(291)	(943)	(1,447)	547	(252)	252	0
Net (Increase)/Decrease Before Transfers to Earmarked Reserves	6,916	0	3,475	(291)	(943)	(1,447)	547	8,257	(107,572)	(99,315)
Transfers to/(from) earmarked reserves (note 8)	(6,916)	9,953	(3,475)	0	0	438	0	0	0	0
(Increase) / Decrease in Year	0	9,953	0	(291)	(943)	(1,009)	547	8,257	(107,572)	(99,315)
Balance at 31 March 2023	(3,000)	(27,115)	(1,000)	(6,186)	(2,944)	(8,032)	(4,243)	(52,520)	(397,759)	(450,279)
Movement in reserves during 2023/24										
(Surplus)/deficit on the provision of services	(4,092)	0	5,661	0	0	0	0	1,569	0	1,569
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	29,517	29,517
Total Comprehensive Income and Expenditure	(4,092)	0	5,661	0	0	0	0	1,569	29,517	31,086
Adjustments between accounting basis and funding basis under regulations (note 7)	983	0	(2,801)	139	446	(606)	746	(1,093)	1,093	0
Net (Increase)/Decrease Before Transfers to Earmarked Reserves	(3,109)	0	2,860	139	446	(606)	746	476	30,610	31,086
Transfers to/(from) earmarked reserves (note 8)	3,109	(360)	(2,860)	0	0	111	0	0	0	0
(Increase) / Decrease in Year	0	(360)	0	139	446	(495)	746	476	30,610	31,086
Balance at 31 March 2024	(3,000)	(27,475)	(1,000)	(6,047)	(2,498)	(8,527)	(3,497)	(52,044)	(367,149)	(419,193)

BALANCE SHEET AS AT 31 MARCH

2022/23			Notes	2023/24	
£000	£000			£000	£000
		Long-Term Assets			
		Property, Plant and Equipment:			
455,835		Council Dwellings	9	426,440	
74,822		Other Land and Buildings	9	73,728	
5,286		Vehicles, Plant and Equipment	9	5,453	
2,509		Infrastructure	9	2,252	
537		Community Assets	9	534	
6,030	545,019	Assets Under Construction	9	8,359	516,766
	30,685	Investment Property	10		30,325
	14,608	Long-Term Investments	11		9,568
	4,615	Long-Term Debtors	12		4,393
	<u>594,927</u>	Total Long-Term Assets			<u>561,052</u>
		Current Assets			
2,988		Short-Term Investments	13	10,106	
353		Inventories		393	
12,214		Short-Term Debtors	14	12,365	
(2,866)		Bad Debt Provision	14	(3,049)	
15,645		Cash and Cash Equivalents	15	12,720	
	<u>28,334</u>	Total Current Assets			<u>32,535</u>
	623,261	Total Assets			593,587
		Current Liabilities			
(4,345)		Short-Term Borrowing	16	(4,155)	
(28,580)		Short-Term Creditors	17	(27,755)	
	<u>(32,925)</u>	Total Current Liabilities			<u>(31,910)</u>
		Long-Term Liabilities			
(114,003)		Long-Term Borrowing	16	(119,904)	
(4,527)		Provisions	18	(2,594)	
(365)		Developers' Contributions - Receipts in Advance		(360)	
(21,162)		Net Pensions Liability	35	(19,626)	
	<u>(140,057)</u>	Total Long-Term Liabilities			<u>(142,484)</u>
	450,279	Net Assets			419,193
		Usable Reserves			
3,000		General Fund Balance		3,000	
27,115		Earmarked Reserves	8	27,475	
1,000		Housing Revenue Account Balance		1,000	
6,186		Capital Receipts Reserve	19	6,047	
2,944		Capital Grants Unapplied	20	2,498	
8,032		Community Infrastructure Levy Unapplied	21	8,527	
4,243	52,520	Developers' Contributions Unapplied	21	3,497	52,044
		Unusable Reserves			
117,425		Revaluation Reserve	22	84,721	
303,314		Capital Adjustment Account	23	303,513	
(378)		Financial Instruments Revaluation Reserve	24	(608)	
503		Deferred Capital Receipts Reserve	25	475	
(21,162)		Pensions Reserve	26	(19,626)	
(1,475)		Collection Fund Adjustment Account	27	(852)	
(468)	397,759	Accumulating Absences Adjustment Account		(474)	367,149
	450,279	Total Reserves			419,193

Mr A Bethune FCCA – Chief Finance Officer (S151)

Date TBC

CASH FLOW STATEMENT

2022/23		Notes	2023/24
£000			£000
8,509	Net (surplus) or deficit on the provision of services		1,569
(13,588)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	28	(24,672)
4,053	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	28	2,803
(1,026)	Net cash flows from Operating Activities		(20,300)
(12,388)	Investing Activities	29	23,908
22,341	Financing Activities	30	(683)
8,927	Net (increase) or decrease in cash and cash equivalents		2,925
(24,572)	Cash and cash equivalents at the beginning of the reporting period		(15,645)
(15,645)	Cash and cash equivalents at the end of the reporting period	15	(12,720)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24 supported by International Financial Reporting Standards (IFRS).

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

ii) Accruals of Income and Expenditure (Debtors and Creditors)

The accounts of the Council are prepared on an accruals basis. This means that the sums due to or from the Council during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question. In particular:

- Income from fees, charges and rents is recognised when the Council provides the relevant goods or services.
- Supplies and services expenditure is recorded as expenditure when the supplies or services are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- 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 or expenditure has 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.

Accruals have been made for all known material revenue and capital debtors and creditors for goods and services supplied by and to the Council during the year.

Exceptions to this policy are housing benefit payments, housing rents, utility costs and similar quarterly payments that are not apportioned when the period of charge does not coincide exactly with the end of the financial year. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

NOTES TO THE ACCOUNTS

iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature or can be called within 24 hours and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The Council will treat the following as cash and cash equivalents:

- Instant Access Call Accounts
- Instant Access Money Market Funds
- Deposits with one day to maturity

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

iv) Changes in Accounting Policies, Material Errors and Changes in Accounting Estimates

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (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 also corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

v) 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 fixed assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. Charges are therefore mitigated by way of an adjusting transaction with the Capital Adjustment Account via the Movement in Reserves Statement. The Council is however required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is calculated on a prudent basis determined by the Council in accordance with statutory guidance.

NOTES TO THE ACCOUNTS

vi) Contingent Assets

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

vii) Contingent Liabilities

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

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

viii) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. flexi time) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that benefits are charged to revenue in the financial year in which the 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 to services on an accruals basis in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage 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, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid or payable to the pension fund and pensioners.

NOTES TO THE ACCOUNTS

Post Employment Benefits

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

Detailed regulations govern rates of contribution and scales of benefits, the latter normally being in the form of a lump sum and annual pension.

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

- * The liabilities of the Hampshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- * Liabilities are discounted to their value at current prices, using a calculated discount rate based on a series of calculations for high quality corporate bonds over a range of periods.
- * The assets of Hampshire pension fund 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 pension liability is analysed into the following components:
- * **Service cost comprising**
 - **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - **Net interest on the net defined benefit liability (asset)** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. It is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

NOTES TO THE ACCOUNTS

Re-measurements comprising

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid or payable to the pension fund and pensioners. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits – The 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 any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix) **Events after the Balance Sheet Date**

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

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

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

x) **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

NOTES TO THE ACCOUNTS

xi) Financial Instruments

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

Financial liabilities are obligations to transfer economic benefits controlled by the Council and can be represented by contractual obligations to deliver cash or financial assets or obligations to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost.

Financial Assets are rights to future economic benefits controlled by the Council that are represented by cash, equity instruments or contractual rights to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council are accounted for under the following classifications:

Amortised Cost – where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows

Fair value through other comprehensive income – where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument and equity investments that the Council has elected into this category

Fair value through profit and loss – all other financial assets

xii) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end they are reconverted at the exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xiii) 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 Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

NOTES TO THE ACCOUNTS

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (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. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv) Heritage Assets

The Council has concluded that obtaining valuations for currently held Heritage Assets would involve a disproportionate cost in comparison to the benefits to the users of Council's financial statements and therefore has not recognised the assets on the Balance Sheet. Should the Council obtain any additional Heritage Assets in the future each asset would be considered for inclusion at the time.

xv) Intangible Assets

The Council accounts for expenditure on Intangible Assets, such as software licences and website development, as revenue expenditure and therefore there is no asset recognition on the Balance Sheet.

xvi) Inventories

Stocks are recorded in the Balance Sheet and charged to services at actual cost and stores items at average cost. This is not materially different from the recommended practice of carrying them at the lower of cost or net realisable value. Care is taken to write out any obsolescent stocks.

xvii) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. 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.

Investment properties under construction are measured at fair value once it is possible to measure reliably the fair value of the investment property and at cost before that date.

NOTES TO THE ACCOUNTS

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 the Capital Receipts Reserve.

xviii) Leases

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.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Where the Council leases a material asset under a finance lease it would be recognised in the accounts as if it were the Council's asset and then treated in the same way as any other Property, Plant and Equipment asset, other than depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period). The Council currently has no such Finance Leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. The rentals receivable are treated partly as capital receipts (for the principal element) and partly as revenue interest income. If not paid in full the balance due is held as a Long-Term Debtor in the Balance Sheet and is written down when payments are received.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service area in the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

xix) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

xx) 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 over a number of years and the cost of the item can be measured reliably. This determination will be made by the Responsible Financial Officer based upon a reasonable and prudent judgement. Leisure and ICT equipment will generally not be capitalised. 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.

A de minimis level is set for operational assets below which expenditure is not capitalised.

<u>Category of Property, Plant and Equipment Assets</u>	<u>De minimis level</u>
Council dwellings	£25,000
Other land and buildings	£10,000
Vehicles, plant and equipment	£10,000
Infrastructure assets	£10,000

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The 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, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

NOTES TO THE ACCOUNTS

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

- Infrastructure, Vehicles, Plant and Equipment, Community Assets and Assets Under Construction – depreciated historical cost.
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains or exceptionally to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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 an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for:

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

NOTES TO THE ACCOUNTS

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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 where the useful life is in excess of 50 years or where assets are 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:

- * Non-HRA dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- * HRA Dwellings – componentisation applied and depreciated according to the average remaining useful life expectancies.
- * vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- * infrastructure – coast protection - straight-line allocation over 20 years.
land drainage and public lighting - straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Depreciation is applied in the year in which the asset is acquired and is charged using the straight-line method.

The Remaining Useful Life of the Council's Non-Current Assets

The Council's Property, Plant and Equipment are depreciated over the remaining useful life of the asset as determined by the Council's valuers. Any land owned by the Council is not deemed to have a finite life and is not depreciated.

Investment assets are not depreciated and have a remaining life of 50 years or more.

The following table indicates the estimated remaining useful life of each type of non-current asset owned by the Council. Each category of asset consists of different assets with varying remaining lives, therefore the table shows the range of asset lives within each category.

NOTES TO THE ACCOUNTS

Type of Asset	Remaining Useful Asset Life at 31 March 2024
Council Dwellings	Up to 60 years
Council Garages	60 years
Depots	60 years
Public Conveniences	Up to 50 years
Offices	60 years
Cemeteries	Indefinite
Health and Leisure Centres	60 years
Equipment	Up to 25 years
Coastal Protection Works	Up to 8 years
Land Drainage Works	Up to 21 years
Public Lighting Works	Up to 19 years
Residential Dwellings	An average of 46 years
Investment Properties	50+ years

xxi) Disposals and Non-Current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the 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 accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. For Council Dwellings sold under the Right to Buy Scheme a proportion of the receipts, net of statutory deductions and allowances) are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then 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 Reserve from the General Fund Balance in the Movement in Reserves Statement.

NOTES TO THE ACCOUNTS

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

xxii) Private Finance Initiative (PFI) and Similar Contracts

The Council has not entered into any PFI schemes or similar contracts.

xxiii) Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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 of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

xxiv) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to show against the Surplus or Deficit on the Provision of Services 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 in order to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant notes.

NOTES TO THE ACCOUNTS

xxv) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the 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 from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxvi) Value Added Tax (VAT)

Income and expenditure in the Statement of Accounts excludes any amounts related to VAT other than any irrecoverable VAT which is charged to the service to which the supply related.

xxvii) Fair Value Measurements

The Council measures some of its non-financial assets, such as surplus assets and investment properties at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability, assuming those market participants were acting in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability

NOTES TO THE ACCOUNTS

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice of Local Authority Accounting in the United Kingdom requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified. In addition, disclosure is required for the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code.

The standards that may be relevant for additional disclosures that will be required in future financial statements in respect of accounting changes that are introduced in the Code are:

- IFRS 16 Leases issued in January 2016, the Council did not voluntarily implement this in 2023/24. Also, amendments to IFRS 16 with regard to sale and leaseback lease liabilities.
- Amendments to IAS 1 Presentation of Financial Statements – providing clarification the difference between current and non-current liabilities and non-current liabilities with covenants.
- Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules relating to multinational groups with a minimum level of turnover.
- Supplier Finance Arrangements, amendments to IAS 7 and IFRS 7, issued in May 2023. This will require additional disclosures about its supplier finance arrangements with regard to cashflows and exposure to liquidity risk.

The impact of these accounting standards has not yet been assessed.

3. JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in this document the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

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

Asset reclassifications – the Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. If the asset is used in the delivery of services or is occupied by third parties, who are subsidised by the Council, they are deemed to be Property, Plant and Equipment assets. If the asset is being held solely for capital appreciation or rental income, there is no subsidy and/or full market rent is being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method to be used.

Lease classifications – the Council has made judgements on whether its lease arrangements are operating leases or finance leases. These judgements are based on a series of tests designed to assess whether the risks and rewards of ownership have been transferred from the lessor to the lessee. The results of the tests are taken “in the round” and a decision has been made. The accounting treatment for operating and finance leases is significantly different (see accounting policy on Leases) and could have a significant effect on the accounts.

NOTES TO THE ACCOUNTS

Contractual arrangements – the Council has made judgements on whether its contractual arrangements contain embedded leases (i.e. arrangements that are not legally leases but take the form of payments in return for the use of specific assets).

Providing for potential liabilities – the Council has made judgements about the likelihood of pending liabilities and whether a provision should be made or whether there is a contingent liability. The judgements are based on the degree of certainty around the results of pending legal actions.

Doubtful debts allowances – the Council has made judgements about the level of doubtful debts allowances that it needs to provide for. These judgements are based on historical experience of debtor defaults adjusted for the current economic climate.

4. UNCERTAINTIES RELATING TO ASSUMPTIONS AND ESTIMATES USED

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions/Estimates
Doubtful Debt Allowances	<p>The Council has made allowances for doubtful debts of £3.049 million in 2023/24 (£2.866 million in 2022/23) based on what it believes to be a prudent but realistic level. The allowances are based on:</p> <p>Council Tax and Non-domestic rate payers – ranges from 5% of debts at bill stage to 50% of debts at Liability Order stage.</p> <p>Sundry Debtors including Overpaid Housing Benefits -100% of debts over 1 year.</p> <p>Housing Rents - Former tenants 95%, current tenants, various percentages ranging from 0% on debts up to £100 and 95% on debts over £1,000.</p>	<p>If debt collection rates were to deteriorate or improve, a 5% change in the allowances would require an adjustment of £152,000 (£143,000 in 2022/23).</p>

NOTES TO THE ACCOUNTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions/Estimates
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions' liability of changes in individual assumptions are detailed in Note 35. During 2023/24, the Council's actuaries advised that the net pension liability had increased by £8.782 million due to estimates being corrected, as a result of experience and reduced by £2.703 million due to updating of the assumptions used in the calculations.
Accumulating Absences	The calculated figure is comprised of annual leave entitlement and flexi/lieu time. The carried forward leave on the system has been used to calculate the accrual for annual leave. The number of days taken in flexi leave/lieu time has been used as the base for calculating the accrual at the end of the relevant year.	The accumulated absences amount recorded for 2023/24 is £474,000. A 5% increase in the accrual would amount to £23,700. This would not impact on the usable reserves of the Council.
Business Rates Appeals Provision	The provision of £2.145 million made by the Council is its 40% share of an overall provision of £5.362 million provision made in the Collection Fund. The overall figure is based on estimated appeals numbers supplied by a national business rates consultancy and adjusted by officer local knowledge.	The Council would be impacted by circa 20% of any under or over provision, but any loss would be restricted to a reduction in resources of £5.112 million before Safety Net Grant arrangements apply.

NOTES TO THE ACCOUNTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions/Estimates
Housing Stock Valuation	<p>The Council adopts the Beacon methodology to annually revalue the Housing stock owned by the Council. The method adopted divides Towns and Parishes across the District into 5 pools, with a single pool being used to inform the Beacon indices each year on a cyclical basis. The pools include Towns and Parishes across the District, rather than being heavily weighted to a specific geographical area. Each year, it is recognised that the Beacon indices may well result in differing valuations when making a comparison against the national house price benchmark.</p>	<p>Over the 5 year period of valuation, the methodology does result in a fair market average valuation being carried in the Council's balance sheet. In any one year however, depending on the pool used to inform the Beacon indices, a variation can occur against the Land Registry house price benchmark. In 2023/24, the NFDC Beacon indices totaled -6.8%, whereas the South East benchmark totaled – 1.3%. The resultant difference in these figures equates to circa £22.729 million.</p>
Property, Plant and Equipment	<p>The Council carries out a rolling programme of valuations for PPE and £467 million of assets were valued in 2023/24</p> <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p>	<p>A 1% change to the PPE valuations made for the year would change the reported value of PPE by £4.67 million.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying value of the asset falls. It is estimated that the annual depreciation charge for PPE would increase by £291,000 if the useful lives were reduced by one year.</p>
Investment Properties	<p>The Council values its investment properties annually and the fair value at 31 March 2024 was £30.3 million.</p>	<p>A 1% change in the valuation of investment properties would change the reported value by £303,000.</p>

NOTES TO THE ACCOUNTS

5. NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and Housing Revenue Account 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.

Adjustments for Capital Purposes

- Depreciation, impairment and revaluation gains/losses on Property, Plant and Equipment and Investment Properties.
- Gains/losses on the Disposal of Non-Current Assets.
- Payments to the Government Housing Capital Receipts Pool.
- Capital grants, income and contributions.
- Provision for the financing of Capital Investment.
- Capital expenditure charged against the General Fund and Housing Revenue Account balances.

Net Change for Pensions Adjustments

- Replacement of employer pension contributions allowed by statute with current and past service costs.
- Net interest on the net defined benefit liability/(asset).
- Re-measurement of the defined benefit liability/(asset).

Other Differences

- Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from the amount calculated for the year in accordance with statutory requirements.
- Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the amount chargeable in the year in accordance with statutory requirements.

The Council adopted a new Portfolio structure in 2023/24, therefore the 2022/23 prior year comparators have been restated.

NOTES TO THE ACCOUNTS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Amounts:

Adjustment between Funding and Accounting Basis				
	Adjustment for Capital Purposes	Net Change for the Pension Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
2023/24:				
Community Safety and Wellbeing	171	69	(5)	235
Environment and Sustainability	1,208	107	2	1,317
Finance and Corporate	24	66	(2)	88
Housing and Homelessness	(48)	60	3	15
Leader	43	14	5	62
Planning and Economy	0	114	1	115
General Fund	1,398	430	4	1,832
Housing Revenue Account	12,556	142	2	12,700
Net Cost of Services	13,954	572	6	14,532
Other Income and Expenditure from the Expenditure and Funding Analysis	19,298	(2,108)	(391)	16,799
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	33,252	(1,536)	(385)	31,331
Restated 2022/23:				
Community Safety and Wellbeing	2,346	1,644	(59)	3,931
Environment and Sustainability	1,399	1,305	0	2,704
Finance and Corporate	492	808	(3)	1,297
Housing and Homelessness	0	739	0	739
Leader	0	103	0	103
Planning and Economy	0	1,440	(4)	1,436
General Fund	4,237	6,039	(66)	10,210
Housing Revenue Account	3,785	1,793	9	5,587
Net Cost of Services	8,022	7,832	(57)	15,797
Other Income and Expenditure from the Expenditure and Funding Analysis	(51,594)	(71,243)	(2,666)	(125,503)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(43,572)	(63,411)	(2,723)	(109,706)

NOTES TO THE ACCOUNTS

Expenditure and Income Analysed by Nature:

2022/23		2023/24
£000	Expenditure	£000
34,034	Employee benefits expenses	29,675
56,747	Other services expenses	54,738
3,139	Support Service recharges	3,104
18,028	Depreciation, amortisation and impairment	24,985
6,327	Interest Payments	5,736
6,987	Precepts and Levies	7,548
0	Payments to Housing Capital Receipts Pool	0
125,262	Total Expenditure	125,786
	Income	
(48,463)	Fees, charges and other service income	(51,730)
(2,078)	Gain on the disposal of assets	(1,523)
(2,283)	Interest and investment income	(4,392)
(20,679)	Income from council tax	(21,693)
(43,250)	Government grants and contributions	(44,879)
(116,753)	Total Income	(124,217)
8,509	(Surplus) or Deficit on the Provision of Services	1,569

Segmental Income:

	Government Grant and Other Income	Fees, Charges and Other Service Income	Total
	£000	£000	£000
2023/24:			
Community Safety and Wellbeing	(189)	(2,634)	(2,823)
Environment and Sustainability	(465)	(7,505)	(7,970)
Finance and Corporate	(27,078)	(2,795)	(29,873)
Housing and Homelessness Leader	(2,784)	(4,172)	(6,956)
	(226)	(134)	(360)
Planning and Economy	(261)	(1,553)	(1,814)
General Fund	(31,003)	(18,793)	(49,796)
Housing Revenue Account	(19)	(32,267)	(32,286)
	(31,022)	(51,060)	(82,082)
Restated 2022/23:			
Community Safety and Wellbeing	(422)	(2,607)	(3,029)
Environment and Sustainability	(660)	(6,830)	(7,490)
Finance and Corporate	(27,536)	(2,901)	(30,437)
Housing and Homelessness Leader	(1,915)	(4,439)	(6,354)
	(127)	(8)	(135)
Planning and Economy	(174)	(1,832)	(2,006)
General Fund	(30,834)	(18,617)	(49,451)
Housing Revenue Account	(16)	(29,847)	(29,863)
	(30,850)	(48,464)	(79,314)

NOTES TO THE ACCOUNTS

6. EVENTS AFTER THE REPORTING PERIOD

The draft key Accounting Statements were presented to the Audit Committee on 31 May 2024, and subsequently authorised for publication by the Chief Finance Officer s151.

Events taking place after the date the statements were presented to the Audit Committee are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for any events which took place after 31 March 2024.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details 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.

NOTES TO THE ACCOUNTS

2023/24	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Community Infrastructure Levy	Developers' Contributions Unapplied	
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	(1,561)	(3)	0	0	(10,192)	0	0	11,756
Revaluation Gains / (Losses) on Property, Plant and Equipment	(14)	7,095	0	0	0	0	0	(7,081)
Capital Expenditure not enhancing value	(783)	(19,651)	0	0	0	0	0	20,434
Movements in the market value of Investment Properties	(360)	0	0	0	0	0	0	360
Movement in the Fair Value of Investments	(231)	0	0	0	0	0	0	231
Revenue expenditure funded from capital under statute	(2,458)	0	0	0	0	0	0	2,458
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	(3)	(1,279)	0	0	0	0	0	1,282
Movement to/from Revaluation Reserve	353	0	0	0	0	0	0	(353)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Provision for the financing of capital investment	1,730	3,030	0	0	0	0	0	(4,760)
Capital expenditure charged against the General Fund and HRA balances	1,807	2,333	0	0	0	0	0	(4,140)
Adjustments primarily involving the Capital Grants / Developers' Contributions Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,002	3,296	0	(5,169)	0	(863)	(266)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	5,615	0	257	1,012	(6,884)

NOTES TO THE ACCOUNTS

2023/24	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Community Infrastructure Levy	Developers' Contributions Unapplied	
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (net of administration costs of disposal)	23	2,780	(2,803)	0	0	0	0	0
Transfer of cash proceeds from non PPE assets	38	19	(57)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	3,000	0	0	0	0	(3,000)
Adjustments primarily involving the Deferred Capital Receipts Reserve:								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(27)	(1)	0	0	0	0	28
Adjustments primarily involving the Major Repairs Reserve:								
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	10,192	0	0	(10,192)
Adjustments primarily involving the Pension Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,858)	(1,571)	0	0	0	0	0	6,429
Employer's pensions contributions and direct payments to pensioners payable in the year	3,678	1,178	0	0	0	0	0	(4,856)

NOTES TO THE ACCOUNTS

2023/24	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Community Infrastructure Levy	Developers' Contributions Unapplied	
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Collection Fund Adjustment Account:								
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	623	0	0	0	0	0	0	(623)
Adjustments primarily involving the Accumulating Absences Adjustment Account:								
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	(4)	(2)	0	0	0	0	0	6
Total Adjustments	983	(2,801)	139	446	0	(606)	746	1,093

NOTES TO THE ACCOUNTS

2022/23 Comparative Figures	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Community Infrastructure Levy	Developers' Contributions Unapplied	
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	(1,544)	(3)	0	0	(9,822)	0	0	11,369
Revaluation Gains / (Losses) on Property, Plant and Equipment	(522)	10,289	0	0	0	0	0	(9,767)
Capital Expenditure not enhancing value	(2,792)	(14,074)	0	0	0	0	0	16,866
Movements in the market value of Investment Properties	(98)	0	0	0	0	0	0	98
Expected Credit Loss on Investments	3	0	0	0	0	0	0	(3)
Movement in the Fair Value of Investments	(1,768)	0	0	0	0	0	0	1,768
Capital grants and contributions applied	1,311	2,084	0	0	0	0	0	(3,395)
Revenue expenditure funded from capital under statute	(2,226)	0	0	0	0	0	0	2,226
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	0	(1,975)	0	0	0	0	0	1,975
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Provision for the financing of capital investment	1,483	4,232	0	0	0	0	0	(5,715)
Capital expenditure charged against the General Fund and HRA balances	4,363	1,400	0	0	0	0	0	(5,763)
Adjustments primarily involving the Capital Grants / Developers' Contributions Unapplied Account:								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,746	246	0	(943)	0	(1,447)	(602)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	0	0	1,149	(1,149)

NOTES TO THE ACCOUNTS

2022/23 Comparative Figures	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Community Infrastructure Levy	Developers' Contributions Unapplied	
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (net of administration costs of disposal)	109	3,944	(4,053)	0	0	0	0	0
Transfer of cash proceeds from non PPE assets	22	193	(215)	0	0	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	3,977	0	0	0	0	(3,977)
Adjustments primarily involving the Deferred Capital Receipts Reserve:								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	27	0	0	0	0	0	(27)
Adjustments primarily involving the Major Repairs Reserve:								
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	9,822	0	0	(9,822)
Adjustments primarily involving the Pension Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(11,356)	(3,413)	0	0	0	0	0	14,769
Employer's pensions contributions and direct payments to pensioners payable in the year	3,260	1,058	0	0	0	0	0	(4,318)
Health and Leisure Contractor Payment to Fund	395	0	0	0	0	0	0	(395)

NOTES TO THE ACCOUNTS

2022/23 Comparative Figures	Usable Reserves							Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Community Infrastructure Levy	Developers' Contributions Unapplied	
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Collection Fund Adjustment Account:								
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	4,431	0	0	0	0	0	0	(4,431)
Adjustments primarily involving the Accumulating Absences Adjustment Account:								
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	66	(9)	0	0	0	0	0	(57)
Total Adjustments	(2,117)	3,999	(291)	(943)	0	(1,447)	547	252

NOTES TO THE ACCOUNTS

8. EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund and HRA balances to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance 1 April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance 31 March 2024 £000
Building Control Surplus	(258)	77	0	(181)	170	0	(11)
Business Rates Equalisation	(2,699)	0	0	(2,699)	0	0	(2,699)
Business Rates Reserve	(6,327)	6,327	(1,750)	(1,750)	1,750	(990)	(990)
Committed Schemes	(963)	963	(969)	(969)	969	(1,886)	(1,886)
Community Housing Fund	(877)	45	0	(832)	13	0	(819)
Contain Outbreak Management F	(263)	49	0	(214)	0	0	(214)
Corporate Priorities Reserve	0	0	0	0	0	(1,500)	(1,500)
Council Tax Hardship Reserve	(125)	67	0	(58)	0	0	(58)
Historic Buildings	(7)	0	0	(7)	0	0	(7)
Homes for Ukraine Reserve	0	0	(269)	(269)	0	(715)	(984)
Household Support Fund	(41)	0	0	(41)	0	0	(41)
Housing Needs Survey	(108)	0	0	(108)	0	0	(108)
Insurance Reserve	0	0	(40)	(40)	0	(40)	(80)
Leisure Development	(448)	448	0	0	0	0	0
Local Development Framework	(370)	0	0	(370)	0	0	(370)
Lymington Synthetic Turf Pitch	0	0	(24)	(24)	0	(24)	(48)
Open Space Maintenance	(424)	56	(47)	(415)	56	(138)	(497)
Planning - Monitoring and Inspect	0	0	(121)	(121)	0	(65)	(186)
Private Housing Stock Condition Survey	(59)	0	0	(59)	0	0	(59)
Quadrennial Election	(88)	0	(44)	(132)	132	0	0
Recreation Mitigation Maintenan	0	7	(438)	(431)	0	0	(431)
Treasury Management	(38)	0	0	(38)	0	(262)	(300)
UK Shared Prosperity Fund	0	0	(86)	(86)	86	(112)	(112)
Capital Programme Reserve	(12,004)	2,261	(65)	(9,808)	0	(765)	(10,573)
General Fund	(25,099)	10,300	(3,853)	(18,652)	3,176	(6,497)	(21,973)
HRA ICT	(240)	55	0	(185)	0	0	(185)
Housing Acquisitions and Development	(11,729)	3,451	0	(8,278)	2,961	0	(5,317)
Total Reserves	(37,068)	13,806	(3,853)	(27,115)	6,137	(6,497)	(27,475)

NOTES TO THE ACCOUNTS

9. PROPERTY, PLANT AND EQUIPMENT ASSETS AND IMPAIRMENTS

Valuation of Property, Plant and Equipment

The Council operates a rolling programme of property revaluations, which are carried out over a 5-year period. In 2023/24 this work was carried out by the Council's valuer P. Marston, MRICS, Registered Valuer. The revaluation programme for 2023/24 principally comprised the majority of the Council's land and buildings, as well as 20% of dwellings using the Beacon method of valuation. The remainder of dwellings' values were uplifted in line with the resultant Beacon indices.

a) Analysis of Assets

The following list gives an indication of the range and number of assets owned/leased by the Council.

2022/23		2023/24
5,194	Council Dwellings	5,237
2	Main Office Blocks	2
2	Other Offices	2
5	Depots and Administrative Buildings	5
5	Health and Leisure Centres	5
52	Car Parks	51
9	Cemeteries	8
23	Public Conveniences	23
219	Vehicles	218
1,755	Garages	1,742

b) Valuation of Property, Plant and Equipment Assets carried at current value

The following statement shows the progress of the Council's rolling programme for the revaluation of non-current assets. The basis for valuation is set out in the Statement of Accounting Policies.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infra- structure	Community Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at Historic Cost (Net of Depreciation)			5,453	2,252		8,359	16,064
Valued at Fair Value as at:							
2023/24	426,120	41,217					467,337
2022/23		9,947					9,947
2021/22		20,058					20,058
2020/21		2,394					2,394
2019/20	320	112			534		966
Total Cost or Valuation	426,440	73,728	5,453	2,252	534	8,359	516,766

These valuations show the net current value after depreciation is applied.

NOTES TO THE ACCOUNTS

c) Movement on Property, Plant and Equipment Assets

Purchases and disposals during the year were as follows:

Movements in 2023/24:	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2023	455,835	75,004	12,167	19,839	537	6,030	569,412
Additions	22,934	456	1,404	180	7	5,315	30,296
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(31,725)	(548)	0	0	0	0	(32,273)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(804)	(14)	0	0	0	(2,292)	(3,110)
Capital Expenditure not enhancing value recognised in the Surplus / Deficit on the Provision of Services	(19,651)	(456)	(26)	(180)	(7)	0	(20,320)
Derecognition - disposals	(1,278)	0	(382)	0	(3)	0	(1,663)
Other movements in cost or valuation	1,129	(435)	0	0	0	(694)	0
At 31 March 2024	426,440	74,007	13,163	19,839	534	8,359	542,342
Accumulated Depreciation and Impairment							
At 1 April 2023	0	(182)	(6,881)	(17,330)	0	0	(24,393)
Depreciation charge	(10,192)	(97)	(1,211)	(257)	0	0	(11,757)
Depreciation written out to the Surplus / Deficit on the Provision of Services	10,192	0	0	0	0	0	10,192
Derecognition - disposals	0	0	382	0	0	0	382
At 31 March 2024	0	(279)	(7,710)	(17,587)	0	0	(25,576)
Net Book Value							
at 31 March 2024	426,440	73,728	5,453	2,252	534	8,359	516,766
at 31 March 2023	455,835	74,822	5,286	2,509	537	6,030	545,019

NOTES TO THE ACCOUNTS

Comparative Movements in 2022/23:	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022	418,832	73,592	12,018	19,839	537	3,986	528,804
Additions	18,415	2,208	1,963	238	0	3,662	26,486
Revaluation increases / (decreases) recognised in the Revaluation Reserve	32,553	1,805	0	0	0	0	34,358
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	934	(534)	0	0	0	(468)	(68)
Capital Expenditure not enhancing value recognised in the Surplus / Deficit on the Provision of Services	(14,074)	(2,067)	0	(238)	0	0	(16,379)
Derecognition - disposals	(1,975)	0	(1,814)	0	0	0	(3,789)
Other movements in cost or valuation	1,150	0	0	0	0	(1,150)	0
At 31 March 2023	455,835	75,004	12,167	19,839	537	6,030	569,412
Accumulated Depreciation and Impairment							
At 1 April 2022	0	(97)	(7,509)	(17,068)	0	0	(24,674)
Depreciation charge	(9,822)	(97)	(1,186)	(262)	0	0	(11,367)
Depreciation written out to the Surplus / Deficit on the Provision of Services	9,822	12	0	0	0	0	9,834
Derecognition - disposals	0	0	1,814	0	0	0	1,814
At 31 March 2023	0	(182)	(6,881)	(17,330)	0	0	(24,393)
Net Book Value							
at 31 March 2023	455,835	74,822	5,286	2,509	537	6,030	545,019
at 31 March 2022	418,832	73,495	4,509	2,771	537	3,986	504,130

NOTES TO THE ACCOUNTS

d) Impairments

Valuation reductions of Property, Plant and Equipment Assets in 2023/24 were £27.209 million (Council Dwellings £22.696 million, Council Garages £1.933 million, other HRA Assets £3,000 and General Fund Assets £2.577 million), but valuation increases were £1.657 million (Other HRA Assets £36,000 and General Fund Assets £1.621 million).

Increasing the net valuation impairments was non-enhancing capital expenditure of £19.651 million on Council Dwellings, and £783,000 on General Fund Assets, which was impaired via the Comprehensive Income and Expenditure Statement in the year.

Net valuation impairments of Investment Properties in 2023/24 were £360,000.

e) Capital Expenditure Contract Commitments

As at 31 March 2024, the Council was committed through contracts to future capital expenditure in respect of the following major schemes:

	Period of investment	£000
Environment and Coastal Services		
Bathymetry	2024/25	528
Data Management	2024/25	43
Data Management	2025/26	42
Data Management	2026/27	42
Hydrodynamics	2024/25	381
Hydrodynamics	2025/26	385
Hydrodynamics	2026/27	388
Finance and Corporate		
Hardley Depot	2024/25	5,359
Vehicles	2024/25	2,584
Housing and Homelessness Services		
Burgate	2024/25	59
Moore Close, New Milton	2024/25	1,807
Total		11,618

NOTES TO THE ACCOUNTS

10. INVESTMENT PROPERTIES

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

2022/23		2023/24
£000		£000
(1,012)	Rental income from investment property	(1,376)
60	Direct operating expenses arising from investment property	185
441	Capital expenditure not enhancing value	115
98	Net (gains)/losses from fair value adjustments	360
(413)	Net (gain)/loss	(716)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement.

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

2022/23		2023/24
£000		£000
18,463	Balance at start of the year	30,685
	Additions:	
7,747	Purchases	0
5,014	Construction	115
(441)	Capital expenditure not enhancing value	(115)
(98)	Net gains/(losses) from fair value adjustments	(360)
30,685	Balance at end of the year	30,325

Under IFRS13 a level 2 fair value measurement has been carried out for all investment properties using a market comparable approach by the internal valuers.

NOTES TO THE ACCOUNTS

11. LONG-TERM INVESTMENTS

The Council is permitted to invest and lend a proportion of its funds for more than 364 days. At 31 March 2024 the Council had 4 loans which had a remaining maturity term of more than one year.

2022/23		2023/24
£000		£000
16,922	Opening Balance	14,608
442	Purchases	0
8	Revaluations Gains	44
(1,753)	Revaluations Losses	(321)
(2)	Repayments	(4,763)
(1,009)	Transfers to Short-Term Investments	0
14,608	Closing Balance	9,568

12. LONG-TERM DEBTORS

Long-term debtors includes deferred capital receipts for house purchases, loans to local trusts/organisations, loans to Appletree Property Holdings and staff car loans.

31 March 2023		31 March 2024
£000		£000
2	Car Loans	7
100	Lymington Harbour Commissioners - Principal	0
300	New Forest Enterprise Centre	200
500	Rent to Mortgages House Purchases	473
3,713	Appletree Property Holdings	3,713
4,615	Total	4,393

13. SHORT-TERM INVESTMENTS

Short-term investments include all deposits with a term of less than one year other than Cash and Cash Equivalents.

2022/23		2023/24
£000		£000
46,530	Opening Balance	2,988
39,290	Purchases	14,801
0	Revaluations Gains	63
(45)	Revaluations Losses	(16)
(22)	Movement in Accrued Interest	129
(83,776)	Repayments	(7,859)
2	Expected Credit Loss	0
1,009	Transfers from Long-Term Investments	0
2,988	Closing Balance	10,106

NOTES TO THE ACCOUNTS

14. SHORT-TERM DEBTORS

An analysis of the Council's debtors and payments in advance as at 31 March is shown below:

31 March 2023		31 March 2024
£000		£000
1,689	Central Government Bodies (a)	1,267
	Local Authorities:	
767	Hampshire County Council (b)	549
8	Police and Crime Commissioner for Hampshire	30
7	Hampshire and Isle of Wight Fire and Rescue Service	0
28	New Forest National Park Authority	69
57	Other Local Authorities	15
193	Public Corporations and Trading Funds	127
	Other Entities and Individuals:	
733	Council Tax Payers	816
478	Business Rate Payers	690
1,232	Housing Tenants' Rents	1,382
7,022	Other Debtors and Payments in Advance (c)	7,420
12,214	Total	12,365

Short-term debtors were higher at the 31 March 2024 by £151,000 when compared to 31 March 2023, the main contributing factors to this were:

- (a) Central Government Bodies debtors decreased by £422,000. This was principally due to an accrual for a Homes England grant at the end of 2022/23.
- (b) Hampshire County Council debtors has decreased due to £218,000 lower due to the Council regarding the waste management partnership.
- (c) Other Debtors and Payments in Advance has increased in the main due to payments in advance for ICT software licences being £195,000 more than at the end of 2022/23 and the management fees for the health and leisure centres being £472,000 higher.

The bad debts provision is shown below:

31 March 2023		31 March 2024
£000		£000
(305)	Council Tax Payers	(351)
(147)	Business Rate Payers	(179)
(885)	Housing Tenants' Rents	(980)
(1,529)	Other Debtors	(1,539)
(2,866)	Total	(3,049)

NOTES TO THE ACCOUNTS

15. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2023		31 March 2024
£000		£000
1	Cash held by the Council	1
745	Bank current accounts	561
14,899	Short-Term deposits with building societies/banks and other financial institutions	12,158
15,645	Total	12,720

16. BORROWING

Short-term borrowing refers to loans that are repayable over a period of less than 12 months and long-term borrowing refers to loans that are repayable over a period in excess of 12 months.

In 2012/13 the Council borrowed £142.7 million for the Housing Revenue Account financing settlement. At 31 March 2024, £114.004 million of this amount is outstanding, of which a £4.1 million annual repayment instalment is due within 12 months.

In March 2014 the Council borrowed £2.007 million to finance an equivalent loan made to the Lymington Harbour Commissioners. This borrowing was repayable in 10 equal instalments of £200,700. The final payments totalling £200,700 were paid during 2023/24.

In March 2024 the Council borrowed £10 million to part fund its Housing Revenue Account Development Programme.

In addition, total accrued interest of £54,949 on short-term and long-term borrowing is also payable within 12 months and is included in this category.

2022/23			2023/24	
Short-Term	Long-Term		Short-Term	Long-Term
£000	£000		£000	£000
(4,345)	(118,304)	Balance at 1 April	(4,345)	(114,003)
(12,500)	0	Loans Raised	0	(10,001)
16,801	0	Loans Repaid	4,301	0
(4,301)	4,301	Transferred between Long-Term and Short-Term	(4,100)	4,100
0	0	Movement in accrued interest on all Borrowing	(11)	0
(4,345)	(114,003)	Balance at 31 March	(4,155)	(119,904)

NOTES TO THE ACCOUNTS

17. SHORT-TERM CREDITORS

An analysis of the Council's creditors and receipts in advance as at 31 March is shown below:

31 March 2023		31 March 2024
£000		£000
(12,440)	Central Government Bodies (a)	(10,257)
	Local Authorities:	
(2,680)	Hampshire County Council	(852)
(236)	Police and Crime Commissioner for Hampshire	(51)
(158)	Hampshire and Isle of Wight Fire and Rescue Service	(54)
(54)	New Forest National Park Authority	(31)
(149)	Developers' Contributions Open Space Maintenance	(113)
(3,049)	Other Local Authorities	(3,030)
(30)	NHS Bodies	0
(62)	Public Corporations and Trading Funds	(10)
	Other Entities:	
(424)	Council Tax Payers	(355)
(1,463)	Business Rate Payers (b)	(1,182)
(7,835)	Other Creditors and Receipts in Advance (c)	(11,820)
(28,580)	Total	(27,755)

Short term creditors have decreased by £824,000 from 2022/23 to 2023/24:

- (a) The Central Government Bodies balance is £2.183 million lower principally due to £3.156 million regarding National Non-Domestic Rates (Business Rates).
- (b) Hampshire County Council creditors are £1.828 million less. This is mainly due to reductions in Collection Fund positions for Council Tax of £1.186 million and Business Rates of £386,000.
- (c) Other Creditors and Receipts in Advance have increased by £3.985 million. This was due, in the main, to an increase in year end commitments of £3.494 million, which included payments in advance of £1.422 million for the Garden Waste Collection Scheme, accruals regarding the leisure contract of £907,000 and Hardley depot of £380,000.

NOTES TO THE ACCOUNTS

18. PROVISIONS

The Council maintains provisions to cover liabilities or losses that are anticipated to arise, but which cannot be quantified with certainty.

	Balance 1 April 2022	Additional Provisions Made 2022/23	Amounts Used 2022/23	Unused Amounts Reversed 2022/23	Balance 31 March 2023	Additional Provisions Made 2023/24	Amounts Used 2023/24	Unused Amounts Reversed 2023/24	Balance 31 March 2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Business Rates	(3,400)	(1,539)	862	0	(4,077)	(623)	2,556	0	(2,144)
Health and Leisure Centres	(539)	(400)	539	0	(400)	0	0	0	(400)
Private Sector Leasing Dilapidations	(50)	0	0	0	(50)	0	0	0	(50)
Redundancy	(31)	0	31	0	0	0	0	0	0
Total Provisions	(4,020)	(1,939)	1,432	0	(4,527)	(623)	2,556	0	(2,594)

Business Rates

On 1 April 2013 the Government introduced the Business Rates Retention Scheme, which required the Council to make a provision in the Collection Fund for successful appeals against rating valuations. The total provision made at 31 March 2024 was £5.362 million, of which £2.145 million relates to this Council's share of anticipated refunds.

Health and Leisure Centres

The Health and Leisure Centre management contract includes a net income adjustment arrangement which allows the Council to make additional payments to the contractor. In addition an energy painshare arrangement has been agreed. Due to the current economic climate and recovery from COVID being slower than anticipated an additional contract payment is expected. Based on performance to the end of March 2024, provision has been made for an additional payment of £400,000.

Private Sector Leasing Dilapidations

The Council is responsible for ensuring the repair of private sector houses that are leased. The Council had possible obligations on 120 properties at 31 March 2024. A revenue budget of £192,000 exists in 2024/25 for void repairs and dilapidation costs but a provision of £50,000 is also held to cover the potential for additional costs should a large number of dilapidations occur in any particular year.

Redundancy

The Redundancy provision is put in place once approval for the termination of employment has been agreed by the Council.

NOTES TO THE ACCOUNTS

19. CAPITAL RECEIPTS RESERVE

The Capital Receipts Reserve principally reflects the proceeds from the disposal of Property, Plant and Equipment assets that have yet to be utilised on new capital expenditure.

2022/23				2023/24		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000	£000	£000		£000	£000	£000
(2,478)	(3,417)	(5,895)	Balance at 1 April	(2,381)	(3,805)	(6,186)
(109)	(4,158)	(4,267)	New Receipts (including interest)	(23)	(2,838)	(2,861)
206	3,770	3,976	Financing of Capital Expenditure	1,000	2,000	3,000
(2,381)	(3,805)	(6,186)	Balance at 31 March	(1,404)	(4,643)	(6,047)

20. CAPITAL GRANTS UNAPPLIED

Capital Grants Unapplied reflects contributions which have no conditions attached to them and have not been utilised and therefore have been credited to Reserves via the Comprehensive Income and Expenditure Account.

2022/23				2023/24		
Government Grants	Other Grants/Contributions	Total		Government Grants	Other Grants/Contributions	Total
£000	£000	£000		£000	£000	£000
(2,001)	0	(2,001)	Balance at 1 April	(2,944)	0	(2,944)
(4,062)	(62)	(4,124)	New Receipts	(4,919)	(250)	(5,169)
3,119	62	3,181	Financing of Capital Expenditure	5,365	250	5,615
(2,944)	0	(2,944)	Balance at 31 March	(2,498)	0	(2,498)

NOTES TO THE ACCOUNTS

21. DEVELOPERS' CONTRIBUTIONS / COMMUNITY INFRASTRUCTURE LEVY UNAPPLIED

The Developers' Contributions (DCs) and Community Infrastructure Levy (CIL) Unapplied accounts reflect contributions which have no conditions attached to them and have therefore been credited to the Reserves via the Comprehensive Income and Expenditure Account.

2022/23			2023/24	
CIL	DCs		CIL	DCs
£000	£000		£000	£000
(7,023)	(4,790)	Balance at 1 April	(8,032)	(4,243)
(1,730)	(749)	New Receipts	(1,150)	(400)
0	1,149	Financing of Capital Expenditure	257	1,012
96	147	Financing of Revenue Expenditure	61	134
187	0	Payments to Town and Parish Councils	226	0
438	0	Transfers to Other Earmarked Reserves	111	0
(8,032)	(4,243)	Balance at 31 March	(8,527)	(3,497)

22. REVALUATION RESERVE

This Reserve records the increase in the valuation of assets since 1 April 2007, under the system of capital accounting.

The Reserve is written down by any accumulated revaluation surplus of non-current assets as they are disposed of and debited or credited with deficits or surpluses arising on the year's revaluations.

2022/23				2023/24		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000	£000	£000		£000	£000	£000
(25,315)	(57,967)	(83,282)	Balance at 1 April	(27,031)	(90,394)	(117,425)
(2,624)	(32,874)	(35,498)	Upward revaluation of assets	(644)	(36)	(680)
908	231	1,139	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	1,226	31,727	32,953
(1,716)	(32,643)	(34,359)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	582	31,691	32,273
0	0	0	Adjusting Amounts written out to the Capital Adjustment Account	353	0	353
0	0	0	Movement of property	(116)	116	0
0	216	216	Accumulated gains on assets sold or scrapped	3	75	78
(27,031)	(90,394)	(117,425)	Balance at 31 March	(26,209)	(58,512)	(84,721)

NOTES TO THE ACCOUNTS

23. CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the consumption of non-current assets and for financing their acquisition or enhancement under statutory provisions. The account is debited with the costs of depreciation, impairment and amortisations as assets are consumed and credited with the amounts set aside by the Council for the financing of capital expenditure.

The account contains accumulated gains and losses on Investment Properties and gains on Property, Plant and Equipment assets arising before 1 April 2007.

The balance on the Capital Adjustment Account is matched by non-current assets within the Balance Sheet and does not represent actual funds available to the Council.

2022/23			2023/24	
£000	£000		£000	£000
	(296,045)	Balance at 1 April		(303,314)
		Reversal of items relating to capital expenditure or credited to the Comprehensive Income and Expenditure Statement:		
11,369		Charges for depreciation and impairment of non-current assets	11,756	
(9,766)		Revaluation (Gains) / Losses on Property, Plant and Equip.	(7,081)	
16,866		Capital Expenditure not enhancing value	20,434	
2,226		Revenue expenditure funded from capital under statute	2,458	
1,759		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	1,204	
	22,454	Net written out amount of the cost on non-current assets consumed in the year		28,771
	0	Adjusting Amounts written out of the Revaluation Reserve		(353)
		Capital financing applied in the year:		
(3,977)		Use of the Capital Receipts Reserve to finance new capital expenditure	(3,000)	
(9,822)		Use of the Major Repairs Reserve to finance new capital expenditure	(10,192)	
(3,395)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(6,885)	
(1,149)		Application of grants / contributions to capital financing from the Capital Grant / Developers' Contributions Unapplied Accounts	0	
(1,615)		Provision for the financing of capital investment charged against the General Fund balance	(1,730)	
(4,100)		Provision for the financing of capital investment charged against the HRA balance	(3,030)	
(5,763)		Capital expenditure charged against the General Fund and HRA balances	(4,140)	
	(29,821)			(28,977)
	98	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		360
	(303,314)	Balance at 31 March		(303,513)

NOTES TO THE ACCOUNTS

24. FINANCIAL INSTRUMENTS REVALUATION RESERVE

The Financial Instruments Revaluation Reserve contains the movements made by the Council arising from changes in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

2022/23		2023/24
£000		£000
(1,386)	Balance at 1 April	378
0	Upward revaluation of investments	(91)
1,767	Downward revaluation of investments	321
(3)	Expected credit loss on investments	0
1,764	(Surplus) or deficit on revaluation of investments	230
378	Balance at 31 March	608

25. DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve represents the amount of capital receipts owed to the Council that have not yet been received. 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 takes place, amounts are transferred to the Capital Receipts Reserve.

2022/23		2023/24
£000		£000
(476)	Balance at 1 April	(503)
(27)	New Receipts/Revaluations	27
0	Transfer to the Capital Receipts Reserve upon receipt of cash	1
(503)	Balance at 31 March	(475)

NOTES TO THE ACCOUNTS

26. 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 debit balance on the Pensions Reserve therefore shows a 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. Full details of the Pension Scheme are set out in Note 35.

2022/23 £000		2023/24 £000
84,572	Balance at 1 April	21,162
(73,466)	Remeasurement of the net defined liability / (asset)	(3,109)
14,769	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	6,429
(4,318)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,856)
(395)	Health and Leisure Contractor Payment into Fund	0
21,162	Balance at 31 March	19,626

27. COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund is a statutory fund in which the Council records transactions for council tax and business rates. The fund balance is allocated as follows:

31 March 2023				31 March 2024		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
2,187	0	2,187	Central Government	1,238	0	1,238
394	(1,350)	(956)	Hampshire County Council	222	(678)	(456)
0	(232)	(232)	Police and Crime Commissioner for Hampshire	0	(117)	(117)
44	(74)	(30)	Hampshire Fire and Rescue Authority	25	(38)	(13)
2,625	(1,656)	969		1,485	(833)	652
1,750	(275)	1,475	New Forest District Council	991	(138)	853
4,375	(1,931)	2,444		2,476	(971)	1,505

The balances on each fund will be taken into account when calculating the council tax and business rates in future years.

NOTES TO THE ACCOUNTS

28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2022/23		2023/24
£000		£000
(11,369)	Charges for depreciation and impairment	(11,756)
9,766	Revaluation Gains/(Losses) on Property, Plant and Equipment	7,081
0	Transfer between Capital Adjustment Account and	353
28	Revaluation/Movement in Deferred Debtors	74
(1,788)	Revaluation Gains/(Losses) on Investments	(231)
(16,866)	Capital Expenditure not enhancing value	(20,434)
(98)	Movements in the value of Investment Properties	(360)
5,765	Capital grants applied to the financing of Capital Expenditure	4,946
(1,975)	Carrying amount of Non-Current Assets sold	(1,282)
71	Increase/(Decrease) in Inventories	40
1,049	Increase/(Decrease) in Debtors	151
(22)	Increase/(Decrease) in Investments Accrued Interest	129
(148)	(Increase)/Decrease in impairment for Provision for Bad Debts	(183)
13,607	(Increase)/Decrease in Creditors	(4,195)
(1,045)	Adjustment to Creditors re Capital Expenditure	635
(10,056)	Movement in Pension Liability	(1,573)
(507)	Other non-cash items charged to the net surplus or deficit on the provision of services	1,933
(13,588)	Adjustment to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	(24,672)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022/23		2023/24
£000		£000
4,053	Proceeds adjustment from the sale of property, plant and equipment and investment property	2,803
4,053		2,803

The cash flows for operating activities include the following items:

2022/23		2023/24
£000		£000
(1,620)	Investment interest received	(2,537)
4,067	Loan interest paid	3,955
2,447		1,418

NOTES TO THE ACCOUNTS

29. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2022/23		2023/24
£000		£000
40,338	Purchase of property, plant and equipment, investment property and intangible assets	29,775
39,732	Purchase of short-term and long-term investments	14,801
1,593	Other payments for investing activities	9
(4,053)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,803)
(83,778)	Proceeds from short-term and long-term investments	(12,623)
(6,220)	Other receipts from investing activities	(5,251)
(12,388)	Net cash flows from investing activities	23,908

30. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2022/23		2023/24
£000		£000
(12,500)	Cash receipts of short- and long-term borrowing	(10,001)
16,801	Repayments of short and long-term borrowing	4,301
18,040	Other payments for financing activities	5,017
22,341	Net cash flows from financing activities	(683)

31. AGENCY SERVICES

The Council carried out grass cutting of adopted highway verges on an agency basis.

2022/23		2023/24		
Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
0	Hampshire County Council - Highways	360	(360)	0
0	Agency Expenditure	360	(360)	0

32. CONTINGENT ASSETS

The Council is unaware of any Contingent Assets as at the Balance Sheet date.

NOTES TO THE ACCOUNTS

33. CONTINGENT LIABILITIES

In April 2012 the Dibden Golf Course staff transferred to Mytime Active, who gained admitted body status to the Hampshire County Council Government Pension Scheme. New Forest District Council is the sponsoring body, acting as guarantor for any contributions to the Pension Fund should they not be paid by Mytime Active. As at 31 March 2024 no such guarantee has been exercised.

The Health and Leisure staff transferred to Freedom Leisure in July 2021 but remain in the Hampshire County Council Government Pension Scheme under a pooling arrangement with the Council. As such, assets and liabilities relating to those staff remain on the Council's balance sheet and Freedom Leisure operate with defined contributions. In addition, New Forest District Council act as guarantor for any contributions to the Pension Fund should they not be paid by Freedom Leisure. No such guarantee has been exercised as at 31 March 2024.

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital expenditure is paid for (financed) in various ways including borrowing, the use of internal resources, the receipt of grant and directly from revenue income. Capital expenditure on behalf of other authorities is recharged directly to them.

The Capital Financing Requirement shows the overall indebtedness of the Council. This debt need not be external loans that have been raised, but it can be internal funds that the Council has used temporarily instead of raising debt. The expectation is that borrowing may be required in the future.

Where applicable the Council is required to set aside a revenue provision for the redemption of debt and for a future borrowing requirement if external debt has not actually been raised.

The Council has a choice in the method of calculating the provision and has chosen the one that represents the depreciation calculation of those assets financed by the debt. Therefore, when the value of the asset financed by debt has been fully depreciated the amount of the revenue provision that has been set aside will be sufficient to repay the loan for that asset.

NOTES TO THE ACCOUNTS

New vehicles, plant and equipment, above a de minimis level of £10,000, are funded by a future borrowing requirement. In order to make a provision to repay this future requirement a revenue provision is made. This sum was £1.170 million in 2023/24 and was charged to the General Fund together with £427,000 in relation to investment property acquisitions and £133,000 in relation to expenditure at Health and Leisure Centres. In addition, while £4.1 million for the next principal repayment was made regarding the Housing Revenue Account Self-Financing Settlement this was partially replaced by new borrowing, reducing the actual net revenue repayment by £1.070 million.

This table sets out the transactions required for the financing of capital expenditure and permitted adjustments for each year.

	2022/23		2023/24	
	£000	£000	£000	£000
Opening Capital Financing Requirement		144,212		156,353
Capital Investment				
Property, Plant and Equipment Assets	39,246		30,410	
Long-Term Investments	442		0	
Intangible Assets	47		0	
REFCUS	2,226	41,961	2,458	32,868
		0		0
Sources of Finance				
Capital Receipts	(3,977)		(3,000)	
Government Grants	(3,180)		(5,615)	
Revenue Contributions	(5,763)		(4,140)	
Major Repairs Reserve	(9,822)		(10,192)	
Developers' Contributions	(1,363)		(1,012)	
Community Infrastructure Levy	0	(24,105)	(257)	(24,216)
Other Adjustments for the Repayment of Debt				
Repayment of Loan Principal		(4,100)		(3,030)
Revenue Provision		(1,615)		(1,730)
Property, Plant and Equipment Policy		0		0
Closing Capital Financing Requirement		156,353		160,245

Explanation of movements in Year	2022/23	2023/24
	£000	£000
Increase in underlying need to borrow (unsupported by Government financial assistance)	17,856	8,652
Reduction (-)/increase in need to borrow because of:		
- Repayment of Loan Principal	(4,100)	(3,030)
- Revenue Provision	(1,615)	(1,730)
	12,141	3,892

NOTES TO THE ACCOUNTS

35. DEFINED BENEFIT PENSION SCHEME

a) Participation in Pension Scheme

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

The Council participates in the Hampshire County Council Pension Scheme. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with the investment assets.

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NOTES TO THE ACCOUNTS

b) Transactions Relating to Post-employment (Retirement) Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid out as pensions. However, the charge required to be made against the General Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Account via the Movement in Reserves Statement. The following transactions have been made during the year:

	2022/23	2023/24
	£ million	£ million
Comprehensive Income and Expenditure Statement		
Cost of Services		
Service cost comprising:		
Current service cost	12.548	5.422
Past service cost	0.000	0.006
Financing and Investment Income and Expenditure		
Net Interest expense	2.221	1.001
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	14.769	6.429
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)	19.934	(9.188)
Actuarial (Gains) / Losses arising on changes in demographic assumptions	0.019	(2.786)
Actuarial (Gains) / Losses arising on changes in financial assumptions	(117.258)	0.083
Actuarial (Gains) / Losses due to liability experience	23.839	8.782
Total Net Defined Benefit Liability Re-measured	(73.466)	(3.109)
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(58.697)	3.320
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	63.015	1.536
Actual amount charged against the General Fund		
Balance for pensions in the year		
Employer's contributions payable to scheme	4.318	4.856

NOTES TO THE ACCOUNTS

c) 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:

Assets and Liabilities	31 March 2023	31 March 2024
	£ million	£ million
Present value of the defined benefit obligation	(238.592)	(253.403)
Fair value of plan assets	217.430	233.777
Net liability arising from defined benefit obligation	(21.162)	(19.626)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment retirement benefits. The total net liability of £19.626 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy, as the deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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

	2022/23	2023/24
	£ million	£ million
Opening balance at 1 April	(318.717)	(238.592)
Current Service Cost	(12.548)	(5.422)
Past Service Cost	0.000	(0.006)
Interest Cost	(8.502)	(11.131)
Contributions from scheme Participants	(1.461)	(1.620)
Remeasurement (Gains) and Losses:		
Actuarial Gains/(Losses) arising from changes in financial assumptions	117.258	(0.083)
Actuarial Gains/(Losses) due to liability experience	(23.839)	(8.782)
Actuarial Gains/(Losses) arising from changes in demographic assumptions	(0.019)	2.786
Benefits Paid	9.236	9.447
Closing balance at 31 March	(238.592)	(253.403)

NOTES TO THE ACCOUNTS

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	2022/23	2023/24
	£ million	£ million
Opening fair value of scheme assets at 1 April	234.145	217.430
Interest Income	6.281	10.130
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	(19.934)	9.188
Contributions from employer	4.318	4.856
Contributions from employees into the scheme	1.461	1.620
Contributions from Health and Leisure Contract Employer	0.395	0.000
Benefits paid	(9.236)	(9.447)
Closing fair value of scheme assets at 31 March	217.430	233.777

d) Local Government Pension Scheme assets (fair value) comprised

31 March 2023		Assets	31 March 2024	
£ million	%		£ million	%
2.39	1.1	Cash and Cash Equivalents	2.34	1.0
125.24	57.6	Equity Investments	116.89	50.0
35.88	16.5	Government Bonds	35.07	15.0
14.78	6.8	Property	16.36	7.0
39.14	18.0	Other Assets	63.12	27.0
217.43	100.0	Total Assets	233.78	100.0

e) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson LLP (AON Solutions UK Limited in 2022/23), independent firms of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2022

The main assumptions used in their calculations have been:

Financial Assumptions	31 March 2023	31 March 2024
	%	%
Rate of inflation - CPI	2.7	2.8
Rate of increase in salaries	3.7	3.8
Rate of increase in pensions	2.7	2.8
Pension Accounts Revaluation Rate	2.7	2.8
Rate of discounting scheme liabilities	4.7	4.8

NOTES TO THE ACCOUNTS

Mortality Assumptions	31 March 2023	31 March 2024
	Years	Years
Pensioner member aged 65 at accounting date		
Males	23.3	22.1
Females	25.7	24.7
Active member aged 45 at accounting date		
Males	23.8	22.6
Females	26.7	25.7

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	Decrease in Assumption
	£ million	£ million
Longevity (increase or decrease in 1 year)	10.11	(10.11)
Rate of inflation (increase or decrease by 0.1%)	3.94	(3.94)
Rate of increase in salaries (increase or decrease by 0.1%)	0.22	(0.22)
Rate of increase in pensions (increase or decrease by 0.1%)	3.94	(3.94)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(4.10)	4.10

f) Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

The Council anticipates paying standard contributions of £4.470 million to the fund for the accounting period ending 31 March 2025. In addition, estimated Strain on Fund contributions will be £380,000.

The weighted average duration of the defined benefit obligation for scheme members is 17.0 years (17.2 years 2022/23).

Further information on the Pension Fund can be obtained from:

Pensions Services
Hampshire County Council
The Castle
Winchester
SO23 8UB Telephone: (01962) 845588

NOTES TO THE ACCOUNTS

36. EXTERNAL AUDIT COSTS

The following fees payable relating to external audit and inspection were incurred:

2022/23		2023/24
£000		£000
52	External audit services carried out by the appointed auditor	165
25	Certification of grant claims and returns	27
77		192

37. GRANTS INCOME

Details of income credited to the Comprehensive Income and Expenditure Statement are as follows:

2022/23		2023/24
£000		£000
	Service Specific Revenue Grants and Contributions (included in cost of services)	
	<u>Department for Levelling Up, Housing and Communities</u>	
(150)	Council Tax Benefits Admin	(141)
(43)	Covid 19 Additional Restrictions Grant Discretionary Scheme	0
(15)	Covid 19 New Burdens/Compliance	0
(171)	Covid 19 Welcome Back Fund	0
0	Digital Planning Improvement Fund	(100)
(863)	Disabled Facilities Grants	(1,388)
(321)	Energy Hardship Fund	0
(102)	Family Annex Grant	(102)
(732)	Homelessness Prevention Grant	(953)
0	Local Council Tax Support Grant	(208)
(75)	Local Government Cyber Security Resilience	0
0	New Burdens Energy Bills Support Scheme Alternative Funding	(51)
0	New Burdens Alternative Fuel Payment Alternative Funding	(79)
(72)	Next Steps Accommodation	(72)
(279)	NNDR Collection	(288)
(248)	Rough Sleepers	(371)
(96)	UK Shared Prosperity Fund	(139)
(284)	Other DLUHC	(205)
	<u>Department for Work and Pensions</u>	
(366)	Housing and Council Tax Benefit Administration	(322)
(26,169)	Housing Benefit Subsidy	(25,925)
(203)	Discretionary Housing Payments	(203)
(55)	Other DWP	(83)
	<u>Other Government Grants</u>	
(34)	Apprenticeship Levy	(58)
(28)	Other	(27)
(30,306)	Total Government Grants	(30,715)

NOTES TO THE ACCOUNTS

2022/23		2023/24
£000	<u>Other Grants and Contributions</u>	£000
(620)	Project Integra - Recycling	(415)
(185)	Developers' Contributions	(134)
(805)	Total Other Grants and Contributions	(549)
(31,111)	Total Service Revenue Grants and Contributions	(31,264)
	Non-Ringfenced Revenue Government Grants	
	<u>Non Domestic Rates Income and Expenditure</u>	
25,983	Tariff	31,413
(18,550)	Retention Scheme Income	(22,014)
(3,668)	Surplus Business Rates Distributed from Pool	(5,715)
(9,567)	S31 Grant (New Forest District Council proportion)	(11,718)
(5,802)		(8,034)
	<u>Department for Levelling Up, Housing and Communities</u>	
(1)	Revenue Support Grant	(1)
(366)	New Homes Grant	(16)
(8)	Council Tax Freeze Grant	(8)
(182)	Lower Tier Services Grant	0
(276)	Services Grant	(162)
0	Guarantee Grant	(692)
(833)		(879)
(6,635)	Total Non-Ringfenced Revenue Government Grants	(8,913)
	Capital Grants and Contributions	
(303)	Coast Protection	(161)
(1,770)	Housing Acquisitions and Development	(1,414)
0	Hythe Hospital Brownfield	(324)
(561)	Local Authority Housing Fund	(1,309)
(414)	Private Sector Disabled Facilities Grants	0
(136)	Public Conveniences - Changing Places	(69)
(62)	Lymington Quay - Harbour Commissioners	0
0	Rural England Prosperity Fund	(212)
0	Ukraine Housing Fund	(250)
(14)	UK Shared Prosperity Fund	(42)
(816)	Developers' Contributions	(270)
(1,447)	Community Infrastructure Levy	(864)
(242)	Capital Receipts	(31)
(5,765)	Total Capital Grants and Contributions	(4,946)
(43,511)	Total Grants and Contributions Income	(45,123)

The Council received additional grant funding as part of the government's response to the COVID-19 pandemic and the ongoing economic position, some to cover the Council's own expenditure/income shortfalls and some for passing on to local businesses and individuals. The Council made judgements about whether it acts as principal or agent in relation to this funding. Where the Council is acting as principal the grant receipts have been recognised as income and associated payments as expenditure. Where the Council is acting as agent the grant receipts and corresponding payments are not included in the Comprehensive Income and Expenditure Statement, other than any element of the funding relating to administration costs.

The table above excludes agent grants for 2023/24 from Central Government of £2.4 million (2022/23 was £183,000) for business support grants where the Council is acting as an agent of the Government in administering the funds and £2.9 million of S31 Business Rate Reliefs grant (£4.1 million for 2022/23). The latter was paid to the Council so that it continues to pay relevant parties their share of business rates income as without suffering cash flow problems due to the award of significant additional reliefs to support particular business sectors during the pandemic.

NOTES TO THE ACCOUNTS

38. LEASES

Finance Leases with the Council acting as Lessee

In 2023/24 there were no rental payments to lessors for Finance Leases.

Operating Leases with the Council acting as Lessee

The Council has acquired 20 properties by entering into operating leases. The assets are not owned by the Council and no asset is recorded in the Council's accounts.

Future minimum lease payments due under the non-cancellable leases in future years are:

	31 March 2023	31 March 2024
	£000	£000
Not later than one year	149	132
Later than one year but not later than 5 years	369	248
Later than 5 years	296	287
Total Lease Rentals	814	667

Expenditure of £148,655 was charged to the Comprehensive Income and Expenditure Statement during the year (£148,444 in 2022/23).

Operating Leases with the Council acting as Lessor

The Council leases out property and equipment under operating leases for the provision of community services and economic development.

The future minimum lease payments receivable under the material leases in future years are:

	31 March 2023	31 March 2024
	£000	£000
Not later than one year	1,678	1,887
Later than one year but not later than 5 years	4,906	5,524
Later than 5 years	29,522	27,345
Total Lease Rentals	36,106	34,756

The portion of the lease rental for Hythe Marina that is based on a profit share basis has not been included in this table. As the profit cannot be accurately projected over the 999-year term of the lease any estimate will be inaccurate and therefore has been omitted. The income for 2023/24 was £150,000 (2022/23 £140,000).

There are 5 leases that are not included in this table, that have little value or contain an immediate break clause.

NOTES TO THE ACCOUNTS

39. MEMBERS' ALLOWANCES

During 2023/24, payments to Members of the Council amounted to £518,332. For 2022/23 the equivalent amount was £601,130.

40. SIGNIFICANT INTEREST

The Council has opted to take up its full member rights of three board members, out of seven, at the New Forest Enterprise Centre. This is classified as significant interest, but financial consolidation with the Council's accounts has not been applied, as the relationship does not meet the criteria of a Joint Venture, Associate or Subsidiary, nor is the turnover material.

41. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Financial Liabilities and Financial Assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities

The financial liabilities held by the Council during the year were long-term loans from the Public Works Loan Board and are measured at amortised cost.

FINANCIAL LIABILITIES	Long-Term		Short-Term	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
Loans at amortised cost:				
PWLB principal sum borrowed	114,004	119,904	4,301	4,100
Accrued Interest	0	0	43	55
Total Borrowing	114,004	119,904	4,344	4,155
Liabilities at amortised cost:				
Trade Creditors	0	0	8,901	8,725
Total Financial Liabilities	114,004	119,904	13,245	12,880

NOTES TO THE ACCOUNTS

Financial Assets

The financial assets held by the Council during the year are held under the following classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- Cash
- Bank current and notice accounts
- Fixed term deposits with banks and building societies
- Loans to other Local Authorities
- Loans to Housing Associations
- Certificates of deposit and covered bonds issued by banks and building societies
- Treasury Bills and Gilts issued by the Government
- Bonds issued by multilateral development banks

Fair value through profit and loss (all other financial assets) comprising:

- Managed money market funds
- Pooled bonds, equity and property funds
- Appletree Property Holdings

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

FINANCIAL ASSETS	Long-Term		Short-Term	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
At amortised cost:				
Principal	0	0	1,029	7,972
Accrued Interest	0	0	0	130
Credit Loss Allowance	0	0	0	0
At fair value through profit & loss:				
Fair value	14,609	9,567	1,959	2,004
Total Investments	14,609	9,567	2,988	10,106
At amortised cost				
Cash	0	0	746	562
Cash equivalents	0	0	7,980	3,989
Accrued interest	0	0	19	9
Loss Allowance	0	0	0	0
At fair value through profit & loss:				
Fair value	0	0	6,900	8,160
Total Cash and Cash Equivalents	0	0	15,645	12,720
Loans and receivables:				
Trade Debtors	0	0	8,184	7,344
Total Financial Assets	14,609	9,567	26,817	30,170

Accrued interest is already accounted for in the Comprehensive Income and Expenditure Account.

NOTES TO THE ACCOUNTS

The gains and losses recognised in the Comprehensive Income and Expenditure Account in relation to financial instruments only are made up as follows:

	2022/23				2023/24			
	Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Fair Value through Profit and Loss	Total	Financial Liabilities Amortised Cost	Financial Assets Amortised Cost	Fair Value through Profit and Loss	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest Expense	4,067	0	0	4,067	3,957	0	0	3,957
Losses from change in fair value	0	0	1,767	1,767	0	0	309	309
Impairment losses	0	0	0	0	0	0	0	0
Interest payable and similar charges	4,067	0	1,767	5,834	3,957	0	309	4,266
Interest Income	0	(325)	0	(325)	0	(564)	0	(564)
Dividend Income	0	0	(1,032)	(1,032)	0	0	(1,931)	(1,931)
Gains from changes in fair value	0	0	0	0	0	0	(52)	(52)
Impairment loss reversals	0	(2)	0	(2)	0	0	0	0
Interest and Investment Income	0	(327)	(1,032)	(1,359)	0	(564)	(1,983)	(2,547)
Net Impact on surplus/deficit on provision of services	4,067	(327)	735	4,475	3,957	(564)	(1,674)	1,719
Impact on Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0
Net (Gain)/Loss for the year	4,067	(327)	735	4,475	3,957	(564)	(1,674)	1,719

Financial Instruments Key Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry of Housing, Communities and Local Government guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

NOTES TO THE ACCOUNTS

The main risks covered are:

- Credit Risk – the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity Risk – the possibility that the Council might not have the cash available to make contracted payments on time.
- Market Risk – the possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rate movements or equity prices.

While the Council maintains responsibility for the Treasury Strategy a contract is held with the Hampshire County Council Treasury Team to administer the day-to-day Treasury function on behalf of the Council.

Credit Risk - Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial organisations for investment.

A limit of £8 million of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK Government). For unsecured investments in banks, building societies, registered providers and companies, a smaller limit of £4 million applies. The Council also sets limits on investments in certain sectors. No more than £35 million in total can be invested for a longer period than one year. These limits were set and implemented for 2023/24 on 26 February 2024.

The tables below summarise the credit risk exposures, including accrued interest, of the Council's investment portfolio by credit rating and remaining time to maturity.

Counterparty	Balance invested as at 31 March 2024					
	Call Accounts	Up to 1 month	> 1 month and < 6 months	> 6 months and < 12 months	> 12 months	Total
	£000	£000	£000	£000	£000	£000
Banks	1,998		20			2,018
Money Market Funds	8,160					8,160
Local Authorities/Housing Associations		2,058	2,529	1,542		6,129
Bonds				1,952		1,952
Certificates of Deposit						0
Treasury Bills		2,000				2,000
Pooled Funds	2,004				8,200	10,204
Appletree Property Holdings	0	0	0	0	1,367	1,367
Total	12,162	4,058	2,549	3,494	9,567	31,830

NOTES TO THE ACCOUNTS

Bond Ratings	Long-term		Short-term	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
AAA	0	0	1,009	1,952
AA-	0	0	7,971	3,977
A+	0	0	20	21
A	0	0	28	21
AAA Money Market Funds	0	0	6,900	8,160
Unrated local authorities	0	0	0	6,129
Total	0	0	15,928	20,260
Credit Rate Not Applicable	14,609	9,567	1,959	2,004
Total Investments	14,609	9,567	17,887	22,264

Credit risk is not applicable to share holdings and pooled funds when the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% (2023 112%) to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent.

At 31 March 2024, £454 (2023 £0) of loss allowances related to treasury investments.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets (Trade Debtors), based on experience of default, adjusted to reflect current market conditions. The Council also receives income and holds debts from Council Tax, Business Rates and for Housing Benefit overpayments. However, these are statutory debts and whilst the Council endeavours to collect this income, it cannot choose who its counterparties are in relation to these debts. Such statutory debts are not classified as financial instruments, and for this reason no reference to statutory debts is contained within the following tables.

Bond Ratings	Amount at 31 March 2024	Historical experience of default	Market Conditions at 31 March 2024	Estimated maximum exposure to default
	£000	%	%	£000
Trade Debtors	7,344	0.76%	1.22%	90
Total	7,344			90

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

NOTES TO THE ACCOUNTS

Trade Debtors

The Council does not generally allow credit for its trade debtors. The amount that is past its due date can be analysed by age as follows:

	31 March 2023	31 March 2024
	£000	£000
Less than three months	4,009	3,502
Three months to one year	1,636	1,044
More than one year	2,539	2,798
Total	8,184	7,344

The Council initiates a legal charge on property where tenants have amounts due on a Council mortgage used for the purchase of their Council dwelling. The total collateral at 31 March 2024 was £2,548.

Sundry Debtors bad debt provisions are based upon service areas for invoices that are still unpaid one year after they fall due, then adjusted for known changes and experience. Housing Rents bad debt provisions are based on percentages of the value of arrears for current and former tenants.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), also through cash flow management procedures required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer-term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments.

The maturity analysis of financial assets excluding accrued interest and sums due from customers is as follows:

	31 March 2023	31 March 2024
	£000	£000
Less than one year	17,887	22,264
Between one and two years	0	0
Between two and three years	0	0
No fixed maturity date	14,609	9,567
Total	32,496	31,831

All trade and other payables (£7.344 million) are due to be paid in less than one year and are not shown in the table above.

NOTES TO THE ACCOUNTS

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it may 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, limiting the amount of the Council's borrowing that matures in any one financial year.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period as approved by Council in the Treasury Management Strategy:

	Approved maximum limits 2023/24		Actual 31 March 2023		Actual 31 March 2024	
	£m	%	£m	%	£m	%
Less than one year	54	25	4.3	4	4.1	3
Between one and two years	55	25	4.1	3	4.1	3
Between two and five years	54	25	12.3	10	12.3	10
Between five and ten years	55	25	20.5	17	20.5	17
Between ten and twenty years	219	100	41.0	35	41.0	33
Between twenty and forty years	219	100	36.1	31	32.0	26
Over forty years	219	100	0.0	0	10.0	8
Total			118.3	100	124.0	100

The minimum limits have been set at zero and the maximum limit for more than 10 years at 100%. This is to facilitate the premature repayment and replacement of all PWLB loans with a longer maturity profile should this be required. The 25% maximum limit on the other periods of less than 10 years is to ensure an even maturity profile of short and medium-term borrowing.

Market Risk

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

- Borrowings at variable rates – the interest charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall

NOTES TO THE ACCOUNTS

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2024, all the £124.003 million (2023: £118.304 million) of principal borrowed was at fixed rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	2022/23	2023/24
	£000	£000
Increase in interest receivable on variable rate investments	(150)	(176)
Decrease in fair value of investments held at FVPL	84	28
Impact on Surplus or Deficit on the Provision of Services	(66)	(148)
Decrease in fair value of investments held at FVOCI	0	0
Impact on Comprehensive Income and Expenditure Account	(66)	(148)
Decrease in fair value of loans and investments at amortised cost*	1	30
Decrease in fair value of fixed rate borrowing*	(9,165)	(10,444)

* No impact on Comprehensive Income and Expenditure

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

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

The Council's investments in pooled property funds are subject to the risk of falling commercial property prices. This risk is limited by the Council's investment strategy. A 5% fall in commercial property prices at 31 March 2024 would result in a £0.30 million (2023: £0.34 million) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Financial Instruments Revaluation Reserve.

The Council's investments in pooled equity funds are subject to the risk of falling share prices. This risk is limited by the Council's investment strategy. A 5% fall in share prices at 31 March 2023 would result in a £0.06 million (2023: £0.13 million) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Financial Instruments Revaluation Reserve.

Foreign Exchange Risk – The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

NOTES TO THE ACCOUNTS

Fair value of Assets and Liabilities carried at Amortised Cost

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- Loans from the PWLB 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.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term investments, including trade payables and receivables is assumed to approximate to the carrying amount given the low and stable interest rate environment.

The fair values are shown in the table below, split by their level in the fair value hierarchy:

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

	Fair Value Level	31 March 2023		31 March 2024	
		Balance Sheet £000	Fair value £000	Balance Sheet £000	Fair value £000
Financial liabilities held at amortised cost:					
Loans from PWLB	2	(118,348)	(100,028)	(124,059)	(107,747)
Total		(118,348)	(100,028)	(124,059)	(107,747)
Total Financial Liabilities		(118,348)		(124,059)	
Recorded on balance sheet as:					
Short-term borrowing		(4,344)		(4,155)	
Long-term borrowing		(114,004)		(119,904)	
Total Financial Liabilities		(118,348)		(124,059)	

NOTES TO THE ACCOUNTS

The fair value of short-term financial liabilities held at amortised cost, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is lower than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

	Fair Value Level	31 March 2023		31 March 2024	
		Balance Sheet £000	Fair value £000	Balance Sheet £000	Fair value £000
Financial assets held at fair value:					
Money market funds	1	6,900	6,900	8,160	8,160
Bond, equity and multi-asset funds	1	7,930	7,930	3,244	3,244
Property Funds	2	7,270	7,270	6,961	6,961
Appletree Property Holdings	1	1,367	1,367	1,367	1,367
Financial assets held at amortised cost:					
Corporate, covered and government bonds	1	0	0	0	0
Long-term loans to local authorities, housing associations, harbour commissioner and Appletree Property Holdings	2	4,615	4,614	4,393	4,614
Total		28,082	28,081	24,125	24,346
Assets for which fair value is not disclosed*		17,958		20,006	
Total Financial Assets		46,040		44,131	
Recorded on balance sheet as:					
Long-term investments		14,608		9,568	
Long-term debtors		4,615		4,393	
Short-term investments		2,988		10,106	
Cash and cash equivalents		15,645		12,720	
Short-term trade debtors		8,184		7,344	
Total Financial Assets		46,040		44,131	

The fair value of financial assets held at amortised cost in aggregate is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

The fair value of short-term financial assets, including trade receivables, is assumed to approximate to the carrying amount.

The fair value adjustment is a note to the accounts only; no accounting entry is required.

NOTES TO THE ACCOUNTS

42. OFFICERS' REMUNERATION

The senior employees whose salary exceeded £50,000 per annum for 2023/24 are shown in the table below.

2023/24	Notes	Salary (including fees and allowances)	Compensation for loss of office	Total Remuneration excluding pension contributions	Pension contributions	Total Remuneration including pension contributions
		£	£	£	£	£
Chief Executive		137,504	0	137,504	25,301	162,805
Returning Officer	a	16,087	0	16,087	0	16,087
		153,591	0	153,591	25,301	178,892
Strategic Director - Corporate Resources, S151 and Transformation		97,049	0	97,049	17,857	114,906
Strategic Director - Housing, Communities and Governance	b	82,764	0	82,764	14,674	97,438
Strategic Director - Place, Operations and Sustainability		105,863	0	105,863	19,479	125,342
		439,267	0	439,267	77,311	516,578

The Employer's Pension Contributions were 18.40% for 2023/24 and 2022/23.
There were no Bonuses or Benefits in Kind paid in 2023/24 or 2022/23.

- a) The Chief Executive undertook the Returning Officer role in 2023/24.
- b) The Strategic Director Housing, Communities and Governance was in post until 18 January 2024, the annualised salary for the post was £99,887.

NOTES TO THE ACCOUNTS

The figures for 2022/23 were:

2022/23	Notes	Salary (including fees and allowances)	Compensation for loss of office	Total Remuneration excluding pension contributions	Pension contributions	Total Remuneration including pension contributions
		£	£	£	£	£
Chief Executive		127,939	0	127,939	23,541	151,480
Strategic Director - Corporate Resources, S151 and Transformation	c	37,976	0	37,976	6,987	44,963
Strategic Director - Housing, Communities and Governance	d	39,069	0	39,069	7,189	46,258
Strategic Director - Place, Operations and Sustainability	e	3,300	0	3,300	607	3,907
Executive Head - Governance and Regulation	f	53,166	0	53,166	9,782	62,948
Executive Head - Resources	g	73,427	75,058	148,485	13,207	161,692
Chief Finance Officer (S151)	h	50,242	0	50,242	9,245	59,487
Chief Planning Officer	i	83,329	0	83,329	15,337	98,666
		468,448	75,058	543,506	85,895	629,401

- c) The Strategic Director Corporate Resource, S151 and Transformation was in post from 1 November 2022, the annualised salary for the post was £91,141.
- d) The Strategic Director Housing, Communities and Governance was in post from 1 November 2022, the annualised salary for this post was £93,767.
- e) The Strategic Director Places, Operations and Sustainability was in post from 20 March 2023, the annualised salary for the post was £102,283.
- f) The Executive Head Governance and Regulation was in post until 31 October 2022, the annualised salary for the post was £86,130.
- g) The Executive Head Resources left on 31 January 2023. The annualised salary for the post was £86,130.
- h) The Chief Finance Officer was in post until 31 October 2022, the annualised salary for the post was £86,130.
- i) The Chief Planning Officer left on 19 March 2023. The annualised salary for the post was £86,130.

NOTES TO THE ACCOUNTS

The other officers whose remuneration, including termination benefit costs but excluding pension contributions, was above £50,000 were:

Remuneration Band	Number of Employees			
	2022/23		2023/24	
	Left During Year	Total	Left During Year	Total
£ 50,000 - £ 54,999	2	30	1	17
£ 55,000 - £ 59,999	1	6	2	20
£ 60,000 - £ 64,999	0	1	0	5
£ 65,000 - £ 69,999	0	10	0	3
£ 70,000 - £ 74,999	0	2	0	7
£ 75,000 - £ 79,999	0	0	0	3
£ 80,000 - £ 84,999	0	1	0	0
	3	50	3	55

43. TERMINATION BENEFITS

The Council terminated the contracts of 16 employees in 2023/24, incurring costs of £42,185 (8 employees, £127,923 in 2022/23). There was no redundancy provision at the end of 2023/24 or 2022/23.

Exit Package Cost Band (including special payments)	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 £
2023/24				
£0 - £20,000	3	13	16	42,185
Total	3	13	16	42,185
2022/23				
£0 - £20,000	0	6	6	15,896
£20,000-£100,000	2	0	2	112,027
Total	2	6	8	127,923

44. ASSETS HELD FOR SALE

There were no assets held for sale at 31 March 2024.

NOTES TO THE ACCOUNTS

45. RELATED PARTIES

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

Central Government has effective control over the general operations of the Council; it is responsible for providing the statutory framework within which the Council operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with government departments are set out in note 37.

The Council has a wholly owned group subsidiary consisting of an active holding company, Appletree Holdings Limited, that has two subsidiaries, Appletree Property Lettings Limited has been active since 2019/20 and Appletree Residential Developments Limited which is a dormant company. Each has the same Board of Directors comprised solely of Council members and officers. As 31 March 2024 the Council had a long-term debtor of £3.713 million and investment of £1.367 million, both have remained unchanged since 31 March 2023.

During 2023/24 the Council provided office accommodation, financial services (including Internal Audit), human resources and ICT system support to the New Forest National Park Authority. The total income received for 2023/24 was £309,000 (£321,000 for 2022/23). Income due at 31 March 2024 amounted to £41,000 (£1,000 at 31 March 2023). The New Forest National Park Authority provided Ranger and Archaeology services and Land Charges reports to the Council which amounted to £58,700 for 2023/24 (in 2022/23 £55,200). £3,750 was owed to the New Forest National Park Authority at 31 March 2024 (£7,200 owed at 31 March 2023).

Members of the Council have direct control over the Council's financing and operating policies. The total of members' allowances paid is shown in note 39. During 2023/24 and 2022/23 no money was paid to companies in which members had an interest. In 2023/24 and 2022/23, no payments were paid to organisations in which members had an interest, but on which there is no Council representative. One member, who was a councillor until the elections in May 2023, was employed by the Council's bank; this contract was tendered and commenced in December 2014. There were no material transactions with any chief officers during the year.

NOTES TO THE ACCOUNTS

46. GOING CONCERN

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

The agreed balanced budget for 2024/25 and the Medium Term outlook to 2027/28 are supported by robust financial planning, estimates and assumptions. The Council has plans to address the forecast deficit over the period and as confirmed within the Section 25 statement of the Medium Term Financial Plan, adequate reserves will be maintained above minimum levels. The updated Treasury Management and Investment Strategies pick up on the forecast cashflow position, taking into account the Council's Capital Programme aspirations, covering the period to the end of April 2025. The Council will optimise the cash balances it has and has the option to prudentially borrow to support Capital Programme financing when required.

The Appletree Property Holdings group of companies depend upon the Council for ongoing financial support. The Council is committed to providing this support in the short to medium term as the companies assist with the provision of housing in the New Forest. Provision of expected loan drawdowns and other financial support has been incorporated into the Council's cash flow forecasts and medium-term financial plans.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

2022/23		Notes	2023/24
£000			£000
	Income		
(28,084)	Dwelling rents		(30,224)
(645)	Non-dwelling rents		(662)
(764)	Charges for services and facilities		(923)
(370)	Contributions towards expenditure		(478)
(29,863)			(32,287)
	Expenditure		
5,542	Repairs and maintenance	3	6,406
9,693	Supervision and management		8,622
142	Rents, rates, taxes and other charges		218
13,607	Depreciation, impairment and revaluation of non-current assets	4	22,748
12	Debt Management Costs		15
260	Movement in the allowance for bad debts		227
29,256			38,236
(607)	Net (Income) / Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement		5,949
146	HRA services' share of Corporate and Democratic Core		145
(461)	Net (Income) / Expenditure for HRA Services		6,094
	HRA share of the Operating Income and Expenditure included in the whole authority Comprehensive Income and Expenditure Statement		
(1,969)	(Gain) / Loss on sale of HRA non-current assets		(1,502)
4,100	Interest payable and similar charges		4,731
(193)	Interest and investment income		(612)
563	Net interest on the net defined benefit liability / (asset)	5	251
(13)	Income and expenditure in relation to investment properties and changes in their fair value		(13)
(2,551)	Capital Grants and Contributions Receivable		(3,289)
(524)	(Surplus) or Deficit for the year on HRA services		5,661

NOTES TO THE HOUSING REVENUE ACCOUNT

1. HOUSING REVENUE ACCOUNT ASSETS

a) Categorised by type of accommodation

31 March 2024	Houses	Bungalows	Flats	Total
Bedsits	0	0	210	210
1 Bedroom	5	358	859	1,222
2 Bedrooms	742	497	456	1,695
3 Bedrooms	1,964	18	7	1,989
4+ Bedrooms	120	1	0	121
Total	2,831	874	1,532	5,237

31 March 2023	Houses	Bungalows	Flats	Total
Bedsits	0	0	209	209
1 Bedroom	5	358	850	1,213
2 Bedrooms	738	497	443	1,678
3 Bedrooms	1,952	18	7	1,977
4+ Bedrooms	116	1	0	117
Total	2,811	874	1,509	5,194

b) Vacant Possession Value of Dwellings

The following analysis shows the value of dwellings within the HRA if they were sold on the open market with vacant possession.

	1 April 2022 £000	1 April 2023 £000
Council Housing Assets		
Standard Dwellings	1,139,821	1,233,201
Restricted Housing	82,922	89,542
Special Housing	7,061	11,295
Garages	8,267	8,036
	1,238,071	1,342,074
Other Assets		
Investment Property	179	179
Land and Other Buildings	927	952
Community Centre	0	0
	1,106	1,131
	1,239,177	1,343,205

NOTES TO THE HOUSING REVENUE ACCOUNT

c) Gross Value and Number by Type of HRA Assets

This analysis shows the gross value and number by types of dwelling within the HRA. The Balance Sheet value differs from the open market value, reflecting the economic cost to government of providing council housing at less than open market rents.

	1 April 2023		31 March 2024	
	Number of Units	Value £000	Number of Units	Value £000
Council Housing Assets				
Standard Dwellings	4,564	406,956	4,606	382,332
Restricted Housing	553	29,549	554	27,494
Special Housing	77	11,295	77	10,571
Garages	1,755	8,035	1,742	6,043
	6,949	455,835	6,979	426,440
Other Assets				
Investment Property	1	179	1	179
Land and Other Buildings	12	1,018	10	501
	13	1,197	11	680
Total	6,962	457,032	6,990	427,120

d) Capital Expenditure

Housing Revenue Account capital expenditure was applied to:

	2022/23	2023/24
	£000	£000
Major Repairs	8,067	11,259
Environmental Enhancements	216	110
Acquisition and Development Programme	12,651	13,979
Disabled Adaptations	1,141	1,034
Total	22,075	26,382

e) Funding of HRA Capital Expenditure

	2022/23	2023/24
	£000	£000
Revenue Contributions	1,400	2,333
Major Repairs Reserve	9,822	10,192
Loan	5,000	8,000
Grant	2,084	3,858
Capital Receipts	3,769	1,999
Total	22,075	26,382

NOTES TO THE HOUSING REVENUE ACCOUNT

2. RENT ARREARS

	31 March 2023	31 March 2024
	£000	£000
Rent Arrears	802	953
- current tenants	430	429
- former tenants	1,232	1,382
Less provision for bad debts	(885)	(980)
Anticipated collectable arrears of rent	347	402

3. HOUSING REPAIRS

The following table shows expenditure for the different categories of work undertaken on housing repairs:

	2022/23	2023/24
	£000	£000
Cyclical Maintenance	1,364	1,513
Reactive Maintenance	4,178	4,893
Total	5,542	6,406

The Council also undertook £11.259 million of housing works, which were treated as capital expenditure. The main categories of work were central heating, windows, doors and roof replacements and kitchen and bathroom modernisations.

4. HRA DEPRECIATION AND IMPAIRMENT OF FIXED ASSETS

a) Depreciation

The figures below show the depreciation charged to the Housing Revenue Account analysed over type of asset.

	2022/23	2023/24
	£000	£000
Standard Accommodation	8,998	9,262
Restricted Accommodation	655	673
Special Housing	169	257
	9,822	10,192
Other (included in Supervision and Management costs)	1	1
Total	9,823	10,193

NOTES TO THE HOUSING REVENUE ACCOUNT

b) Impairment

In 2023/24 there was a net increase in housing asset values credited to the Housing Revenue Account of £7.095 million but these were offset by capital expenditure not enhancing value of £19.651 million to arrive at a net valuation impairment of £12.556 million. This compares to a net impairment of £3.785 million in 2022/23. In 2023/24 other net housing asset valuation impairments debited to the Revaluation Reserve were £31.691 million (£32.643 million increase in 2022/23).

	2022/23	2023/24
	£000	£000
Housing Revenue Account/Capital Adjustment Account		
Revaluation Increases	(10,757)	(10,192)
Revaluation Decreases	468	3,097
Net Revaluation (Increases)/Decreases	(10,289)	(7,095)
Capital Expenditure not enhancing asset value	14,074	19,651
Total Housing Revenue Account Impairment	3,785	12,556
Revaluation Reserve		
Revaluation Increases	(32,874)	(36)
Revaluation Decreases	231	31,727
Total Revaluation Reserve	(32,643)	31,691
Total HRA Impairments/Revaluations	(28,858)	44,247

5. HRA CONTRIBUTION TO/FROM THE PENSION RESERVE

The Council has applied IAS19 to the Housing Revenue Account. This means that service expenditure reflects the appropriate allocation of retirement costs earned in the year rather than actual employer's contributions made. An appropriation has been made from the Pensions Reserve to negate the impact on the Housing Revenue Account balance of all items. The following transactions have been made in the HRA:

	2022/23	2023/24
	£000	£000
Net Cost of Services:		
Current service cost	2,851	1,320
Net Operating Expenditure:		
Net Interest Expense	563	251
Net Defined Benefit Liability Remeasured		
Return on plan assets (excluding the amount included in the net interest expense)	2,394	(1,632)
Actuarial (Gains) / Losses arising on changes in demographic assumptions	2	(495)
Actuarial (Gains) / Losses arising on changes in financial assumptions	(14,013)	15
Actuarial (Gains) / Losses due to liability experience	2,856	1,560
Amounts to be met from Government Grants and Local Taxation		
Movement on pensions reserve	6,405	159
Actual amount charged against dwelling rents for pensions in the year:		
Employers' contributions payable to scheme	1,058	1,178

NOTES TO THE HOUSING REVENUE ACCOUNT

6. MAJOR REPAIRS RESERVE

The following table shows the movements on the Major Repairs Reserve.

	2022/23	2023/24
	£000	£000
Balance 1 April	0	0
Transferred to Reserve	9,822	10,192
Debits in respect of capital expenditure on land, houses and other property	(9,822)	(10,192)
Balance 31 March	0	0

7. CAPITAL RECEIPTS

The following table shows the income from Capital Receipts. Total Capital Receipts in respect of the Housing Revenue Account are shown after adjustments for administration and other costs.

	2022/23	2023/24
	£000	£000
Sale of Land	0	4
Sale of Council Houses	3,944	2,172
Discount Repaid	15	19
Shared Ownership	0	604
Mortgages Repaid	0	1
Disabled Facilities Grants	26	0
Usable Capital Receipts	3,985	2,800

COLLECTION FUND

The Collection Fund is an agent's statement that shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution of the income to local authorities and the Government. While there is only one Collection Fund, separate statements are shown for council tax and non-domestic rates due to the complexity of non-domestic rates transactions.

COLLECTION FUND – COUNCIL TAX

The Council collects council tax for its own spending needs and on behalf of Hampshire County Council, Police and Crime Commissioner for Hampshire, Hampshire and Isle of Wight Fire and Rescue Service and local town and parish councils.

2022/23			2023/24	
£000	£000		£000	£000
		Income		
	(144,538)	Income from Council Tax		(152,269)
		Transfers to / (from) General Fund:		
0		Support Fund Relief	(212)	
0		Hardship Relief	1	
(110)	(110)	Family Annex Relief	(122)	(333)
	(144,648)	Total Income		(152,602)
		Expenditure		
		Precepts:		
100,312		Hampshire County Council	105,535	
17,054		Police and Crime Commissioner for Hampshire	18,173	
5,440		Hampshire and Isle of Wight Fire And Rescue Service	5,813	
20,572		New Forest District Council (including town and parish council requirements)	21,568	
	143,378			151,089
		Bad and Doubtful Debts		
180		Write-offs	269	
346	526	Increase / (decrease) in provisions	362	631
		Contributions:		
	1,774	Previous year's estimated council tax surplus / (deficit)		1,842
	145,678	Total Expenditure		153,562
	1,030	Movement on fund balance		960
	(2,961)	(Surplus) / Deficit at 1 April		(1,931)
	1,030	Movement on fund balance for year		960
	(1,931)	(Surplus) / Deficit at 31 March		(971)

COLLECTION FUND

COLLECTION FUND – BUSINESS RATES

The Council collects business rates for its own spending needs and on behalf of the Government, Hampshire County Council and Hampshire and Isle of Wight Fire and Rescue Service.

2022/23			2023/24	
£000	£000		£000	£000
		Income		
	(61,065)	Income collectable from Business Ratepayers Current System		(65,219)
	208	Transitional Protection Payments		(5,461)
	(60,857)	Total Income		(70,680)
		Expenditure		
32,334		Payments to Government - Business Rates Retention	36,975	
25,867		New Forest District Council	29,580	
5,820		Hampshire County Council	6,655	
647		Hampshire and Isle of Wight Fire And Rescue Service	739	
280		Costs of Collection	288	
9		NFDC - Renewable Energy Schemes	12	
	64,957			74,249
		Bad and Doubtful Debts		
117		Write-offs	258	
71		Increase / (decrease) in provisions	80	
1,693		Increase / (decrease) in Appeals Provision	(4,830)	
	1,881			(4,492)
	(17,424)	Contributions:		
		Previous year's estimated business rates surplus / (deficit)		(976)
	49,414	Total Expenditure		68,781
	(11,443)	Movement on fund balance		(1,899)
	15,818	(Surplus) / Deficit at 1 April		4,375
	(11,443)	Movement on fund balance for year		(1,899)
	4,375	(Surplus) / Deficit at 31 March		2,476

NOTES TO THE COLLECTION FUND

1. GENERAL

Any surplus or deficit in respect of Council Tax at the end of the year is, during the next year distributed between the billing authority and major precepting authorities in proportion to their precepts in the year the surplus or deficit occurred.

Any surplus or deficit in respect of Business Rates at the end of the year is distributed in accordance with the percentage allocations set out in note 5 below.

2. CALCULATION OF THE TAX BASE

The Council Tax charge for the year is calculated by dividing the Council's budget requirement by the Council's tax base.

The tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings.

New Forest District Council's tax base for tax setting purposes was calculated as follows:

Band	Estimated number of Taxable Properties *	Ratio	Number of Band D Equivalent Properties
Disabled A	29.25	5/9	16.30
A	5,835.79	6/9	3,890.50
B	10,661.22	7/9	8,299.80
C	16,440.54	8/9	14,613.80
D	17,602.54	9/9	17,602.50
E	12,553.16	11/9	15,342.70
F	6,636.32	13/9	9,585.80
G	4,302.08	15/9	7,190.10
H	567.00	18/9	1,134.00
Total	74,627.90		77,675.50
Less: Adjustment for collection rates			869.31
Less: Council Tax Reduction Scheme			4,534.49
Council Tax Base			72,271.70

* after adjusting for the effects of discounts and anticipated changes during the year for new properties, demolitions, disabled persons relief, exempt properties and successful appeals against valuations.

NOTES TO THE COLLECTION FUND

3. ACCOUNTING FOR THE COLLECTION FUND BALANCE – COUNCIL TAX

The opening balance on the Collection Fund for 2023/24 was a £1.931 million surplus. The surplus at the end of the year is split between Hampshire County Council, New Forest District Council, Police and Crime Commissioner for Hampshire and Hampshire and Isle of Wight Fire and Rescue Service.

In the Balance Sheet at 31 March 2024, the Council included the £971,000 surplus on a disaggregated basis as a creditor of £833,000 and a £138,000 attributable surplus within the Collection Fund Adjustment Account balance.

4. PRECEPTS AND DEMANDS ON THE COLLECTION FUND – COUNCIL TAX

2022/23				2023/24		
Precept £000	Share of Surplus £000	Total £000		Precept £000	Share of Surplus £000	Total £000
100,312	1,350	101,662	Hampshire County Council	105,535	678	106,213
17,054	232	17,286	Police and Crime Commissioner for Hampshire	18,173	117	18,290
5,440	74	5,514	Hampshire and Isle of Wight Fire and Rescue Service	5,813	38	5,851
20,572	275	20,847	New Forest District Council (including town and parish council requirements)	21,568	138	21,706
143,378	1,931	145,309		151,089	971	152,060

5. INCOME FROM BUSINESS RATEPAYERS

Under the arrangements for business rates, the Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate determined by the Government. The total amount, less certain reliefs and other reductions is paid into the Collection Fund before being distributed to Central Government (50%), New Forest District Council (40%), Hampshire County Council (9%) and Hampshire and Isle of Wight Fire and Rescue Service (1%).

The total non-domestic rateable value at 31 March 2024 was £195.190 million. The national non-domestic multiplier was 51.2p. This gave a potential business rate yield of £99.937 million. After allowing for items such as rateable value amendments, empty properties, small property reductions, additional reliefs as a result of the pandemic and transitional and charitable reliefs, the net amount of business rates collectable was £65.219 million.

NOTES TO THE COLLECTION FUND

6. ACCOUNTING FOR THE COLLECTION FUND BALANCE – BUSINESS RATES

The 2023/24 year-end deficit balance on the Collection Fund was £2.476 million. The Council's share is a deficit of £990,000 and Central Government, Hampshire County Council and Hampshire and Isle of Wight Fire and Rescue Service share a deficit balance of £1.486 million. Within the balance sheet the Council's share is shown within the Collection Fund Adjustment Account balance and the partners' share is netted off within debtors. The funding (additional S31 grant) to cover the Council's share of the deficit is held within Earmarked Reserves.

7. DEMANDS ON THE COLLECTION FUND – BUSINESS RATES

2022/23				2023/24		
Demand	Share of	Total		Demand	Share of	Total
	Surplus /				Surplus /	
	(Deficit)				(Deficit)	
£000	£000	£000		£000	£000	£000
32,334	(2,187)	30,147	Central Government	36,975	(1,238)	35,737
5,820	(394)	5,426	Hampshire County Council	6,655	(223)	6,432
647	(44)	603	Hampshire and Isle of Wight Fire and Rescue Service	739	(25)	714
25,867	(1,750)	24,117	New Forest District Council	29,580	(990)	28,590
64,668	(4,375)	60,293		73,949	(2,476)	71,473

NEW FOREST DISTRICT COUNCIL SUPPLEMENTARY STATEMENTS GROUP ACCOUNTS

The group accounts contain core financial statements similar to those included in the Council's single entity statements but which represent the consolidated position of the group.

The group accounts are presented in the following pages and include:

	Page
Group Comprehensive Income and Expenditure Statement	103
Group Movement in Reserves Statement	104
Group Balance Sheet	105
Group Cash Flow Statement	106

Notes to the group accounts:

- 1 Overview
- 2 Accounting Policies
- 3 Group Property, Plant and Equipment
- 4 Group Long Term Debtors

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This account summarises the resources generated and consumed in providing services and managing the Group during the year.

Restated 2022/23				2023/24		
Gross Expend £000	Gross Income £000	Net Expend £000		Gross Expend £000	Gross Income £000	Net Expend £000
10,095	(3,029)	7,066	Community Safety and Wellbeing	6,151	(2,823)	3,328
18,046	(7,490)	10,556	Environment and Sustainability	17,415	(7,970)	9,445
35,649	(30,578)	5,071	Finance and Corporate	34,162	(30,058)	4,104
10,138	(6,354)	3,784	Housing and Homelessness	9,121	(6,956)	2,165
698	(135)	563	Leader	1,427	(360)	1,067
6,196	(2,006)	4,190	Planning and Economy	5,502	(1,814)	3,688
80,822	(49,592)	31,230	General Fund	73,778	(49,981)	23,797
29,402	(29,863)	(461)	Housing Revenue Account	38,381	(32,286)	6,095
110,224	(79,455)	30,769	Cost of Services	112,159	(82,267)	29,892
			Other Operating Expenditure			
6,987			Town and Parish Council Precepts	7,548		
	(2,078)		(Gains)/Losses on the disposal of Non-Current Assets		(1,523)	
0	0		VAT Assessment / (Refund)	0	(668)	
			Car Parks Non Domestic Rates Refund			
		4,909	Total Other Operating Expenditure			5,357
			Financing and Investment Income and Expenditure			
			Interest Payable and Similar Charges:			
10			- General Fund	4		
4,099			- HRA	4,731		
	(3)		Expected Credit (Gain)/Loss on Investments		0	
1,768	0		Changes in the fair value of Investments	321	(90)	
	(1,704)		Other Investment Income		(3,393)	
2,221			Net interest on the net defined benefit liability/(asset)	1,001		
	(412)		Income, expenditure and changes in the fair value of Investment Properties		(716)	
		5,979	Total Financing and Investment Income and Expenditure			1,858
			Taxation and Non-Specific Grant Income			
	(20,678)		Council Tax Income (incl. Parish precepts)		(21,693)	
	(5,802)		Non-Domestic Rates Income and Expenditure		(8,034)	
	(833)		Unringfenced Government Grants		(879)	
	(5,765)		Capital Grants and Contributions		(4,946)	
		(33,078)	Total Taxation and Non-Specific Grant Income			(35,552)
125,309	(116,730)	8,579	(Surplus)/Deficit on the Provision of Services	125,764	(124,209)	1,555
	(34,441)		(Surplus)/Deficit arising from the revaluation of Property, Plant and Equipment Assets		32,546	
	(73,466)		Re-measurement of the defined benefit liability/(asset)		(3,109)	
		(107,907)	Other Comprehensive Income and Expenditure			29,437
		(99,328)	Total Comprehensive Income and Expenditure			30,992

GROUP MOVEMENT IN RESERVES STATEMENT

This schedule shows the movement in the year of the Council's single entity usable and unusable reserves as well as the Council's share of the group reserves.

	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of the Reserves of Subsidiaries	TOTAL GROUP RESERVES
	£000	£000	£000	£000	£000
Balance at 31 March 2022	(60,777)	(290,187)	(350,964)	579	(350,385)
<i>Movement in reserves during 2022/23</i>					
(Surplus)/deficit on the provision of services	8,676	0	8,676	(97)	8,579
Other comprehensive income and expenditure	0	(107,824)	(107,824)	(83)	(107,907)
Total Comprehensive Income and Expenditure	8,676	(107,824)	(99,148)	(180)	(99,328)
Adjustment between group accounts and authority accounts	(167)	0	(167)	167	0
Net (Increase)/Decrease before transfers	8,509	(107,824)	(99,315)	(13)	(99,328)
Adjustments between accounting basis and funding basis under regulations	(252)	252	0	0	0
Net (Increase)/Decrease Before Transfers to Earmarked Reserves	8,257	(107,572)	(99,315)	(13)	(99,328)
Transfers to/(from) earmarked reserves	0	0	0	0	0
(Increase) / Decrease in Year	8,257	(107,572)	(99,315)	(13)	(99,328)
Balance at 31 March 2023	(52,520)	(397,759)	(450,279)	566	(449,713)
<i>Movement in reserves during 2023/24</i>					
(Surplus)/deficit on the provision of services	1,761	0	1,761	(206)	1,555
Other comprehensive income and expenditure	0	29,517	29,517	(80)	29,437
Total Comprehensive Income and Expenditure	1,761	29,517	31,278	(286)	30,992
Adjustment between group accounts and authority accounts	(192)	0	(192)	192	0
Net (Increase)/Decrease before transfers	1,569	29,517	31,086	(94)	30,992
Adjustments between accounting basis and funding basis under regulations	(1,093)	1,093	0	0	0
Net (Increase)/Decrease Before Transfers to Earmarked Reserves	476	30,610	31,086	(94)	30,992
Transfers to/(from) Earmarked Reserves	0	0	0	0	0
(Increase) / Decrease in Year	476	30,610	31,086	(94)	30,992
Balance at 31 March 2024	(52,044)	(367,149)	(419,193)	472	(418,721)

GROUP BALANCE SHEET

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group.

2022/23			2023/24	
£000	£000		£000	£000
		Long-Term Assets		
		Property, Plant and Equipment:		
455,835		Council Dwellings	426,441	
79,484		Other Land and Buildings	78,530	
5,286		Vehicles, Plant and Equipment	5,453	
2,509		Infrastructure	2,252	
537		Community Assets	534	
6,030	549,681	Assets Under Construction	8,359	521,569
	30,685	Investment Property		30,325
	13,241	Long-Term Investments		8,201
	902	Long-Term Debtors		680
	594,509	Total Long-Term Assets		560,775
		Current Assets		
		Assets Held For Sale - Property		
2,988		Short-Term Investments	9,977	
353		Inventories	393	
12,033		Short-Term Debtors	12,284	
(2,866)		Bad Debt Provision	(3,049)	
15,675		Cash and Cash Equivalents	12,737	
	28,183	Total Current Assets		32,342
	622,692	Total Assets		593,117
		Current Liabilities		
(4,345)		Short-Term Borrowing	(4,155)	
(28,577)		Short-Term Creditors	(27,757)	
	(32,922)	Total Current Liabilities		(31,912)
		Long-Term Liabilities		
(114,003)		Long-Term Borrowing	(119,904)	
(4,527)		Provisions	(2,594)	
(365)		Developers' Contributions - Receipts in Advance	(360)	
(21,162)		Net Pensions Liability	(19,626)	
	(140,057)	Total Long-Term Liabilities		(142,484)
	449,713	Net Assets		418,721
		Usable Reserves		
3,000		General Fund Balance	3,000	
26,880		Earmarked Reserves	27,193	
1,000		Housing Revenue Account Balance	1,000	
6,186		Capital Receipts Reserve	6,047	
2,944		Capital Grants Unapplied	2,498	
8,032		Community Infrastructure Levy Unapplied	8,527	
4,243	52,285	Developers' Contributions Unapplied	3,497	51,762
		Unusable Reserves		
117,515		Revaluation Reserve	84,891	
302,873		Capital Adjustment Account	303,133	
(358)		Financial Instruments Revaluation Reserve	(588)	
503		Deferred Capital Receipts Reserve	475	
(21,162)		Pensions Reserve	(19,626)	
(1,475)		Collection Fund Adjustment Account	(852)	
(468)	397,428	Accumulating Absences Adjustment Account	(474)	366,959
	449,713	Total Reserves		418,721

GROUP CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents in the group during the reporting period. The statement shows how the Group generates and uses cash equivalents by classifying cash flows as operating, investing and financing activities.

2022/23 £000		2023/24 £000
8,579	Net (surplus) or deficit on the provision of services	1,555
(13,603)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(24,645)
4,053	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,803
(971)	Net cash flows from Operating Activities	(20,287)
(12,422)	Investing Activities	23,908
22,341	Financing Activities	(683)
8,948	Net (increase) or decrease in cash and cash equivalents	2,938
(24,623)	Cash and cash equivalents at the beginning of the reporting period	(15,675)
(15,675)	Cash and cash equivalents at the end of the reporting period	(12,737)

NOTES TO THE GROUP ACCOUNTS

1. OVERVIEW

New Forest District Council chooses to deliver its services through a variety of delivery models, either under ultimate control or in partnership with other organisations. The financial statements consider the New Forest District Council as a single entity, thus any business interests in other organisations are reflected in terms of the level of the Council's investment and not their financial performance, year-end balances and exposure to risk. In order to reflect a full picture of the Council's financial activities and business relationships, group financial statements are produced to reflect the extent of New Forest District Council's involvement in group undertakings.

The Group

The relevant accounting standards have been applied in determining how the organisations are included in the group boundary. The extent of the Council's interest and control over the entity was considered as was the materiality of the financial impact on the Council's group accounts and the transparency of less material entities to allow the reader to understand the Group's consolidated position. Following this assessment, the following has been identified as being within the Council's group for financial reporting purposes.

- Subsidiaries – where the Council either wholly or majority control an entity. Therefore, in the 2023/24 and 2022/23 group accounts the Appletree Property Holdings Group Limited is included.

The Council does not have business interests in any other organisations that are not included in the group accounts.

NOTES TO THE GROUP ACCOUNTS

2. ACCOUNTING POLICIES

The group accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and those International Financial Reporting Standards where CIPFA had provided guidance notes.

The accounting policies used in preparing the group accounts reflect those used by New Forest District Council in its single entity financial statements, these can be found in Note 1 of the New Forest District Council financial statements. In order to ensure consistency of accounting treatment and the alignment of policies across the group the following policies have been adopted:

Consolidation of Subsidiaries

Subsidiaries have been consolidated using the acquisition accounting basis. This is the full, line by line consolidation of financial transactions and balances of the Council and its subsidiary companies. To avoid overstating balances within the group financial statements all transactions and balances between the Council and group companies have been eliminated.

Alignment of accounting framework and policies

Where the accounting framework used by group companies differs from that of the Council, FRS102 rather than IFRS, including the accounting policies and the impact of such differences would have a material impact on the group financial statements then the relevant balances from the group companies will be adjusted to bring the accounting treatment in line with that applied by the Council.

Unrealised profits from intra-group transactions:

Any unrealised profit reflected in the carrying amount of property, plant and equipment and inventory arising from trading between the Council and its group companies will be eliminated to avoid the double counting of gains.

Company losses Accounting Treatment:

Appletree Property Holdings Limited included in the consolidation has reported losses in the year. The losses have been reported in accordance with IAS28 to the extent that all the losses have been recognised in the group accounts. These annual losses are reflected in the Group Comprehensive Income and Expenditure Account.

NOTES TO THE GROUP ACCOUNTS

3. GROUP PROPERTY, PLANT AND EQUIPMENT

Valuation of Property, Plant and Equipment

The Council subsidiary operates an annual programme of property revaluations; in 2023/24 this work was carried out by the Council's valuer P. Marston, MRICS, Registered Valuer.

Movement on Property, Plant and Equipment Assets

Purchases and disposals during the year were as follows:

Comparative Movements in 2023/24:	Council Property, Plant and Equipment	Council Share of Subsidiary Property, Plant and Equipment	Total Group Property, Plant and Equipment
	£000	£000	£000
Cost or Valuation			
At 1 April 2023	569,412	4,662	574,074
Additions	30,296	0	30,296
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(32,273)	80	(32,193)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(3,110)	61	(3,049)
Capital Expenditure not enhancing value recognised in the Surplus / Deficit on the Provision of Services	(20,320)	0	(20,320)
Derecognition - disposals	(1,663)	0	(1,663)
Other movements in cost or valuation	0	0	0
At 31 March 2024	542,342	4,803	547,145
Accumulated Depreciation and Impairment			
At 1 April 2023	(24,393)	0	(24,393)
Depreciation charge	(11,757)	0	(11,757)
Depreciation written out to the Surplus / Deficit on the Provision of Services	10,192	0	10,192
Derecognition - disposals	382	0	382
At 31 March 2024	(25,576)	0	(25,576)
Net Book Value			
At 31 March 2024	516,766	4,803	521,569
at 31 March 2023	545,019	4,662	549,681

NOTES TO THE GROUP ACCOUNTS

Movements in 2022/23:	Council Property, Plant and Equipment	Council Share of Subsidiary Property, Plant and Equipment	Total Group Property, Plant and Equipment
Cost or Valuation	£000	£000	£000
At 1 April 2022	528,804	3,091	531,895
Additions	26,486	1,447	27,933
Revaluation increases / (decreases) recognised in the Revaluation Reserve	34,358	84	34,442
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(68)	111	43
Capital Expenditure not enhancing value recognised in the Surplus / Deficit on the Provision of Services	(16,379)	(71)	(16,450)
Derecognition - disposals	(3,789)	0	(3,789)
Other movements in cost or valuation	0	0	0
At 31 March 2023	569,412	4,662	574,074
Accumulated Depreciation and Impairment			
At 1 April 2022	(24,674)	0	(24,674)
Depreciation charge	(11,367)	0	(11,367)
Depreciation written out to the Surplus / Deficit on the Provision of Services	9,834	0	9,834
Derecognition - disposals	1,814	0	1,814
At 31 March 2023	(24,393)	0	(24,393)
Net Book Value			
At 31 March 2023	545,019	4,662	549,681
At 31 March 2022	504,130	3,091	507,221

NOTES TO THE GROUP ACCOUNTS

4. GROUP ACCOUNTS LONG TERM DEBTORS

Group long term debtors were as follows:

31 March 2023		31 March 2024
£000		£000
2	Car Loans	7
100	Lymington Harbour Commissioners - Principal	0
300	New Forest Enterprise Centre	200
500	Rent to Mortgages House Purchases	473
902	Total	680

GLOSSARY OF TERMS

Budget

The Council's plans set out in financial terms. Both revenue and capital budgets are prepared and are used to control and monitor expenditure and performance.

Capital Expenditure

Expenditure on the purchase of assets, which will be of use or benefit to the Council/Community for longer than one year.

Capital Financing

The raising of money to pay for capital expenditure.

Capital Receipts

Proceeds from the sale of long-term assets e.g. land or buildings.

Direct Revenue Financing

Financing of capital expenditure by a direct charge to a revenue account. This method of finance avoids borrowing.

General Fund

The section of the Council's accounts that covers services paid for by the Council Tax, Non-Domestic Rate and Revenue Support Grant.

Housing Revenue Account

The account which records the income and expenditure relating to the provision of council housing.

Impairment

At the end of each year each asset is reviewed. Impairment is accounted for if there is evidence that there has been a reduction in value.

International Financial Reporting Standards (IFRS)

Accounting practices recommended by the major accounting bodies.

Lease

A method of financing capital expenditure where a rental charge is paid for the use of an asset over a specified period of time. This rental covers a proportion of the capital cost of the asset, together with a return on the finance provided by the leasing company.

Long-term Assets

An asset that has a life of more than one year.

GLOSSARY OF TERMS

Long-term Investments

Loans that the Council has given that are repayable after 364 days of the start of the financial year.

PWLB Debt

Borrowing that is raised from the Public Works Loan Board, a UK Central Government organisation.

Revenue Support Grant (RSG)

Grant paid by the Government to local authorities to help them finance the cost of their services. The system is designed so that if all local authorities spend at the level determined by the Government, the council tax would be the same across the country.

Revenue Expenditure/Income

The costs or income relating to the day-to-day provision of services.

Short-term Investments

Investments that the Council has made that are repayable within 364 days from the date of the original investment.

Short-term Loans

Loans that the Council has raised that are repayable within 364 days of the start of the financial year.

Support Services

The costs of professional, administrative and technical support given to the departments that provides services to the public.

**THE DRAFT ANNUAL GOVERNANCE STATEMENT
NEW FOREST DISTRICT COUNCIL
2023/24**

1. Scope of Responsibility

New Forest District Council is responsible for ensuring that its business is conducted in accordance with the law, proper standards are adhered to and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. It has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to best value. In discharging this overall responsibility New Forest District Council is required to have in place proper arrangements for the governance of the Council's affairs, facilitating the effective exercise of its functions and arrangements for the management of risk.

New Forest District Council has approved and adopted a Code of Good Governance, which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". This Statement explains how New Forest District Council has complied with the Code and also meets the requirements of regulation 13 of the Accounts & Audit Regulations 2015 in relation to the publication of a statement of corporate governance.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, as well as the culture and values, by which the authority is directed and controlled and its activities, through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure in delivery of policies, achieving 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 of those risks materialising and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

The good governance framework centres on the following 7 core principles:

A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
C	Defining outcomes in terms of sustainable economic, social and environmental benefits.
D	Determining the interventions necessary to optimize the achievement of the intended outcomes.
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it.
F	Managing risks and performance through robust internal control and strong public financial management.
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Council is concerned to ensure that quality of service delivery is maintained at a time of financial constraint and uses a variety of mechanisms to assess this. This helps inform future service delivery.

The Council continually revises its Medium Term forecast according to latest information received around likely funding levels and expenditure increases. The Council's current strong financial position and on-going efficiencies programme (including the Transformation Programme and the development of new income generation initiatives) will help protect front-line service delivery. The MTFP is underpinned by the healthy Budget Equalisation and General Fund reserves and these enable the Council to respond to changes accordingly.

Over the years, the Council has developed a number of successful joint or collaborative working arrangements with other public partners. This has continued into 2023/24 and includes arrangements with Hampshire County Council (in respect of Audit and Treasury functions) and a joint Information Office 'The Ringwood Gateway' between Ringwood Town Council, HCC and the District Council. During 2023/24, the Council continued to work closely with the New Forest National Park Authority in the provision of Service Level Agreements covering, Finance, HR, ICT and GIS.

The Council's Constitution sets out how the Council operates, including the roles, responsibilities and relationships between Council, the Executive (Cabinet), Audit Committee and other bodies such as the Overview and Scrutiny Panels and Officers in respect of policy and decision-making processes. There is a comprehensive scheme of delegations to officers to ensure timely decision-making. The Constitution also sets out details on Codes of Conduct and key policies such as Financial Regulations and Contract Standing Orders as to Contracts. It is important that the Council operates efficiently and transparently and is accountable to the local people.

The Constitution was reviewed during 2022/23 and the new version came into effect following the 4 May 2023 elections.

The Risk Management Framework is in place to ensure that risks to the Council in achieving its strategic objectives, both at a corporate and service level, are more consciously identified, assessed and managed.

In 2016 CIPFA/SOLACE carried out a review of their framework to ensure that it still reflects the environment in which Councils are operating and to also reflect the International framework which had been developed by CIPFA and the International Federation of Accountants (IFAC) in 2014.

As a result of their review in April 2016 CIPFA/SOLACE published a new framework document "Delivering Good Governance in Local Government Framework 2016 Edition" with the key focus of governance processes and structures centring on the attainment of sustainable economic, societal and environmental outcomes. Council approved the revised code in April 2017 which follows the recommended text in the CIPFA/SOLACE framework.

In May 2023 all-out District elections took place with the new ward boundaries in use (according to the Boundary review work concluded during 2022/23), reflecting a new Councillor base of 48, as opposed to the previous 60. The Council is in overall control by the Conservative Party who have with 26 (out of 48) members. The remaining 22 seats are held by 14 Liberal Democrats, 4 Independents, 3 Green Party members and 1 Labour Party Member. Cllr Jill Cleary is the Leader of the Council.

The Section 151 Officer, Monitoring Officer, Strategic Director Place, Operations and Sustainability and Chief Executive all remain involved in the Solent Freeport supporting the broad objective to deliver economic growth to the wider freeport area. The Council has representation on the Solent Freeport Consortium Ltd Board, on the Retained Rates Investment Committee (set up to evaluate projects for funding from the retained business rates pool) and on the Finance Resources and Audit Committee. The council has also utilised the services of a Strategic Regeneration Advisor throughout 2023/24, with a focus on Freeport activities.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior statutory officers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

This Council has always maintained a strong internal control environment and sees risk management as an integral part of everyday management. It has long established principles on the way its business is conducted enabling good governance and control of risk. Factors that influence the control environment include; integrity, ethics, operating style and the way management and members assign responsibility and authority.

A summary of the review activities undertaken during 2023/24 are included below:

1. A number of Council policies/strategies were reviewed or new plans/policies/strategies implemented including:
 - Corporate Plan
 - Transformation Strategy
 - Private Sector Housing Enforcement Policy
 - Waste and Recycling Collection Policy
 - Procurement Strategy
 - Tenant Engagement Strategy
 - Empty Homes Strategy
 - Risk Management Policy & Strategic Risk Register
 - Lone Working Policy
 - Bullying and Harassment Policy
 - ICT Security and Information Governance Policy
2. The Council's Executive Management Team (EMT) changed during 2023/24. The Council's previous Strategic Director Governance & Housing (and Monitoring Officer) retired in December 2023 which resulted in the creation of an amended Strategic Director Housing & Communities position and a new Assistant Director Governance and Monitoring Officer position. Both positions were filled in February 2024.
3. The Council's overview and scrutiny arrangements were updated in 2023/24, following the formation of the new Council in May 2023, and the new Cabinet shortly thereafter. The 3 new Overview and Scrutiny panels have clear alignment and terms of reference to 2 Portfolio Holders each.

4. The responsibility of Section 151 functions (a statutory role) sits with the Strategic Director for Corporate Resource & Transformation. The Assistant Director Governance is the Monitoring Officer, which is also a statutory role. All committee reports are reviewed by members of the Executive Management Team, as well as being provided to the Monitoring Officer (who is also the Council's Solicitor), prior to any decisions being made. This safeguards the Council to ensure that decisions are taken lawfully and that risks are properly considered.
5. One of the requirements of the GDPR is to appoint a Data Protection Officer (DPO). The role of the DPO is to oversee the Council's compliance with GDPR and provide advice in relation to the law. The DPO position is held by the Council's Information Governance and Complaints Manager, who is a Solicitor who holds the EU General Data Protection Regulation Practitioner qualification. The Information Governance and Complaints Manager has direct access to EMT.
6. A significant project updating the Council's Retention and Destruction schedules has been carried out and was completed during 2023/24.
7. The Council's arrangements for financial management and reporting are sound and are well documented. Financial monitoring is achieved by regular budgetary control reports to nominated budget holders, Executive Management Team, the relevant Portfolio Holder, and Cabinet. All elected Members have access to Cabinet Agendas and the financial reports; a process is in place to enable members to request additional, more detailed information and question any financial issues. Strong Overview and Scrutiny arrangements are in place with clear alignment to the Portfolio responsibilities.
8. Proposals for asset maintenance and replacement expenditure and capital projects are supported by a business case as are new requests for revenue resources. For the 2023/24 budget setting process, these were scrutinised initially by EMT and the relevant Service Portfolio Holder prior to inclusion within the budget setting process. The Council's officer led Capital and Change board meets monthly and provides oversight and scrutiny of Capital projects, as well as tracking their delivery to ensure necessary progress. This Board also considers transformational proposals and ensures their oversight. The financial planning process also includes a review of proposals by the relevant Overview and Scrutiny Panels, before final budgetary proposals and the council tax levels are considered and approved by Council each year.
9. In line with the continuous improvement culture of the Council, it is recognised that all Members and Officers of the Council must have the skills, knowledge and capacity that they need to discharge their responsibilities effectively and therefore significant emphasis is placed on continuous improvement and development. Following the May 2023 election, all elected members took part in a thorough training programme, and specific refresher training is regularly considered.
10. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). A light-touch review of the Council's Financial Regulations was completed during 2023/24 with the new regulations presented to and endorsed by the Audit Committee. The new regulations went live during April 2024, following approval by full Council.
11. Performance Management ensures strategic monitoring with a focus on organisational and service based indicators, reflecting the aims and objectives of the Corporate Plan. Portfolio Holder dashboards were made available to all members during 2023/24 and were re-included with Overview and Scrutiny Panel papers towards the end of the year, providing transparency of performance and risks to service delivery.

12. The Audit Committee meet regularly and training is available to all members to ensure they are clear in their responsibilities in providing an independent assurance to the Council in relation to the effectiveness of the Council's internal control environment, in accordance with Regulation 6 of the Accounts and Audit (England) Regulations 2015.
13. The Council's Strategic Risk Register was continually reviewed during 2023/24, and Cabinet received six-monthly updates. The document remains under regular review as a result of the constantly changing national and international situation.
14. Internal Audit forms part of the internal control framework. It is a mandatory function whose primary aim is to ensure that the Chief Financial Officer's responsibilities, to maintain proper control over the Council's financial affairs, as defined by Section 151 of the Local Government Act 1972, are fully met. The Audit Committee has reviewed and approved the risk based audit plan and progress reports against the audit plan throughout the year. This risk based audit plan was also approved by the Section 151 Officer and the Executive Management Team. The Committee has also received reports and updates from the External Auditor.
15. The Internal Audit function is provided by the Southern Internal Audit Partnership (operated by Hampshire County Council) and accords with the Public Sector Internal Audit Standards. Internal Auditors are trained and have acted independently, objectively and ethically at all times. The Internal Audit Charter was approved during the year.
16. The Principal Auditor's annual opinion report, concluded that whilst Internal Audit are unable to give absolute assurance, the results of the reviews completed during the year have resulted in his overall opinion that:
 - sufficient assurance work has been carried out to allow a reasonable conclusion on the adequacy and effectiveness of New Forest District Council's internal control environment
 - New Forest District Council's framework of governance, risk management and control is 'Reasonable' and audit testing has demonstrated controls to be working in practice
 - where weaknesses have been identified through internal audit review, Internal Audit have worked with the Council's management to agree appropriate corrective actions and a timescale for improvement.
17. Ernst & Young acts as the Council's independent external auditor. The Section 151 Officer and Chair of Audit Committee have responded openly to the External Auditor under the requirements of the International Auditing Standards.
18. All organisations, worldwide face increasing cyber related threats. The Council maintains sound standards and continually reviews opportunities to further strengthen these. The Council is a member of the Cyber security Information Sharing Partnership (CISP) and has signed up the South East Government Warning, Advisory and Reposting Point (providing information, knowledge and alerts on threat and incidents).
19. Internal Audit has reported a 'Reasonable' opinion on the overall control environment. No limited assurance audit opinions were given. Monitoring of progress against the management actions associated with all audits will continue into 2024/25.

20. In February 2021, Council made a decision to award an operating contract to Wealdon Leisure Ltd, trading as Freedom Leisure, to commence on 1st July 2021 for an 11 year period, with the option to extend for a further 4 years. An operating agreement has been agreed by both parties and provides for the Council and the operator to have representation on a Contract Partnership Board which is responsible for ensuring the operator delivers on the Council's service specification and performance indicators. This board has met regularly since the commencement of the contract, and regular update reports have been made available to members during the financial year.
21. During 2022/23, the 3 statutory officers, supported by the Democratic Services Manager concluded on a review of the Council's constitution. The revised constitution delivers an updated format, based on the key components and all the necessary information required of a local authority constitution. The purpose of the Constitution is to ensure there is a clear governance framework and effective and accountable decision making; clarity as to the procedures to be followed in respect of meetings and decisions; provisions to enable Members and the public to engage and hold decision makers to account; and to contain rules and procedures relating to the financial management of the Council, and that standards are promoted and maintained. There are numerous legal requirements as to procedure rules and provisions, which must be included. The newly updated and adopted Constitution complies with these requirements.
22. During 2023/24, a fraud matter concluded, resulting in 2 prison sentences for 2 ex-employees of the Council. A full report was received and reviewed by the Audit Committee in March 2024, outlining the procedural and process changes implemented as a result of the matter arising.

5. Financial Management Code

In December 2019, CIPFA introduced a Financial Management Code. The driver for this was the exceptional financial circumstances faced by local authorities, having revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. For the first time it sets out the standards of financial management for local authorities.

The underlying principles that inform the Code were developed in consultation with senior practitioners from local authorities and associated stakeholders. Each local authority must demonstrate that the requirements of the Code are being satisfied. This is a collective responsibility of elected Members, the CFO and their professional colleagues in the Leadership Team.

The Section 151 Officer reported on the Financial Management Code to the Audit Committee in March 2023.

6. Significant Governance Issues

Whilst there have been a number of improvements made throughout the year, the Council constantly strives for continuous improvement. The following areas will be included in the action plan for review in 23/24 (Schedule 1):

1. To Implement the new corporate report template along with new officer decision record and portfolio holder decision record to support transparent and effective officer and member decision making.
2. Review the Officer Scheme of Delegation and thresholds within the Financial Regulations - to ensure that the controls and thresholds are appropriate for the Council's decision-making arrangements and ensure efficient running of the Council's services.

3. To Implement the new performance management framework, to include introduction of new service plan template to be in place with service plans updated prior to budget setting process commencing in Autumn 2024.
4. To review risk management processes to ensure links within performance management framework and link between service risk registers and corporate risk register. To include appropriate procedures and clarity of accountability regarding review of service risks at directorate level and escalation process to corporate risk register.
5. Ensure preparation of improved budget information that supports accountability across budget holders, and also supports Portfolio-holder oversight. To support accountability of individual budget holders, specific training and development modules to be made available for example in the operation of the Unit 4 financial system and the development of more accessible budget information.
6. To review the Council's Contract Standing Orders, in light of the Procurement Act 2023 (live as of October 2024)

7. Certification

To the best of our knowledge, governance arrangements, as defined above, have been in place at New Forest District Council for the year ended 31st March 2024 and up to the date of approval of the annual report and statement of accounts.

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

<i>Signed:</i> Leader of the Council	<i>Signed:</i> Chief Executive
<i>Date:</i>	<i>Date:</i>

Schedule 1

Annual Governance Statement Action Plan for 2024/25

Heading	Update / Action	Responsible	Target
Corporate Report Template	<p>Implementation of the new corporate report template along with new officer decision record and portfolio holder decision record to support transparent and effective officer and member decision making.</p> <p>Action: to implement the Corporate Report Template, Officer Decision record and Portfolio Holder Decision record.</p>	S151 Officer and Monitoring Officer	September 2024
Officer Scheme of Delegation and Financial Regulations	<p>The Officer Scheme of Delegation and Financial Regulations will be reviewed during 2024/25</p> <p>Action: to complete a review of the Council's Officer Scheme of Delegation and Financial Regulations</p>	S151 Officer and Monitoring Officer	December 2024
Performance Management Framework (PMF)	<p>To include introduction of new service plan template to be in place with service plans updated prior to budget setting process commencing in Autumn 2024</p> <p>Action: To implement a new PMF and Service Plans</p>	S151 Officer	Autumn 2024
Risk Management	<p>Review of risk management processes to ensure link within performance management framework and link between service risk registers and corporate risk register. To include appropriate /procedures and clarity of accountability regarding review of service risks at directorate level and escalation process to corporate risk register.</p> <p>Action: Review Risk Management Strategy and process to ensure links to PMF.</p>	Monitoring Officer and S151 Officer	December 2024
Improved Budget Information	<p>Ensure preparation of improved budget information that supports accountability across budget holders, and also supports Portfolio-</p>	S151 Officer	December 2024

	<p>holder oversight. To support accountability of individual budget holders, specific training and development modules to be made available for example in the operation of the Unit 4 financial system and the development of more accessible budget information.</p> <p>Action: Develop financial reporting and provide training for system users</p>		
Contract Standing Orders	<p>The Council's Contract Standing Orders will be reviewed during 2024/25</p> <p>Action: to complete a review of Contract Standing Orders, in light of the Procurement Act 2023 (live as of October 2024)</p>	S151 Officer, Monitoring Officer and Strategic Procurement Officer	October 2024

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Annual Governance Statement update on 2023/24 action plan

The following table is provided to confirm actions as against the 22/23 action plan. It is not a core part of the 22/23 Annual Governance Statement (appendix 1).

Heading	Update / Action	Responsible
Procurement Strategy	<p>An updated Procurement Strategy will be prepared during 2023/24 to ensure it remains fit-for-purpose to take forward procurement activity, including suitable internal thresholds and compliance to legislative thresholds.</p> <p>Action: COMPLETE</p> <p>Strategic Procurement Manager reviewed and set out an updated strategy to EMT / Resources and Transformation Overview and Scrutiny / Cabinet and was approved by Council in December 2023</p>	S151 Officer and Monitoring Officer
Financial Regulations	<p>The Council's Financial Regulations will be reviewed during 2023/24</p> <p>Action: COMPLETE</p> <p>a light-touch review of the Council's Financial Regulations was completed during 2023/24, with updated regulations approved by Council in April 24</p>	S151 Officer and Monitoring Officer
Continuous Improvement – Members and Officers	<p>A review of the Council's approach to continuous improvement and the existence of a comprehensive development programme for Members and Officers to ensure that there are appropriate arrangements in place to demonstrate that Services are carrying out their continuous improvement functions and that corporately, there is in place an on-going comprehensive Development Programme for Members and Officers, will be carried out in 2023/24.</p> <p>Action: IN PROGRESS</p> <p>Leadership development programme implemented and underway.</p> <p>Member training and development programme implemented post-election through 2023/24.</p>	S151 Officer and Monitoring Officer

<p>Corporate Report Template</p>	<p>A review of the Councils Corporate Report Template will be completed to promote effective completion of Impact Assessments as part of formal decision making.</p> <p>Action: IN PROGRESS</p> <p>Corporate report template reviewed and new template to be introduced in summer 2024 following final consultation with leadership team and senior officers.</p>	<p>S151 Officer and Monitoring Officer</p>
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