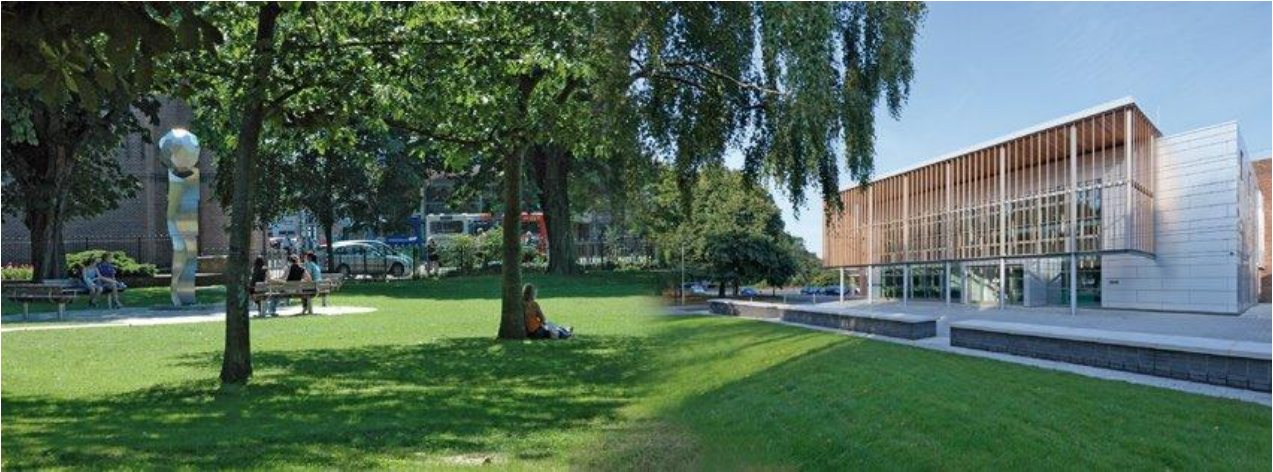




Havant
BOROUGH COUNCIL



**FINANCIAL REPORT AND
STATEMENT OF ACCOUNTS
2025/26**

DRAFT

Table of Contents

Narrative Report.....	4
Statement of Responsibilities	18
MAIN FINANCIAL STATEMENTS.....	19
Comprehensive Income and Expenditure Statement (CIES)	19
Movement in Reserves Statement.....	20
Balance Sheet.....	21
Cash Flow Statement	22
NOTES TO THE FINANCIAL STATEMENTS	23
1. Accounting Policies	23
2. Accounting Standards Issued, Not yet Adopted.....	40
3. Critical Judgements in Applying Accounting Policies	40
4. Assumptions Made about the Future & Major Sources of Estimation Uncertainty.....	41
5. Material Items of Income and Expense.....	42
6. Events After the Reporting Period	42
7. Expenditure and Funding Analysis	43
8. Expenditure and Income analysed by Nature	46
9. Adjustments between Accounting Basis and Funding Basis under Regulations	47
10. Usable Reserves	49
11. Unusable Reserves	50
12. Grant Income.....	53
13. Capital Grants Receipts in Advance.....	53
14. Property, Plant and Equipment	54
15. Investment Properties	56
16. Intangible Assets	57
17. Assets Held for Sale	57
18. Leases.....	58
19. Capital Expenditure and Capital Financing	59
20. Debtors.....	60
21. Cash and Cash Equivalents.....	60
22. Creditors	60
23. Provisions, Contingent Liabilities and Contingent Assets	61
24. External Audit	62
25. Members' Allowances	62
26. Officers' Remuneration	63
27. Related Parties	64
28. Financial Instruments.....	65

29.	Nature and Extent of Risks Arising from Financial Instruments	67
30.	Defined Benefit Pension Schemes.....	68
31.	Interest in Other Entities	74
	SUPPLEMENTARY ACCOUNTING STATEMENTS	75
	Collection Fund 2025/26.....	76
	ANNUAL GOVERNANCE STATEMENT	81
	Glossary of Terms.....	101

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Narrative Report

The Statement of Accounts for Havant Borough Council for the year ended 31 March 2026 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (“the Code”) issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Body.

The information contained in these accounts can be technical and complex to follow. The aim of this report, therefore, is to provide a narrative context to the accounts by presenting a clear and simple summary of the Council’s financial position and performance for the year and its prospects for future years. This will give electors, local Havant residents, Council Members, partners, other stakeholders and interested parties confidence that public money which has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

The Accounts and Audit Regulations 2015 came into force on 1 April 2015, setting out the detailed requirements in relation to the duties and rights specified in the Local Audit and Accountability Act 2014. These regulations introduced earlier deadlines for publication of the accounts. The deadline for completion of the accounts for 2025/26 is 30th June 2026 for the unaudited statement of accounts.

As the financial statements demonstrate, the financial standing of the Council is sound. The Council has well established good financial management disciplines and processes and operates in an environment of continuous improvement.

This narrative report is structured as follows:

1. An Introduction to Havant Borough
2. Summary of achievements
3. Governance
4. Summary of the 2025/26 financial performance of the Council
5. Strategic Risks
6. Liability for pensions costs
7. Future Plans
8. Material assets/liabilities
9. Explanation of the Financial Statements
10. Acknowledgements

1. An Introduction to Havant Borough

The Borough of Havant is nestled between the South Downs and the Solent, covering approximately 55km² of southeastern Hampshire. There are roughly 125,000 people living in the semi-urban borough, which benefits from 60km of coastline and more than 5 times the UK average of green urban space. The borough has a strong history of industry, is home to more than 4,000 businesses, and has excellent road and rail connections to London, Southampton, Portsmouth and Brighton. However, there are pockets of deprivation within the borough which score poorly for educational attainment, health and wellbeing.

Havant Borough Council is comprised of 36 councillors (typically elected by thirds) and operates according to the leader and cabinet model.

The councillors are supported by 302 full time equivalent members of staff, who co-ordinate the provision of more than 70 services from the Public Service Plaza in the centre of Havant. The Council's Constitution sets out the committee structure, scheme of delegation and other important regulatory frameworks e.g., financial procedure rules.

The Council's income comes from a variety of sources. Against a backdrop of decreasing funding from central government, the Council has worked hard to continue delivering efficient and effective services to residents and businesses. It is committed to careful and sustainable management of its resources in an upcoming time of change and will prioritise the needs of local people and businesses as it undergoes transformation.

2. Summary of Achievements

The Corporate Strategy

Havant Borough Council sets out its strategic aims and objectives in its Corporate Strategy. The Corporate Strategy vision is to see a future borough whose communities are economically and socially viable, which is made up of places where people and families want to live, work and enjoy, and whose residents are proud to champion and respect their natural surroundings. The Corporate Strategy has a focus on the following themes:

- Wellbeing – the health of our communities
- Pride in place – creating a great place to live, work and enjoy.
- Growth – building our future.
- A responsive council – how we serve our communities.

The Corporate Strategy is supported by a number of other plans including:

- Regeneration & Economy Strategy;
- Digital Strategy;
- Data & Analytics Strategy;
- Housing Strategy;
- Engagement Strategy,
- Customer Access & Experience Strategy,
- Biodiversity Strategy;
- Climate Change Strategy and Action Plan; and
- Our developing Local Plan.

The Council delivered some notable achievements during 2025/26 as summarised below:

- Supported the more vulnerable residents in our community through an agreed Council Tax Support Scheme.
- Continuation of our youth employment scheme; supporting young people aged 18-24 into paid employment.
- Maintained the Gold Employers recognition scheme award for our work supporting the Armed Forces community and re-signed the Armed Forces Covenant
- Continued to award funds to local good causes through the Havant Community Lottery

- Further properties acquired as part of the LAHF programme including 5 completed and 10 due to complete in March/April 2026
- Change of use planning permission granted for Stockheath Road temporary accommodation.
- Tree and Woodland Strategy finalised for review by Cabinet in March 2026.
- Waterlooville Masterplan adopted in December 2025.
- CCTV projects across borough completed.
- Pride in Place governance being finalised.
- Havant Footbridge planning application submitted.
- Hayling Island Coastal Management Strategy adopted with projects now being taken forward in the action plan.
- Beach management activities continued throughout the winter.
- Further funding secured for Chichester Harbour Investment & Adaptation Plan.
- Property Asset Management System delivered.
- A number of Civil Engineering & Landscaping Team (CELT) projects successfully delivered such as at Fraser Road, Sinah Common Path and Footpath 521 Hayling.
- CELT continue to support various projects to provide residents the opportunity to use active travel across the borough such as cycling and walking.
- EV Charging at the Plaza completed.
- Delivery of the phase 1 engagement for Community Governance Reviews.
- Completed the insourcing of Customer Services and rolling out additional Netcall functionality.
- Strategic Commissioning programme closed following the completion of ICT, Finance and Planning/Environmental Health system changes.
- Ran our second annual Residents' Survey, interviewing 1200 residents with plans to continue the survey in subsequent years.
- Agreed a balanced budget for 2026/27 despite considerable challenges within local government funding.

Key Business Indicators

The table below contains some of our key corporate performance indicators in 2025/26, with comparison figures from previous years. In addition, we have sought to improve our performance reporting by adding further key performance measures which we now monitor during the year.

Key Performance Indicator	2024/25	2025/26
Business Rates collection rate (99%)	97.68%	96.30%
Council Tax collection rate (97.5%)	96.28%	96.40%
Major planning applications decided within 13 weeks or agreed extension (over 70%)	95%	64.5%
Minor planning applications decided within 13 weeks or agreed extension (over 65%)	87%	76%
All planning applications decided within 26 weeks (above 98%)	98%	92%
Full Building Control plan applications checked within 15 days (over 90%)	100%	95%
Affordable homes delivered	67	108
Freedom of Information requests responded within statutory deadline (above 90%)	99%	95.4%
Missed bins per 100,000 opportunities (less than 100)	96	102
Complaints received about council services	309	485
Complaints responded to with SLA (85%)	86.9%	86%
Residents Survey % of respondents fairly satisfied or very satisfied with how the council runs things	58%	59%

Our performance information is now routinely updated on our live corporate performance dashboard which can be found at the link on our website. [Corporate performance scorecard | Havant Borough Council](#)

3. Governance

Governance refers to the arrangements put in place to ensure that our intended outcomes are defined and achieved.

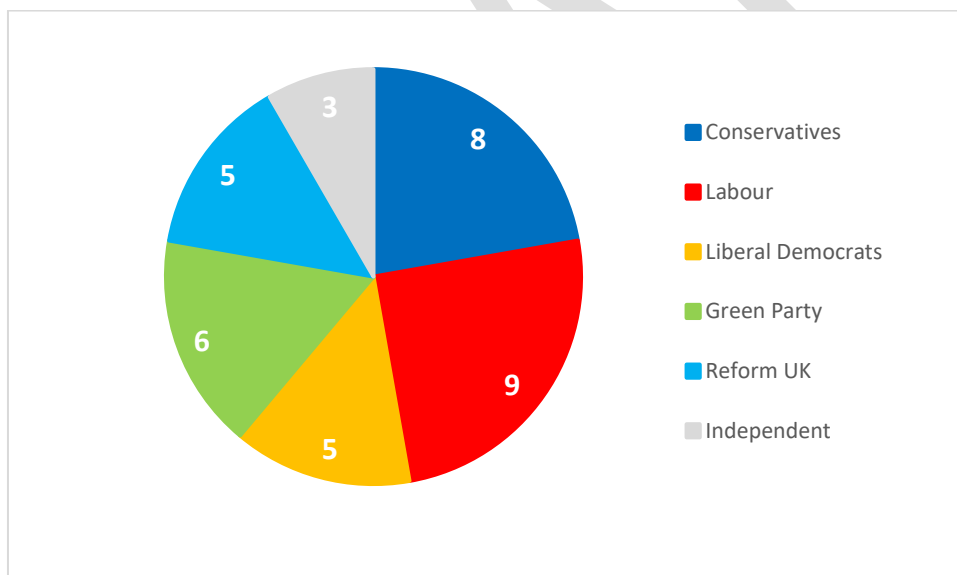
The Council

Havant Borough is made up of 36 councillors typically elected in thirds, with each Councillor serving a four-year term. Councillors are democratically accountable to the residents of their ward.

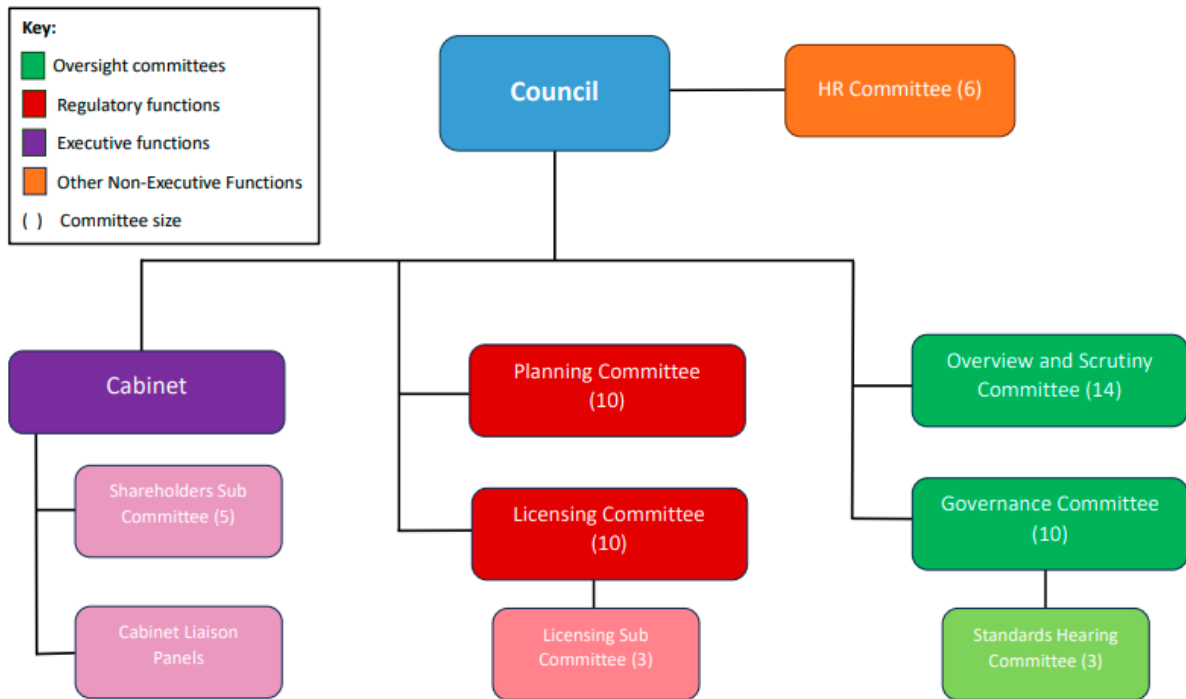
The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

All councillors meet together for Full Council meetings approximately eight times a year. These are held in public and are used to decide the council's overall policies and set the budget each year.

The political makeup of the members is shown in the table below and reflects the position as of 31st March 2026.



All the Councillors meet together as Full Council to set the policy and budget framework within which the Council operates. Set out below is a diagram of the decision-making bodies for Havant Borough Council that is currently in place.



Cabinet

Havant Borough runs on a 'Leader and Cabinet' model. This works in the same way as the Prime Minister and Cabinet but on a local scale. The political party or parties which control the Council forms the Cabinet and elects one of its members as the Leader. Following the elections in May 2024 a coalition of Labour, Liberal Democrats and Greens have a majority of votes and have formed a Cabinet. Cabinet consists of seven councillors and normally meets monthly.

The Cabinet makes collective policy decisions for the council. The Cabinet will be advised and supported in its policy formulation role by Scrutiny and Policy Development Panels, with particular areas of responsibility and encompassing a broad range of opinion and expertise. In addition it is also advised by a number of committees.

The Cabinet has to make decisions which are in line with the council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the council as a whole to decide.

Each Cabinet Member is responsible for an area of the council's work, known as portfolios.

Overview & Scrutiny Committee

The Committee is made up of 14 Councillors.

The Committee has the remit to:

- Review and scrutinise the decisions made and performance of the Executive and/or council officers both in relation to individual decisions and the impact of those decisions over time;
- Review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas.

Governance Committee

The Committee is made up of 10 Councillors.

The Committee has the remit to:

- provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- to provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- to promote and maintain high standards of conduct by Members and Co-opted Members of the Council;
- to adopt a Code of Conduct dealing with the conduct expected of Members and Co-opted Members of the Council when acting in that capacity;
- to put in place arrangements to investigate and make decisions on written allegations against Elected Members both at and undertake an overview of complaints handling and Local Government Ombudsman investigations, including the power to make payments or other remediation in cases of maladministration etc

Planning Committee

The Committee is made up of 10 Councillors and normally meets monthly.

The majority of planning applications are dealt with by council officers under delegated powers from the Planning Committee as they fall within the provisions of the council's adopted development plan.

The Planning Committee's function is:

- to deal with applications for planning permission and the conduct of planning appeals. It considers the larger more controversial applications.

The committee also has an enforcement role in ensuring that planning conditions are complied with and that unacceptable development which has taken place without the necessary planning permission is removed or ceased. It is also responsible for the protection and preservation of trees.

Licensing Committee

The Committee is made up of 10 Councillors and meets as required. The Licensing Committee is responsible for licensing and registration functions.

The full list of matters includes:

- hackney carriage and private hire taxis (and drivers);
- theatre licences; game dealers;
- entertainment licences; and
- lotteries.

HR Committee

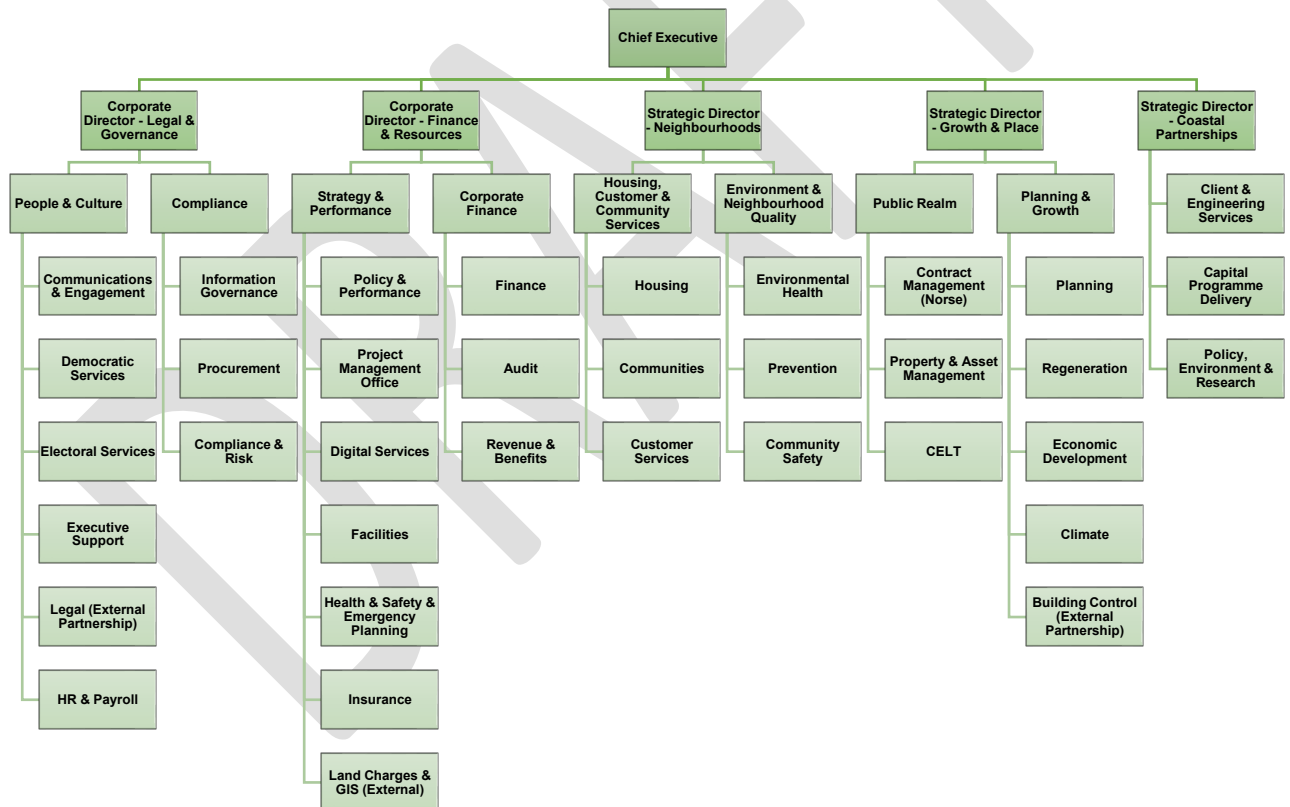
The Committee is made up of 6 Councillors.

In addition to the above, there are various sub-committees including, Shareholders, Licensing Sub-Committee and Cabinet Liaison Panels which meet as required during the year.

All meeting information (papers and minutes) of all Committee meetings are located on our website: <https://havant.moderngov.co.uk/mgListCommittees.aspx>

Management Structure

Supporting the work of elected Members is the organisational structure of the Council headed by the Executive Leadership Team. The Council appoints a Monitoring Officer (MO) and Section 151, as required by law. These officers have responsibility to take action if the Council has, or is about to, break the law or if the Council is about to set an unbalanced budget. Areas of responsibility are shown below.



Staffing

A summary of the Council's staffing is shown in the table below:

Employees	2024/25	2025/26
Total number of current permanent full and part time employees	326	310
Total number of current temporary / fixed term employees	0	20
Total number of employees	326	330
Total number of employees expressed as full time equivalents	302	337

Posts	2024/25	2025/26
Total number of permanent full and part time posts	327	313
Total number of temporary / fixed term posts	0	17
Total number of posts	327	330
Total number of posts expressed as full-time equivalents	302	337

Sickness and accident statistics are shown in the table below:

Sickness and Accidents	2024/25	2025/26
Short term sickness (days per FTE)	2.95	4.44
Long term sickness (days per FTE)	3.02	5.98
Overall sickness (days per FTE)	5.97	10.42

4. A Summary of the 2025/26 Financial Performance of the Council

General Fund

A summary of the General Fund position is shown below in the format used for management accounting and reported to Members throughout the year. The General Fund Revenue Budget outturn is a deficit of £801k. The main variances are detailed as below:

Revenue Outturn 2025/26		
Head of Service	Outturn 25-26 £'000	Main Reason for Variances
Coastal Partnership	(36)	Savings on reactive maintenance.
Growth & Place	(213)	Over recovery of income for some Environmental services (including garden waste, cemeteries), utilisation of planning grants and underspends for the Civil Engineering maintenance budgets. Which offset in full overspends in the Property portfolio.
Executive Office	(20)	Underspend relates to some in year vacancies
Neighbourhoods	2,223	Overspend relates to the increase in demand and cost for statutory provision of Temporary Accommodation, and other homelessness prevention costs.
Finance and Resources	88	Overspend relates to 5 Cs contract, which included prior years subsidy overclaims this was offset from underspends across Finance, ICT and Corporate Support operational budgets to reduce the overall deficit.
Legal and Governance	(283)	Underspend relates to some non essential spend being held back in Strategy, HR and Legal to offset the overspends in other directorates.
Net Cost of Service	1,760	
Corporate Services	(958)	Over recovery of investment income and additional grants in year
Net Cost of Service and Non-service	801	

General Fund: Capital Programme

Capital Programme - 2025/26				
Cabinet Lead	2025/26 Revised Budget (£'000)	2025/26 Actuals (£'000)	2025/26 Slippage / Variance (£'000)	Variance (%)
Cabinet Lead for Housing	7,190	1,237	(5,953)	(83%)
Cabinet Lead for Regeneration & Communities	6,970	4,380	(2,590)	(37%)
Cabinet Lead for Commercial	2,459	273	(2,186)	(89%)
Cabinet Lead for Finance	549	1,318	770	140%
Cabinet Lead for Place	2,818	2,390	(428)	(15%)
Cabinet Lead for Environment & Water Quality & Climate Change Champion	5,113	2,194	(2,919)	(57%)
Other smaller (s106 funded schemes)	0	60	60	100%
Total Capital Programme	25,099	11,852	(13,246)	(53%)

The Capital Programme, approved by Council on 26 February 2025, achieved a capital outturn of £11.8m in 2025/26 against a revised budget of £25.1m. This position includes £13.3m (53%) of expenditure reprofiled into future financial years. Capital expenditure is monitored against the approved lifetime budget for each scheme, rather than solely on an in-year basis. Variances within the year typically reflect changes to delivery timescales, with expenditure reprofiled into future financial periods; as such, they do not necessarily indicate cost over runs. The table above shows the outturn position for each Cabinet Lead. Please note the revised budget includes slippage from the prior year.

Capital expenditure in 2025/26 has been focused on a small number of high-impact priorities, demonstrating a clear and strategic use of resources. The most significant investment relates to the acquisition of Market Parade, enabling the Council to take control of a key site and support long-term regeneration and economic development. Alongside this, substantial funding has been directed towards coastal infrastructure, including South Hayling Beach Management and the Langstone FCERM Stage 2 scheme, to strengthen flood defences, manage coastal erosion, and protect communities and local assets from climate-related risks.

In addition, capital funding has supported the delivery of Disabled Facilities Grants, enabling vulnerable residents to remain living independently through essential home adaptations. Collectively, this pattern of spend reflects a strong alignment with the Council's priorities, balancing regeneration, environmental resilience, and community wellbeing, while ensuring investment delivers tangible and long-term benefits for residents.

5. Strategic risks

The Council maintains a risk register which details the major corporate risks facing its functionality and the delivery of its corporate objectives. Services maintain their own risk registers and can escalate a risk to the corporate register if necessary. Strategic risks are reported quarterly to the Governance Committee.

6. Liability for Pension Costs

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts 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 Council's net Pension Liability valued on an IAS 19 basis decreased from £0.566 million at 31st March 2025 to £0.520 million at 31st March 2026. It is detailed in Note 30 to the accounts. Gross liabilities have decreased mainly due to changes in the effect of the asset ceiling.

The Council does not operate its own Pension Fund but is part of the Hampshire Local Government Pension Scheme which is administered by Hampshire County Council. Full details of the Pension Scheme and its accounts are available on-line at www.hampshire.gov.uk

7. Future Plans

In common with the rest of local government, the Council has seen a steady reduction in its core funding in recent years. The Government's aim is to phase out non-specific grant funding altogether, instead allowing local authorities to retain a higher proportion of business rates collected locally.

The Medium-Term Financial Strategy has recently been updated indicating that due to reductions in government funding and demands on Council services as well as more general economic changes, the financing of the Council services remains challenging.

To balance the budget there will be a continuing need for service transformation, efficiencies and other savings initiatives for the foreseeable future.

As Hampshire has been selected to be on the government devolution priority programme we are actively involved in the process which also includes local government reorganisation (LGR). We are working closely with our partners to fully understand and respond to the opportunities that devolution and LGR brings. Interim proposals on devolution were submitted to central Government in March 2025. Full details on devolution and LGR progression can be found on the below link:

[Devolution and Local Government Reorganisation \(LGR\) | Havant Borough Council](#)

The Medium-Term Financial Strategy

The budget for 2025/26 was set against further reductions in Government Grant. The Council's Medium Term Financial Strategy has been updated and takes into account inflation (both pay and contract), superannuation and national insurance changes.

The medium-term financial strategy for the period 2026/27 to 2030/31 is set out in the table below:-

Havant Borough Council					
Medium-Term Financial Strategy	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
Opening Services Base Budget	19,560	21,587	22,626	23,811	23,972
Establishment	707	434	447	460	474
Fees and Changes/Inflation	(674)	(10)	(11)	(11)	(11)
Savings/Income	(2,000)	0	0	(600)	0
Growth	2,347	2	98	16	18
Reduction in Income	845	0	0	0	0
Others	0	0	0	0	0
Savings target - @5% on the Service budget	0	0	0	0	0
Savings target - @5% on the Service budget - set aside	0	0	0	0	0
Total Service Cost	20,785	22,012	23,160	23,676	24,451
Non-Service Income/Expense					
Interest Income	622	300	200	0	0
Finance Costs (Interest/MRP)	100	286	420	262	(46)
Levies	55	3	3	4	4
Contingency Budget	25	25	28	30	33
In-year overspend / (underspend)					
Total Non-Service Budget	802	614	651	296	(9)
Total Expenditure	21,587	22,626	23,811	23,972	24,442
Funding					
Council Tax Income	(10,699)	(11,072)	(11,482)	(11,913)	(12,359)
Council Tax (Surplus) / Deficit	88	0	0	0	0
Business Rates Income	(3,989)	(4,081)	(4,163)	(4,250)	(4,340)
Revenue Support Grant	(4,775)	(4,683)	(4,565)	(4,660)	(4,750)
Business Rates (Surplus) / Deficit	(149)	0	0	0	0
Business Rates Pool	0	0	0	0	0
Non-ring-fenced grants	(2,499)	(2,119)	(597)	(597)	(597)
Total Funding	(22,023)	(21,955)	(20,807)	(21,420)	(22,046)
Budget Gap (favourable) / Adverse	(436)	671	3,004	2,552	2,396
Transfer to / (from) Earmark reserves	149	750	(200)	0	0
Transfer to / (from) General Fund	287	0	0	0	0
Budget Gap (favourable) / Adverse after transfers	(0)	1,421	2,804	2,552	2,396

Capital Strategy 2026-2031

The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which seeks to provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how associated risk is managed
- the implications for future financial sustainability

The Council's Capital Strategy for 2026/27 was approved by Full Council in February 2026 and is available on the Council's website. The Capital Programme for 2026/27 to 2030/31 was prepared to mirror the 5-year timeframe of the MTF5.

[HBC Capital Strategy 2026/27 – 2030/31](#)

The capital programme was approved at Full Council in February 2026 and is shown below.

Cabinet Lead	Prior Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cabinet Lead for Housing	10,831	2,307	3,698	1,954	-	-	-	18,790
Cabinet Lead for Regeneration & Communities	2,066	4,474	8,605	1,705	255	225	-	17,330
Cabinet Lead for Commercial	357	2,000	3,055	2,648	1,924	233	-	10,217
Cabinet Lead for Finance	909	939	153	-	-	-	-	2,001
Cabinet Lead for Place	4,426	2,938	2,663	2,344	2,269	2,174	2,174	18,989
Cabinet Lead for Environment & Water Quality & Climate Change Champion	8,869	2,960	6,033	11,829	16,773	3,761	104,807	155,033
Total Capital Expenditure	27,458	15,618	24,208	20,479	21,220	6,393	106,981	222,358

The capital programme from 2026/27 includes investment in housing provision and support, including temporary accommodation and disabled facilities, alongside targeted regeneration to support town centres and economic growth.

Further investment will maintain and enhance core services, including waste infrastructure, fleet replacement, and the introduction of food waste collection, as well as key infrastructure such as the Havant footbridge. Overall, the programme balances strategic infrastructure priorities, statutory requirements, and place-based regeneration.

8. Material assets/liabilities

During 2025/26, the Council acquired a mixed-use asset in Havant Town Centre, comprising commercial units, office accommodation and residential units, supporting its wider regeneration objectives.

9. Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year.

These statements contain a number of different elements which are explained below.

Statement of Responsibilities sets out the respective responsibilities of the Council and the Chief Finance Officer.

Independent Auditor's Report gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Statement of Accounts

- **Comprehensive Income and Expenditure Statement** shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation.
- **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.
- **Balance Sheet** shows the value of the Council's assets and liabilities at the reporting date. These are matched by reserves which are split into two categories; usable and unusable reserves.
- **Cash Flow Statement** shows the changes in the Council's cash and cash equivalents during the reporting period.
- **Collection Fund** is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to precepting bodies.

10. Acknowledgements

I would like to thank all those involved in managing the Council's finances and preparing this Statement of Accounts. Their support under ever increasing competing demands has been appreciated throughout these challenging times.

Steven Pink
Director of Finance and Resources (s151 Officer)

Statement of Responsibilities

The Council's Responsibility

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At Havant Borough Council this officer is the Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Chief Finance Officer's Responsibility

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

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent, including an assessment of going concern.
- complied with the local authority Code.

The Chief Finance Officer has also:

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

Chief Finance Officer Certificate

I certify that I have fulfilled my responsibilities noted above and that the accounts set out on pages 4 to 80 give a true and fair view of the financial position of the Council as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Steven Pink
Director of Finance and Resources (S151 Officer)

Approval of Accounts

The draft accounts are presented to the Governance Committee.

Councillor Paul Gray

Chair of Governance Committee

MAIN FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (note 7) and the Council's Movement in Reserves Statement.

2024/25			Description	2025/26		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
5,169	(4,964)	205	Strategic Director, Coastal Partnerships	5,443	(5,424)	19
41,571	(30,211)	11,360	Strategic Director, Growth & Place	17,548	(6,510)	11,038
4,318	(32)	4,286	Corporate Director, Finance & Resources	26,917	(19,273)	7,644
3,060	(391)	2,669	Corporate Director, Legal & Governance	2,660	(203)	2,457
10,494	(5,200)	5,295	Strategic Director, Neighbourhoods	15,358	(6,218)	9,140
1,520	0	1,520	Executive Office	1,182	(7)	1,175
66,132	(40,798)	25,334	Cost of Services	69,108	(37,636)	31,473
43	0	43	Other Operating I&E	136	0	136
0	0	0	Loss/(gain) on the disposal of assets	0	0	0
43	0	43	Other Operating Expenditure	136	0	136
294	0	294	Net interest on defined pension liabilities	14	0	14
0	(2,566)	(2,566)	Interest receivable and similar income	0	(1,946)	(1,946)
117	0	117	Interest payable and similar expenses	456	0	456
0	(360)	(360)	Changes in fair value of investment properties and assets held for sale	0	(270)	(270)
255	0	255	Minimum Revenue Provision	373	0	373
262	(2,182)	(1,920)	Income and expenditure in relation to investment properties	540	(2,097)	(1,557)
0	(240)	(240)	Net gains/losses on financial assets at fair value through profit or loss	0	(303)	(303)
928	(5,348)	(4,420)	Financing and Investment Income and Expenditure	1,383	(4,616)	(3,233)
0	(9,879)	(9,879)	Council Tax Income	0	(10,242)	(10,242)
0	(2,916)	(2,916)	Non-Domestic Rates	0	(6,414)	(6,414)
0	0	0	Transfer to / (from) reserves	100	0	100
0	(4,797)	(4,797)	Non-ringfenced government grants	0	(3,036)	(3,036)
0	(7,486)	(7,486)	Capital grants and contributions	0	(3,660)	(3,660)
0	(25,078)	(25,078)	Taxation and non-specific grant income and expenditure	100	(23,351)	(23,251)
67,103	(71,224)	(4,121)	(Surplus) or Deficit on Provision of Services	70,727	(65,603)	5,124
		(5,132)	Surplus on revaluation of non-current assets			(11,220)
		(5,877)	Remeasurement of the net defined benefit pension liability			580
		(11,009)	Other Comprehensive Income and Expenditure			(10,640)
		(15,131)	Total Comprehensive Income and Expenditure			(5,516)

Movement in Reserves Statement

This statement shows the movement in the year in the different reserves held by Havant Borough Council, analysed into 'usable reserves', which may be used to fund expenditure or reduce local taxation, and other reserves.

2025/26	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2025	(373)	(4,568)	(9,744)	(23,608)	(38,294)	(123,964)	(162,258)
Movement in Reserves in 2025/26:							
Surplus (deficit) on the provision of services (accounting basis)	5,124	0	0	0	5,124	0	5,124
Other Comprehensive Income and Expenditure	0	0	0	0	0	(10,640)	(10,640)
Total Comprehensive Income and Expenditure	5,124	0	0	0	5,124	(10,640)	(5,516)
Adjustments between accounting and funding basis under regulations – note 9	(3,844)	0	4,043	(645)	(446)	446	0
Net increase/decrease before transfers to Earmarked reserves	1,280	0	4,043	(645)	4,678	(10,194)	(5,516)
Transfers to/from Earmarked reserves – note 10	(1,280)	1,280	0	0	0	0	0
Increase/(Decrease) in Year	0	1,280	4,043	(645)	4,678	(10,194)	(5,516)
Balance at 31 March 2026	(373)	(3,288)	(5,703)	(24,253)	(33,616)	(134,158)	(167,774)

2024/25	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	(373)	(6,767)	(10,127)	(23,000)	(40,268)	(106,860)	(147,127)
Movement in Reserves in 2024/25:							
Surplus (deficit) on the provision of services (accounting basis)	(4,121)	0	0	0	(4,121)	0	(4,121)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(11,009)	(11,009)
Total Comprehensive Income and Expenditure	(4,121)	0	0	0	(4,121)	(11,009)	(15,130)
Adjustments between accounting and funding basis under regulations – note 9	6,230	0	383	(608)	6,095	(6,095)	0
Net increase/decrease before transfers to Earmarked reserves	2,199	0	383	(608)	1,974	(17,104)	(15,130)
Transfers to/from Earmarked reserves – note 10	(2,199)	2,199	0	0	0	0	0
Increase/(Decrease) in Year	0	2,199	383	(608)	1,974	(17,104)	(15,130)
Balance at 31 March 2025	(373)	(4,568)	(9,744)	(23,609)	(38,294)	(123,964)	(162,258)

Balance Sheet

The Balance Sheet shows the value, at the Balance Sheet date, of the assets and liabilities recognised by Havant Borough Council.

31-Mar-25	Balance Sheet	Notes	31-Mar-26
£'000			£'000
104,744	Property, Plant and Equipment	Note 14	112,914
2,529	Surplus Assets	Note 14	4,945
34,552	Investment Properties	Note 15	36,569
0	Right-of-use assets	Note 18	566
1,389	Intangible Assets	Note 16	2,514
8,404	Long Term Investments	Note 28	8,729
62	Long Term Debtors	Note 20	53
151,681	LONG TERM ASSETS		166,290
1,241	Assets Held for Sale	Note 17	0
8,026	Short Term Debtors	Note 20	10,735
25,642	Short Term Investments	Note 28	20,442
3,799	Cash and Cash Equivalents	Note 21	3,299
38,708	CURRENT ASSETS		34,476
(15,936)	Short Term Creditors	Note 22	(12,313)
(48)	Provisions	Note 23	(48)
(231)	Short Term Borrowing	Note 28	(8,247)
0	Short Term Lease Liability	Note 18	(63)
(3,717)	Capital grants receipts in advance	Note 13	(3,787)
(19,932)	CURRENT LIABILITIES		(24,458)
(4,510)	Capital grants receipts in advance	Note 13	(4,324)
(524)	Provisions	Note 23	(704)
0	Long Term Lease Liability	Note 18	(505)
(2,598)	Long Term Borrowing	Note 28	(2,479)
(566)	Net defined pension liability	Note 30	(520)
(8,198)	LONG TERM LIABILITIES		(8,532)
162,259	NET ASSETS		167,776
(373)	General Fund	Note 10	(373)
(4,568)	Earmarked Reserves	Note 10	(3,289)
(9,745)	Capital Receipts Reserve	Note 10	(5,702)
(23,609)	Capital grants and contributions	Note 10	(24,253)
(38,295)	USABLE RESERVES		(33,617)
(64,946)	Revaluation Reserve	Note 11	(75,090)
(59,317)	Capital Adjustment Account	Note 11	(60,690)
566	Pensions Reserve	Note 11	520
(715)	Collection Fund Adjustment Account	Note 11	1,027
216	Accumulated Absences Account	Note 11	144
232	Financial Instrument adjustment account	Note 11	(70)
(123,964)	UNUSABLE RESERVES		(134,159)
(162,259)	TOTAL RESERVES		(167,776)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of Havant Borough Council during the reporting period.

2024/25	Cash flow	2025/26
£'000		£'000
(11,276)	Taxation	(12,014)
(31,552)	Grants and Contributions	(21,759)
(13,413)	Sales of goods and rendering of services	(15,717)
(2,659)	Interest received	(2,146)
(61)	Other receipts from operating activities	(43)
(58,961)	Cash inflows generated from operating activities	(51,679)
13,934	Cash paid to and on behalf of employees	15,180
20,153	Housing benefit payments	15,083
30,051	Cash paid to suppliers of goods and services	27,727
117	Interest paid	426
4,557	Other operating cash payments	5,213
68,812	Cash outflows generated from operating activities	63,629
9,850	Net cashflows from operating activities	11,950
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
14,304	Purchase of property, plant and equipment, investment property and intangible assets	9,290
57,000	Purchase of short-term and long-term investments	20,000
(62,000)	Proceeds from the sale of short-term and long-term investments	(25,000)
0	Other payments for investing activities	0
(10,230)	Other receipts from investing activities	(8,658)
(926)	Net cashflows from investing activities	(4,368)
0	Cash Receipts – long/short term borrowing	(8,000)
114	Repayments of long/short term borrowing	150
187	Changes in Council Tax balances held for preceptors	(111)
456	Changes in National Non-Domestic Rates balances held for preceptors	878
757	Net cashflows from financing activities	(7,083)
9,681	Net (Increase) / decrease in cash and cash equivalents	499
13,480	Cash and cash equivalents 1 April	3,798
(9,681)	Net increase / (decrease) in cash and cash equivalents	(499)
3,799	Cash and cash equivalents 31 March	3,299
0	Call accounts and short-term deposits	0
3,799	Bank balances	3,299
3,799	Cash and cash equivalents 31 March	3,299

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a. Going Concern

The concept of a going concern assumes that an authority, its functions and services will continue in operational existence for the foreseeable future. Where this is not the case, particular care will be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept can have a fundamental impact on the financial statements.

Accounts drawn up under the Code assume that a local authority's services will continue to operate for the foreseeable future. This assumption is made because 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 was 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.

The Council has undertaken cash flow modelling until March 2027 which demonstrates the Council's ability to lend funds in both the short and long term. Current forecasting suggests we will remain in a lending position for this period, should that position change short term borrowing could be accessed from other local authorities or the Public Works Loan Board. This is in line with the Council's approved Treasury Management Strategy.

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those Regulations require 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, 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.

b. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council. However, for low individual value annual transactions (e.g. annual payment for beach hut licences) this is recognised on a cash basis.
- The revenue recognition standard in IFRS 15 introduces a single model for income with prescribed steps to identify when control of goods or services passes to the customer together with associated revenue in the contract between the parties. An assessment was made of the income streams and the effect of IFRS 15 on the accounts which was found to be immaterial.

- Supplies are recorded as expenditure when they 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. Inventories below £10,000 are considered immaterial and are expensed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income 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 revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c. Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors, and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and Non-Domestic Rates

The Council collects income from payers of Council Tax and Non-Domestic Ratepayers, but only part of the income relates to this Council, the balance being collected on behalf of other major precepting authorities, including the Government. The amounts of debtors, adjustments for doubtful debts, overpayment creditors and receipts in advance that relate to the precepting authorities are shown as a single net debtor or creditor in the Balance Sheet. The element of the Collection Fund due to preceptors is held as part of the Short-Term Creditors balance. Annual changes in the amounts held for preceptors are shown as part of financing activities in the Cash Flow Statement. The amounts legally credited to the General Fund are those estimated before the start of the financial year, including distributions of estimated surplus, or contributions towards estimated deficits. In accounting terms, however, the Council's share of the collectable debit (including adjustments to allowances for doubtful debts and appeals) are credited to the Comprehensive Income and Expenditure Statement. The difference between the cumulative amounts for statutory and accounting purposes forms the Collection Fund Adjustment Account (an unusable reserve) and the annual adjustment forms part of the accounting and financing adjustments.

d. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than ninety days from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

e. 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 (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of Havant Borough Council's financial performance.

f. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, 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 corrected retrospectively by amending opening balances and comparative amounts for the prior period.

g. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- revaluation and impairment gains, where they reverse losses previously charged to services.
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This provision, known as Minimum Revenue Provision (MRP), is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ('the 2003 Regulations') requires local authorities to 'charge to a revenue account a minimum revenue provision (MRP) for that year'. The minimum revenue provision is an annual amount set aside from the General Fund to meet the cost of capital expenditure that has not been financed from available resources, namely: grants, developer contributions (e.g., s.106 and community infrastructure levy) revenue contributions, earmarked reserves, or capital receipts.

Having regard to current Guidance on MRP issued by MHCLG and the "options" outlined in that Guidance and to even out the financing costs of assets over their anticipated life, on 3rd December 2019 Full Council approved the following MRP Statement to take effect from 1 April 2019:

- for all capital expenditure, MRP will be based on expected useful asset lives (Option 3 – asset life), calculated using the annuity method.

In applying 'Option 3':

- MRP should normally begin in the financial year following the one in which the expenditure was incurred. However, in accordance with the statutory guidance, commencement of MRP may be deferred until the financial year following the one in which the asset becomes operational.
- the estimated useful lives of assets used to calculate MRP should not exceed a maximum of 50 years except as otherwise permitted by the guidance (and supported by valuer's advice).

- if no life can reasonably be attributed to an asset, such as freehold land, the estimated useful life should be taken to be a maximum of 50 years.

h. 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 (e.g. cars) 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. time off in lieu) 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 these benefits are charged to the General Fund in the financial year in which payment is made.

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 and are charged on an accruals basis to the relevant service cost line in the CI&ES 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 to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The majority of the Council's employees are members of the Local Government Pensions Scheme, administered by Hampshire County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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 discount rate based on the indicative rate of return on high quality corporate bond chosen by the Fund's Actuary.
- The assets of the 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 pensions' liability is analysed into the following components:
 - **current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the CI&ES to the services for which the employees worked.
 - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CI&ES as part of the cost of other Operating Expenses.
 - **net interest on the defined benefit liability**, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the defined benefit liability at the beginning of the period – taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - **the return on plan assets** – excluding amounts included in net interest on the net defined liability, charged to the Pension Reserve as Other Comprehensive Income and Expenditure
 - **actuarial gains or 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 to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve 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.

Asset Ceiling

From 2024/25, in accordance with IAS 19, the Council applies the "Asset Ceiling" where the net pension asset recognised is restricted to the present value of available future refunds or reductions in future contributions. Any adjustments required as a result of the asset ceiling is recognised in other comprehensive income.

i. Events after the Reporting Period

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.

j. Fair Values

The Council measures some of its non-financial assets (surplus assets and investment properties), and its available for sale financial asset, at fair value at each reporting date. The Council also discloses fair values for financial assets and liabilities categorised as loans and receivables. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction at the year end. The fair value measurement assumes that the transaction 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.

The Council measures the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their economic best interest.

When measuring the fair value, the Council takes into account the market participants' ability to generate economic benefits by using the asset or liability in its highest or best use, or by selling it to another party that would use the asset or liability for its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques for assets and liabilities that are measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the year end.
Level 2	Inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

k. 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 in another entity. Non-exchange transactions, such as those relating to taxes, benefits, and government grants, do not give rise to financial instruments.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the

Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Liabilities include trade payables. It has been assessed that the carrying amount in the Balance Sheet is a proxy for the fair value of those liabilities.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has from time to time made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

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

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

The Council has a substantial amount of investments and employs treasury management advisers in addition to full time professional staff. However, reasonable, and verifiable information to support the measurement of lifetime losses on individual instruments is not available without undue cost or effort. Losses are mainly assessed for the portfolio on a collective basis.

Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances whilst making use of a simplified approach contained in regulations.

Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.

Group 2 – Loans to related parties. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.

Group 3 – Other loans to local businesses, in support of the Council vision and objectives. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are charged to the Other Comprehensive Income and Expenditure and are held in the Financial Instrument Revaluation Reserve.

Movements in amortised cost are charged to the Surplus or Deficit on the Provision of Services. Cumulative gains/losses on fair value are transferred to the Surplus or Deficit on the Provision of Services on derecognition.

I. 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 CI&ES 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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as liabilities. 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-ringfenced revenue grants and all capital grants) in the CI&ES.

Where capital grants are credited to the CI&ES, 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. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The Council has elected to charge a Community Infrastructure Levy (CIL), charged on new builds with appropriate planning consent. The income from the levy will be used to fund various projects described as "infrastructure" in a broader sense than used for Council property. The infrastructure investment is determined in the 123 list, and it is not necessarily this Council that will undertake the works. Part of the CIL income is retained to offset the cost of administration and is accounted for as income for the Planning service. Some is also payable to parishes: this is treated as an agency service and is excluded from the Comprehensive Income and Expenditure Statement. The rest is intended for use to finance capital and is treated as capital contributions. As it is received without conditions it is recognised immediately as capital grants and contributions income and is then transferred to the Capital Grants Unapplied Reserve. A small proportion of the monies may be used to fund revenue expenditure.

The income from CIL is accounted for on an accruals basis and recognised immediately in the CI&ES at the commencement date of the chargeable development. Surcharges and interest received in accordance with the CIL regulations will be accounted for as if they were CIL receipts.

m. 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. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued 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 CI&ES. The same treatment is applied to gains and losses on disposal.

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

n. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and that authority will be able to generate future economic benefits or deliver service potential by being able to use the asset. Costs relating to the development of computer software for internal use are capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred in the development phase. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to development. Management judgement is involved in determining the

appropriate internal costs to capitalise and the amounts involved. The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Council will receive benefits from the software.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is written down over its useful life, to the appropriate line in the Comprehensive Income and Expenditure Statement. No intangible assets are recorded with indefinite lives. An asset is tested for impairment whenever there is an indication that the asset might be impaired, and any losses are posted to the appropriate line in the Income and Expenditure Statement.

The calculated amounts for amortisation and impairment are charged to the Cost of Services in the Comprehensive

Income and Expenditure Account, but they are not proper charges against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

o. Interest in Companies and Other Entities

Local authorities are required to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates, or joint ventures. In order to assess whether the Council has interests relevant to group accounts, consideration has been given to involvement with companies, partnerships, voluntary organisations, and other public bodies to determine whether;

- the Council has a formal interest in a body which gives it access to economic benefits or service potential and that the body is an identifiable entity carrying on a trade or business of its own.
- the interest constitutes control over the majority of equity capital or voting rights or over rights to appoint the majority of the governing body or the interest involves it exercising, or having the right to exercise, dominant influence over the entity, such that the entity is classified as a subsidiary of the Council.
- If the authority does not have control, whether its interest involves it being able to exercise a significant influence over the entity without support from other participants, such that the entity is classified as an associate of the authority.
- If the authority does not have control, whether its interest allows it to direct the operating and financial policies in conjunction and with the consent of the other participants in the entity, such that the entity is classified as a joint venture for the authority.

Consideration has been given to the relationship with all potential entities. The Council's relationship with Norse South East will be assessed. Fuller disclosures have been made in the interests in other entities note in the Core Financial Statements.

The relationship with the body disclosed is not material and therefore there is no entity where the Council's interest is such that it would give rise to the requirement to prepare group accounts. The position will be reviewed and updated on an annual basis.

p. Leases

The Council adopted IFRS16 Leases with effect from 1 April 2024. At the inception of a contract, the Council assesses whether a contract contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The Council considers:

- whether the asset is explicitly or implicitly identified in a contract,
- whether the asset identified in the contract is physically distinct,
- the rights to obtain substantially all of the economic benefits and service potential from the asset,
- the right to direct use.

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.

Leases at peppercorn or nominal lease payments are those leases for which consideration is paid but the lease payments are substantially below market lease payments.

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

The Council as Lessee

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right of use asset is tested for impairment if there are any indicators of impairment.

Leases of low value assets (value when new less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

The Authority as Lessor

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

q. Overheads and Support Services

The recharging of overheads and support services is not reflected in any part of these accounting statements and notes.

r. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. A de-minimis level for recognition has been set at £10,000.

Measurement

Property Plant and Equipment is valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Operational properties and other operational assets are carried in the Balance Sheet using the following measurement bases:

- Depreciated Replacement Cost (DRC)
- Existing Use Value (EUV)

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

- Vehicles, plant, etc. and infrastructure – depreciated historical cost.
- Community assets and assets under construction – historic cost.
- Land and buildings – current 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 current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.
- Surplus Properties – fair value, as described in accounting policy above, equating to market value for their highest and best use from a market participant's perspective.
- Assets included in the Balance Sheet at current value are subject to a full valuation once every five years but are subject to a desktop review at the end of each year to ensure that their carrying amount is not materially different from their current value, or fair value at the year-end. In addition, the top 10 assets in value and the top 20% across the portfolio are subject to a valuation. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&ES 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 CI&ES.
- 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.

Use of Indexation

Assets included in Property, Plant and Equipment are carried at current value, with revaluations performed with sufficient regularity to ensure that carrying amounts are not materially misstated.

The Council considers the use of indexation between full valuations where appropriate and in line with the Code of Practice.

Revaluation gains and losses are recognised in accordance with the Code, with gains credited to the Revaluation Reserve unless they reverse a previous loss charged to the Surplus or Deficit on Provision of Services.

Impairment

Assets are assessed at each year-end as to whether there is any indication that the value of 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 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 CI&ES.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CI&ES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the Valuer. Useful life is between 10 and 60 years depending on the asset.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Useful life is between 3 and 20 years.
- Infrastructure – straight-line allocation over 10 to 50 years.
- No depreciation is charged in year of acquisition but is charged at a full year rate in the year of disposal.

Reclassified assets are depreciated from year of reclassification.

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.

Componentisation of Property Assets

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.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the other Operating Expenditure line in the CI&ES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&ES 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 in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

s. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation 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 CI&ES 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 Council settles the obligation.

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.

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.

t. Reserves

The Council maintains two groups of reserves, usable and unusable.

Usable reserves comprise the following:

- **Capital Receipts Reserve:** proceeds from the sales of non-current assets are initially credited to the CI&ES, but legally can only be used to finance capital expenditure, and so are transferred to the Capital Receipts Reserve and afterwards used for this specific purpose.
- **Capital Grants Unapplied:** the Council receives grants and contributions towards capital expenditure, and, where repayment conditions are not present or no longer apply, they are credited to the CI&ES and immediately transferred into the Capital Grants Unapplied Reserve until required to finance capital investment.
- **Earmarked Reserves:** the Council may set aside earmarked reserves to cover specific projects or contingencies. These are transferred from the General Fund, and amounts are withdrawn as required to finance such expenditure. The expenditure itself is charged to the appropriate line in the Comprehensive Income and Expenditure Statement. There are no legal restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund in the same way.
- **General Fund:** this represents all other usable reserves, without legal restrictions on spending, which arise from annual surpluses or deficits.

Unusable Reserves consist of those which cannot be used to finance capital or revenue expenditure:

- **Revaluation Reserve:** this consists of accumulated gains on individual items of Property, Plant and Equipment. The Reserve contains only gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date were consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:
 - revalued downwards or impaired and the gains are lost.
 - used in the provision of services and the gains are consumed through depreciation, or
 - disposed of and the gains are realised.
- **Capital Adjustment Account:** Receives credits when capital is financed from the General Fund or from the Capital Receipts and Capital Grants Unapplied reserves and receives debits to offset depreciation and other charges relating to capital which are not chargeable against the General Fund. The account contains revaluation gains accumulated on non-current assets before 1 April 2007, the date on which the Revaluation Reserve was created to hold such gains.
- **Deferred Capital Receipts:** in some cases (particularly former housing stock disposed of, where the purchaser financed the transaction through a mortgage from the Council) an asset is disposed of, but the income cannot be collected immediately. The Council maintains records for a long-term debtor, offset by a balance in the Deferred Capital Receipts Account. When the income is received the debtor is written down and a transfer is made between this account and the Capital Receipts Reserve.

- **Pensions Reserve:** The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
- **Collection Fund Adjustment Account:** this represents the differences arising from the recognition of Council Tax income and Non-Domestic Rates in the Comprehensive Income and Expenditure Statement as they fall due from payers, compared with the statutory arrangements for paying across amounts from the Collection Fund to the General Fund.
- **Accumulated Absences Reserve:** this contains the difference between the statutory and accounting liability for the cost of accumulated absences: the cost is properly chargeable to the Comprehensive Income and Expenditure Statement, but not to the General Fund.
- **Financial Instrument Revaluation Reserve:** this contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:
 - revalued downwards or impaired and the gains are lost.
 - disposed of and the gains are realised.

u. 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 is charged as expenditure to the relevant service in the CI&ES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

v. VAT

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

2. Accounting Standards Issued, Not yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom, are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9)

The impact of these accounting standards has not yet been assessed, although thought to be immaterial.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Business rates -The assumptions around the outcome of appeals against the NNDR valuations (either received to date or expected in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from appeals determinations so far made against the 2017 and 2023 list. This year the Council have used third parties, Analyse Local and LG Futures, to provide estimates for the provision for appeals.

Future funding for local government – Consultation is underway on changes to the Business Rates Retention scheme, which will ultimately replace existing government grants, creating uncertainty over future levels of funding. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Asset classifications – the Council has made judgements on whether assets are classified as Investment Property or Property, Plant and Equipment. These judgements are based on the main reason that the council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties who are subsidised by the council, they are deemed to be Property, Plant and Equipment assets. If there is no subsidy and/or full market rent is being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method to be used.

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.

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.

Production of group accounts – the Council has an interest in another entity, Portchester Crematorium Joint Committee, which manages the operations of Portchester Crematorium. The accounts of this entity have not been consolidated into the financial statements of the Council since grouping the accounts would not materially change the reported figures in the Statement of Accounts. In addition, the Council has Joint venture arrangement with Norse Commercial Services Limited – Norse South East Limited. It is considered by all parties that it is a Teckal company for both Havant and other partners.

4. Assumptions Made about the Future & Major Sources of Estimation Uncertainty

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The main items in the Council's Balance Sheet at 31 March 2026 on which such assumptions have been made are as follows:

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 and mortality rates. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Changes in any one assumption would be affected by changes in others, so that the effect of a number of changes would be a complex calculation.

Property, Plant and Equipment

The Council's external valuers provide a full valuation of all properties every 5 years. On an annual basis they provided desktop valuations as at 31 March 2026 for all of the Council's investment portfolio and for the top 20% in value of its' operational portfolio and where there has been material movement since the last full valuation. The remaining balance of operational properties was also reviewed to ensure values reflect current values. Valuations of property depend on various assumptions. In particular, valuers have to determine:

- The estimated life of the building.
- Whether or not there is a market for the property in its existing use, which means that they could value at such a market value (EUV). If there is no such market, properties are valued at Depreciated Replacement Cost (DRC).

Investment Property

The Council's valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available. Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. If the value of the Council's investment properties were to reduce by 10% this would lead to a reduction in value of £3.7m.

Allowance for impairments of doubtful debts

The Balance Sheet contains figures for various groups of debtors, including sundry debtors, council tax, non-domestic rates, and recoveries of overpayments of housing benefits. Allowances are made, and updated at the end of each financial year, on the basis of recent rates of recovery of the particular class of debt, as far as it can be ascertained.

Allowance for impact of rating appeals

There are a few appeals outstanding against rating values, and the Council is liable for its share (40%) of the losses resulting from successful appeals.

The Council has made a provision for the likely impact on its yield of expected future successful appeals based on the 2017 and 2023 VoA (Valuation Office Agency) lists for the period to the end of March 2026 based on the reports provided by external consultant Analyse Local.

5. Material Items of Income and Expense

Havant Borough Council undertakes the valuation of that non-current held at current value on a five-year rolling programme. Where assets increase in value, the gain is reported in Other Comprehensive Income and Expenditure (OCIE) and reflected in the revaluation reserve. Where there is a decrease in value, the decrease is reflected in OCIE and the revaluation reserve up to the amount of previous upward valuations and any additional reduction in valuation is reported through the Surplus/Deficit on the Provision of Services and the Capital Adjustment Account. In 2025/26, the increase in valuation of non-current assets chargeable against the Surplus/Deficit on the Provision of Services was £11.2m (2024/25: £5.1m).

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Chief Finance Officer (S151 Officer) on 30 June 2026. Events taking place up to the date of signing the draft financial statements are reflected in the financial statements and notes. Where events taking place before this date provided information about conditions existing at 31 March 2026 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

No further events have occurred which need to be reported here.

7. Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Group Comprehensive Income and Expenditure Statement.

2024/25			Description	2025/26		
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Expenditure and Funding Analysis	Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
118	87	205	Strategic Director, Coastal Partnerships	135	(116)	19
9,996	1,220	11,216	Strategic Director, Growth & Place	8,279	2,759	11,038
3,923	363	4,286	Corporate Director, Finance & Resources	7,377	267	7,644
2,612	56	2,669	Corporate Director, Legal & Governance	2,470	(13)	2,457
4,007	1,288	5,295	Strategic Director, Neighbourhoods	2,025	7,115	9,140
1,504	16	1,520	Executive Office	1,332	(157)	1,175
43	0	43	Other Operating I&E	136	0	136
22,203	3,030	25,233	Cost of Services	21,754	9,855	31,609
(9,516)	(19,983)	(29,499)	Other Income and Expenditure	(11,115)	(15,370)	(26,485)
12,687	(16,953)	(4,266)	(Surplus) or Deficit on Provision of Services	10,639	(5,515)	5,124
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£'000	£'000	£'000		£'000	£'000	£'000
(6,767)	(373)	(7,140)	Opening balances	(4,568)	(373)	(4,941)
0	2,199	2,199	(Surplus) or Deficit on Provision of Services	0	1,280	1,280
2,199	(2,199)	0	Transfers between General Fund and earmarked reserves	1,278	(1,278)	0
(4,568)	(373)	(4,941)	Closing General Fund balance	(3,290)	(371)	(3,661)

Financing and Accounting Adjustments:

Financing and Accounting Adjustments					
2025/26	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
Strategic Director, Coastal Partnerships	0	(155)	0	39	(116)
Strategic Director, Growth & Place	2,886	(140)	0	12	2,758
Corporate Director, Finance & Resources	208	(106)	0	165	267
Corporate Director, Legal & Governance	0	(53)	0	40	(13)
Strategic Director, Neighbourhoods	5,233	(149)	0	2,030	7,115
Executive Office	0	(38)	0	(119)	(157)
Other Operating I&E	0	0	0	0	0
Cost of Services	8,327	(641)	0	2,167	9,854
Other Income and Expenditure from the Expenditure and Funding Analysis	(15,524)	594	1,743	(2,183)	(15,370)
Total for 2025/26	(7,197)	(47)	1,743	(16)	(5,516)

Financing and Accounting Adjustments					
2024/25	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
Strategic Director, Coastal Partnerships	0	14	0	73	87
Strategic Director, Growth & Place	1,018	15	0	332	1,365
Corporate Director, Finance & Resources	77	7	0	279	363
Corporate Director, Legal & Governance	0	5	0	52	56
Strategic Director, Neighbourhoods	1,275	12	0	1	1,288
Executive Office	0	5	0	11	16
Other Operating I&E	0	0	0	0	0
Cost of Services	2,370	58	0	748	3,175
Other Income and Expenditure from the Expenditure and Funding Analysis	(13,232)	(5,583)	(699)	(469)	(19,983)
Total for 2024/25	(10,862)	(5,525)	(699)	279	(16,808)

Adjustments for capital purposes

This column adjusts for depreciation, impairment and revaluation gains and losses in the service lines. The other income and expenditure line has adjustments for the following:

- Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- The statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue and capital grants are adjusted from those receivables in the year to those receivables without conditions or for which conditions were satisfied throughout the year.

Net change for the Pensions Adjustments

This column includes the removal of employer pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income in the service lines. The other income and expenditure line has an adjustment for the net interest on the defined benefit liability which is charged to the Comprehensive Income and Expenditure Statement.

Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are as follows:

The change in the total value of the accrual for accumulated absence (holiday pay) is not chargeable under generally accepted accounting practices and removed in the service lines.

The difference between what is chargeable under statutory regulations for council tax and business rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund. Transfers to / from Earmarked Reserves are shown on a separate line in the other differences column. The details of reserve movements are shown in note 10.

8. Expenditure and Income analysed by Nature

This analysis provides detail of the expenditure and income of the Council on a subjective basis.

2024/25		2025/26
Surplus / Deficit on the Provision of Services	Expenditure and Income analysed by nature	Surplus / Deficit on the Provision of Services
£'000		£'000
17,869	Employee benefits expenses	18,697
49,344	Other service expenses	44,152
117	Interest payments	442
2,369	Depreciation, amortisation, impairment etc	8,327
(240)	(Gains) / Losses on financial assets	(303)
69,459	Total Expenditure	71,315
(18,576)	Fees, charges and other service income	(19,328)
(360)	Investment Properties changes in fair value	(270)
(2,566)	Interest income	(1,946)
(12,795)	Council Tax and Non-Domestic Rate income	(16,655)
(39,282)	Grants and Contributions	(27,992)
0	Gains on the disposal of assets	0
(73,579)	Total income	(66,191)
(4,120)	Net Expenditure and Income	5,124
(5,132)	Surplus on revaluation of non-current assets.	(11,220)
(5,877)	Net interest on defined pension liabilities	580
(15,130)	Total Comprehensive Income and Expenditure	(5,516)

9. 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 Group in the year in accordance with proper accounting practice to the resources actually available to the Group to meet future expenditure.

2025/26	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(131)	0	0	131	0
Depreciation and impairment of non-current assets	(8,196)	0	0	8,196	0
Movements in value of Investment Properties and Assets Held for Sale	270	0	0	(270)	0
Disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	63	(63)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	4,717	0	(4,717)	0	0
Difference between accounting and statutory employment benefit	72	0	0	(72)	0
Difference between accounting and statutory credit for Council Tax	(511)	0	0	511	0
Difference between accounting and statutory credit for Non-Domestic Rates	(1,231)	0	0	1,231	0
Revenue Expenditure Financed from Capital under Statute	(2,562)	0	0	2,562	0
Difference between accounting and statutory credit for pension costs	626	0	0	(626)	0
REFCUS Income (Funding)	2,364	82	0	(2,446)	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					0
Capital expenditure financed from revenue	0	0	0	0	0
Statutory Charge MRP	373	0	0	(373)	0
Other adjustments					0
Capital expenditure financed from Capital Receipts	0	4,024	0	(4,024)	0
Capital expenditure financed from Capital grants and contributions	0	0	4,072	(4,072)	0
Adjustment Fair Value of Financial Assets	302	0	0	(302)	0
Total for 2025/26	(3,844)	4,043	(645)	446	0

2024/25	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	0	0	0	0	0
Depreciation and impairment of non-current assets	(2,368)	0	0	2,368	0
Movements in value of Investment Properties and Assets Held for Sale	360			(360)	0
Disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	0	0	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	7,486	0	(7,486)	0	0
Difference between accounting and statutory employment benefit	(23)	0	0	23	0
Difference between accounting and statutory credit for Council Tax	19	0	0	(19)	0
Difference between accounting and statutory credit for Non-Domestic Rates	681	0	0	(681)	0
Revenue Expenditure Financed from Capital under Statute	(2,516)	13	0	2,503	0
Difference between accounting and statutory credit for pension costs	(352)	0	0	352	0
REFCUS income (Grant Income)	2,516			(2,516)	0
Revaluation gain/losses on PPE	0	0	0	0	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>					0
Capital expenditure financed from revenue	22	0	0	(22)	0
Statutory Charge MRP	255	0	0	(255)	0
<i>Other adjustments</i>					0
Capital expenditure financed from Capital Receipts	0	370	0	(370)	0
Capital expenditure financed from Capital grants and contributions	0	0	6,878	(6,878)	0
Adjustment Fair Value of Financial Assets	240	0	0	(240)	0
Total for 2024/25	6,320	383	(608)	(6,095)	0

10. Usable Reserves

The Council maintains a number of Usable Reserves including Earmarked Reserves for a variety of purposes. Below is an analysis of the Council's reserves showing the movements and transfers that took place.

Usable Reserves	Balance at 31 March 2024	Transfers out 2024/25	Transfers in 2024/25	Balance at 31 March 2025	Transfers out 2025/26	Transfers in 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Balance	(373)	0	0	(373)	0	0	(373)
Earmarked Reserves							
Insurance Reserve	(532)	41	0	(491)	0	0	(491)
Financial Management Reserve	(3,083)	2,541	0	(542)	934	(500)	(108)
Strategic Commissioning Reserve	(1,277)	59	0	(1,218)	1,218	0	0
Service Support Reserve	(223)	0	(21)	(244)	33	(150)	(361)
Regeneration Reserve	(701)	0	(99)	(800)	494		(306)
Leisure Contingency Reserve	(950)	0	0	(950)	0	0	(950)
Revenue Grants Reserve	0	0	(322)	(322)	322	0	0
Building Control	0	0	0	0	0	(50)	(50)
Extended Producers' Responsibility (pEPR)	0	0	0	0	0	(100)	(100)
Community Governance Review (CGR)	0	0	0	0	0	(304)	(304)
S31 Business Rates Reserve	0	0	0	0	0	(619)	(619)
Total - Earmarked Reserves	(6,766)	2,641	(442)	(4,568)	3,001	(1,723)	(3,289)
Capital Reserves							
Capital Receipts Reserve	(10,129)	384	0	(9,745)	4,106	(63)	(5,702)
Capital grants and contributions	(23,000)	0	(609)	(23,609)	2,595	(3,239)	(24,253)
Total Capital Reserves	(33,129)	384	(609)	(33,354)	6,701	(3,302)	(29,955)
Total Usable Reserves	(40,268)	3,025	(1,051)	(38,295)	9,702	(5,025)	(33,617)

The purposes of these reserves are set out below:

Reserve Type	Purpose
Insurance Reserve	Ring-fenced for Insurance contingencies
Financial Management reserve	Reserves set aside for General Fund variances
Service Support Reserve	Reserve for specific projects (e.g. Front Lawn and Apex Centre surpluses)
Regeneration Reserve	Reserve to fund future revenue regeneration projects
Leisure Contingency Reserve	Reserve set aside for Horizon Leisure Centre development
Building Control	New Reserve for market downturns
Extended Producers' Responsibility (pEPR)	Reserve created from government funding to progress for waste services
Community Governance Review (CGR)	Set aside for current Community Governance Review
S31 Business Rates Reserve	Reserve set aside for future business rates fluctuations

Capital Receipts

Capital receipts arise from the income received from the disposal of capital assets. The use of capital receipts is governed by statute which require that they are used to fund future capital expenditure or for the redemption of debt. Capital receipts cannot be used to fund revenue expenditure except where allowed for by statute.

Capital Grants and Contributions

Capital grants not used in the year of receipt and for which the conditions on the use of the grant is expected to be met or for which there are no conditions, are appropriated to the Capital Grants Unapplied Account and released to meet future years' capital expenditure.

11. Unusable Reserves

Unusable reserves are those that have arisen as a result of accounting adjustments and are, therefore, not available to spend. The table below shows the total unusable reserves at the year end.

Unusable Reserves	Balance 1 April 2025	Comp-rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2026
	£'000	£'000	£'000	£'000
Revaluation Reserve	(64,946)	(11,220)	1,076	(75,090)
Capital Adjustment Account	(59,317)	0	(1,373)	(60,690)
Pensions Reserve	566	580	(626)	520
Collection Fund Adjustment Account	(716)	0	1,743	1,027
Accumulated Absences Account	216	0	(72)	144
Financial Instrument adjustment account	232	(303)	0	(71)
Total for 2025/26	(123,965)	(10,943)	748	(134,160)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

2024/25	Revaluation Reserve	2025/26
£'000		£'000
(60,897)	Balance 1 April	(64,946)
	Comprehensive Income & Expenditure:	
(5,132)	Gain on revaluation of assets	(11,220)
	Accounting / Financing Adjustments:	
1,082	Depreciation charged to Revaluation Reserve	1,076
(64,946)	Balance 31 March 2026	(75,090)

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024/25	Capital Adjustment Account	2025/26
£'000		£'000
(52,705)	Balance 1 April	(59,317)
	Accounting / Financing Adjustments:	
0	Write down Intangible Assets	131
2,368	Depreciation and impairment of non-current assets	8,196
(360)	Movements in value of Investment Properties	(270)
0	Gain or (loss) on sale of non-current assets	0
2,516	Revenue Expenditure Financed from Capital under Statute	2,562
(2,538)	Capital expenditure financed from revenue (including REFCUS funding)	(2,446)
(370)	Capital expenditure financed from Capital Receipts	(4,024)
(6,892)	Capital expenditure financed from Capital grants and contributions	(4,072)
(255)	MRP	(373)
(1,082)	Depreciation charged to Revaluation Reserve	(1,077)
(59,317)	Balance 31 March	(60,691)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for postemployment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for postemployment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority 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.

2024/25	Pensions Reserve	2025/26
£'000		£'000
6,091	Balance 1 April	566
	Comprehensive Income & Expenditure:	
(5,877)	Remeasurement of the net defined benefit liability	580
	Accounting / Financing Adjustments:	
352	Difference between accounting and statutory credit for pension costs	(626)
566	Balance 31 March	520

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax /NNDR income in the CIES as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. Following the localisation of business rates, a separate adjustment account for business rates has been created.

2024/25	Collection Fund Adjustment Account	2025/26
£'000		£'000
(15)	Balance 1 April	(715)
	Accounting / Financing Adjustments:	
(19)	Difference between accounting and statutory credit for Council Tax	511
(681)	Difference between accounting and statutory credit for Non-Domestic Rates	1,231
(715)	Balance 31 March	1,027

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024/25	Accumulated Absences Account	2025/26
£'000		£'000
193	Balance 1 April	216
	Accounting / Financing Adjustments:	
23	Difference between accounting and statutory employment benefit	(72)
216	Balance 31 March	144

Financial Instrument Adjustment Account

2024/25	Financial Instruments	2025/26
£'000		£'000
472	Balance 1 April	232
	Accounting / Financing Adjustments:	
(240)	(Increase)/Decrease in value of Assets held at Fair Value through Profit & Loss	(303)
232	Balance 31 March	(71)

12. Grant Income

The Authority credited the following grants, contributions, and donations to the CIES in the year. The total amounts credited to Taxation and Non-Specific Grant Income are detailed below.

2024/25	Grants and Contributions	2025/26
£'000		£'000
(21,544)	DWP benefits grants	(16,197)
(2,516)	Grants for revenue financed from capital under statute	(2,364)
(3,216)	Other Grants and Contributions	(2,560)
(27,321)	Total within Cost of Services	(21,121)
(506)	New Homes Bonus	(32)
(4,291)	Other non-specific grant	(3,004)
(7,486)	Grants and contributions towards capital expenditure	(3,660)
(12,283)	Total within Taxation and non-specific grant income	(6,696)
(39,604)	Total Income from grants and contributions	(27,817)

13. Capital Grants Receipts in Advance

2024/25	Capital Grants Receipt in Advance	2025/26
£'000		£'000
	Amounts falling due within one year:	
(3,717)	Other	(3,787)
(3,717)	Total short term capital grants received in advance	(3,787)
	Amounts falling due after one year (all other bodies):	
(3,262)	S106	(3,154)
(1,248)	Other	(1,170)
(4,510)	Total long term capital grants received in advance	(4,324)

14. Property, Plant and Equipment

The following tables analyse movements in the carrying values of non-current assets during the year.

2025/26	Land & Buildings	Vehicles Plant etc	Infra-structure	Community Assets	Assets under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
Opening value 1 April 2025	94,603	4,231	7,766	1,652	524	2,529	111,307
Additions	3,360	670	1,937	0	75	246	6,287
Disposals	0	0	0	0	0	0	0
Derecognitions	0	0	0	0	0	0	0
Impairment losses	(5,845)	0	0	0	0	(149)	(5,994)
Reclassifications	0	0	0	0	0	1,241	1,241
Revaluations	9,741	0	0	0	0	1,078	10,819
Value 31 March 2026	101,860	4,901	9,702	1,652	599	4,945	123,659
Cumulative Depreciation:							
Opening value 1 April 2025	(63)	(2,253)	(761)	(954)	0	0	(4,031)
Charge for the year	(1,615)	(249)	(259)	(13)	0	(32)	(2,169)
Disposals	0	0	0	0	0	0	0
Derecognitions	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Revaluations	369	0	0	0	0	32	401
Balance 31 March 2026	(1,309)	(2,503)	(1,020)	(967)	0	0	(5,800)
Net book value 31 March 2026	100,551	2,398	8,682	685	599	4,945	117,859

2024/25	Land & Buildings	Vehicles Plant etc	Infra-structure	Community Assets	Assets under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
Opening value 1 April 2024	85,018	3,990	6,308	1,652	575	0	97,554
Additions	9,011	241	1,458	0	116	1,398	12,225
Disposals	0	0	0	0	0	0	0
Derecognitions	0	0	0	0	0	0	0
Impairment losses	(45)	0	0	0	0	(408)	(453)
Reclassifications	(613)	0	0	0	(167)	780	0
Revaluations	1,232	0	0	0	0	759	1,991
Value 31 March 2025	94,603	4,231	7,766	1,652	524	2,529	111,307
Cumulative Depreciation:							
Opening value 1 April 2024	(1,741)	(2,017)	(558)	(941)	0	0	(5,257)
Charge for the year	(1,463)	(236)	(203)	(13)	0	0	(1,915)
Disposals	0	0	0	0	0	0	0
Derecognitions	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Revaluations	3,141	0	0	0	0	0	3,141
Balance 31 March 2025	(63)	(2,253)	(761)	(954)	0	0	(4,031)
Net book value 31 March 2025	94,540	1,978	7,005	698	524	2,529	107,273

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings (30 to 60 years)
- Vehicles, Plant, Furniture & Equipment (4 to 10 years)

Revaluations

Assets are revalued on a 5-year programme. The useful economic life of operational land and buildings is also assessed. An annual desktop assessment is also carried out at the end of each financial year, and the values are updated where necessary. Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Indexation reflects market-based movements applied in intervening periods. The land & building portfolio has been valued at 31 March 2026 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Wilks Head & Eve LLP.

There are no quoted prices for identical assets, but there are values available for similar assets, so it has been possible to value them at Level 2 of the Fair Value hierarchy, both at the start and end of the financial year.

The following table shows the split of the certified valuations for Property plant and equipment across the financial years.

	Land & Buildings	Vehicles Plant etc	Infra-structure	Community Assets	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Historic (Cost)	2,897	4,901	9,702	1,652	0	19,152
Carried at fair value as at:						
31-Mar-26	86,337	0	0	0	4,945	91,282
31-Mar-25	1,314	0	0	0	0	1,314
31-Mar-24	2,866	0	0	0	0	2,866
31-Mar-23	345	0	0	0	0	345
31-Mar-22	8,101	0	0	0	0	8,101
Total valuation	101,860	4,901	9,702	1,652	4,945	123,060

Capital Commitments

At 31 March 2026, the council had entered into a number of contracts for the construction, purchase or enhancement of its assets in 2026/27 and future years, totalling £8.3m.

15. Investment Properties

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

2024/25	Description	2025/26
£'000		£'000
(2,182)	Rental income from investment property	(2,097)
262	Direct operating expenses arising from investment property	540
(1,619)	Net gains from fair value adjustments	(270)
(3,539)	Total	(1,827)

Balance Sheet movements in Investment Properties during the year:

2024/25	Movement in Investment Properties	2025/26
£'000		£'000
34,743	Balance at start of the year	34,552
690	Additions	1,747
1,619	Net gains from fair value adjustments	270
0	Assets reclassified to Land & Buildings	0
(2,500)	Assets reclassified to Asset Held for Sale	0
34,552	Balance at end of the year	36,569

The Council's Investment Properties consist of commercial properties let at market rents. There are no quoted prices for identical properties, and also no significant observable values for similar properties. Values have therefore been assessed under Level 2 of the Fair Value hierarchy (see Note 14 above), both at the start and end of the financial year. They are measured using the income approach, by means of the discounted cash flow method, where the discounted cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. In all cases the highest and best use for these assets is their current use.

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is deemed to be their current use. The investment property portfolio has been valued at 31 March 2026 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Wilks Head & Eve LLP.

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.

16. Intangible Assets

The Authority accounts for its SaaS software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets primarily comprise purchased licenses and software.

The movement on Intangible Asset balances during the year was as follows:

2024/25		2025/26
£'000		£'000
	Balance at 1 April	
0	- Gross Carrying Amount	1,389
0	- Accumulated Amortisation	0
0	Net carrying amount at start of year	1,389
1,389	Additions	1,256
0	Amortisation in year	(131)
1,389	Balance at 31 March	2,514
525	Gross Carrying Amount	2,645
864	Intangible Assets Under Construction	0
0	Accumulated Amortisation	(131)
1,389	Balance at 31 March	2,514

17. Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. To be classified as held for sale, the asset must be available for immediate sale in its present condition and its sale must be highly probable.

The following table shows the movements in non-current assets classified as held for sale during the year:

2024/25		Asset Held for Sale	2025/26	
£000	£000		£000	£000
Non-current	Current		Non-current	Current
0	0	Balance at 1 April 2024	0	0
		Assets newly classified as held for sale:		
0	0	- Property, Plant and Equipment	0	0
0	2,500	- Investment Property	0	0
0	0	Assets sold	0	0
0	(1,259)	Revaluation gains/(losses)	0	0
0	0	Impairment losses recognised	0	0
0	0	Transfers from non-current to current	0	0
0	0	Transfers (to)/from other asset categories	0	(1,241)
0	1,241	Balance at 31 March 2025	0	0

18. Leases

Council as Lessee

Under IFRS 16, all leases are recognised on the Balance Sheet, except for short-term leases and leases of low-value assets. The council must recognise a right-of-use asset and a lease liability for each lease. Lease payments are allocated between the reduction of the lease liability and interest expense. The right-of-use asset is depreciated over the lease term.

2024/25		2025/26
£'000		£'000
0	Balance at 1 April	0
0	- Additions	599
0	- Revaluations	0
0	- Depreciation	(33)
0	Balance at 31 March	566

The lease liabilities are due to be settled over the following time bands.

2024/25		2025/26
£'000		£'000
0	Not later than one year	63
0	Later than one year and not later than five years	505
0	Over 5 years	0
0	Total	568

Council as Lessor

Under IFRS16, where the council grants an operating lease over a property or an item of plant or equipment, the asset continues to be recognised in the Balance Sheet. Rental income generated from such leases is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

The future minimum lease payments receivable under non-cancellable leases are:

2024/25		2025/26
£'000		£'000
1,905	Not later than one year	2,223
5,805	Later than one year and not later than five years	8,112
51,677	Over 5 years	50,640
59,387	Total	60,975

19. Capital Expenditure and Capital Financing

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

2024/25	Capital Financing Requirements	2025/26
£'000		£'000
13,427	Opening Capital Financing Requirement 1 April	20,193
	Capital Investment	
12,225	Property, Plant and Equipment	6,287
690	Investment properties	1,747
1,389	Intangible assets	1,256
0	Right of Use Asset	599
2,516	Revenue Expenditure Funded from Capital under Statute (REFCUS)	2,562
	Sources of finance	
(370)	Capital receipts	(4,024)
(6,891)	Government grants and other contributions	(3,239)
(22)	Sums set aside from revenue and reserves	(833)
(2,516)	Grants and contributions towards REFCUS	(2,446)
(255)	MRP	(373)
20,193	Closing Capital Financing Requirement 31 March	(21,728)

2024/25	Reconciliation to Balance Sheet	2025/26
£'000		£'000
107,273	Property, Plant and Equipment	117,859
34,552	Investment Properties	36,569
1,389	Intangible Assets	2,514
1,241	Assets Held for Sale	0
0	Right of Use Asset	566
(64,946)	Revaluation Reserve	(75,090)
(59,317)	Capital Adjustment Account	(60,690)
20,193		21,728

20. Debtors

The table below shows the amounts owed to Havant Borough Council at the end of the year. The amounts owed have been analysed by type of debtor.

31-Mar-25		31-Mar-26
£'000		£'000
	Amounts falling due within one year:	
701	Central government bodies	1,017
0	Central Government bodies - Business rates	0
2,792	Other Local Authorities & Public Bodies	858
7,473	All other bodies	12,238
	Less allowances for expected credit losses:	
(379)	General Fund debtors	(696)
(1,630)	Housing benefit Overpayments	(1,592)
(566)	Council Tax Arrears	(647)
(365)	Business Rates Arrears	(443)
8,026	Total short-term debtors	10,735
62	Amounts falling due after one year (all other bodies)	53
8,088	Total Debtors	10,788

21. Cash and Cash Equivalents

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

2024/25	Description	2025/26
£'000		£'000
	Cash held by the Authority	
1,084	Bank current accounts	642
2,715	Short-term deposits	2,657
3,799	Total Cash and Cash Equivalents	3,299

Havant Borough Council manages its current accounts so that they are always in credit.

22. Creditors

The table below shows amounts owed by the Council at the end of the year. The amounts due have been analysed by type of creditor.

31-Mar-25		31-Mar-26
£'000		£'000
	Amounts falling due within one year:	
(5,528)	Central government bodies	(1,819)
(2,800)	Other Local Authorities & Public Bodies	(3,513)
0	Public Corporations	0
(216)	Accumulated Absences	(144)
(7,392)	All other bodies	(6,837)
(15,936)	Total short-term creditors	(12,313)
(15,936)	Total Creditors	(12,313)

23. Provisions, Contingent Liabilities and Contingent Assets

The following table shows the value of Havant Borough Council's liabilities that will probably result in a transfer of economic benefits.

Provisions	Insurance Fund	Milestone Payments	Business Rates Backdated Appeals	Municipal Mutual Insurance	Total
	£'000	£'000	£'000	£'000	£'000
Balance outstanding at 1 April 2025	(47)	0	(516)	(9)	(572)
Additional provisions made during the year	0	0	(1,382)	0	(1,382)
Amounts used in the year	0	0	1,202	0	1,202
Balance outstanding at 31 March 2026	(47)	0	(696)	(9)	(752)
Under 1 year	(47)	0	0	0	(47)
1 year and over	0	0	(696)	(9)	(704)
Balance outstanding at 31 March 2026	(47)	0	(696)	(9)	(752)

The Council has a liability for its share of refunds of rate income arising from successful appeals, check and challenges against rateable values. This has increased to £0.7m in 2025/26.

Municipal Mutual Insurance Ltd (MMI) was the insurance company which insured 90-95% of local authorities. Insolvency of MMI in 1992 meant it ceased to write new or renew any insurance business. By 2012 the potential liability to pay the claims on its books exceeded the funds available and liability transferred to those authorities that formed the mutual. Associated recovery monies regarding these claims were collected by means of ongoing levies.

The objective of the levies is to extinguish the deficit in the MMI Balance Sheet so that 75% of each outstanding claim (including those claims yet to be reported to MMI) can be paid. The former members of the mutual are then required to contribute 25% of each future claim payment themselves. The current provision was set in conjunction with the advice of the council's insurance brokers noting the approach taken by the other authorities. It remains possible that the entire remaining exposure will eventually be called upon by further levies, but this won't be known for many years. No reserve strengthening has been required by MMI since the 16/17 financial year. In MMI's most recently published annual report and accounts relating to y/e 30/06/22 they say that no further increases to the levy are currently anticipated. The forecast assumes that the run-off will continue until the year 2059 when the final claim will be received. Zurich Municipal (insurers) and Browne Jacobsen (solicitors) handle claims that fall to the MMI policies. This service is free of charge.

Contingent Liabilities

There are no contingent liabilities as at 31 March 2026.

Contingent Assets

There are no contingent assets as at 31 March 2026.

24. External Audit

Havant Borough Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors. The costs below include costs for the financial years 2021/22, 2022/23, 2023/24 and 2024/25. The Audit for 2021/22 was completed on 11th June 2024, and 2022/23 on 3rd December 2024. The 2023/24 was concluded in February 2025 and the 2024/25 audit was concluded in February 2026, additional costs are likely to be incurred and included in the accounts. Further costs related to any additional work carried out as agreed with the Council will need to be approved by PSAA.

2024/25		2025/26
£'000		£'000
49	External audit services - 2021/22 (additional work)	0
15	External audit services - 2022/23	(27)
46	External audit services - 2023/24	(6)
176	External audit services - 2024/25	63
0	External audit services – 2025/26	196
286		226

25. Members' Allowances

The Authority paid the following amounts to members of Havant Borough Council during the year.

2024/25		2025/26
£'000		£'000
345	Members Allowances	365
2	Expenses	3
347		368

26. Officers' Remuneration

The remuneration paid to or receivable by Havant Borough Council's senior employees is detailed in the table below.

Senior Officer Remuneration

The Council's Senior Employees' remuneration and expenses was as follows:

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£	£	£
Financial Year: 2025/26 1st April – 31st October 2025			
Chief Executive	86,436	14,694	101,130
Chief Finance Officer (S151 Officer)	65,732	11,175	76,907
Chief Legal Officer & Monitoring Officer	65,732	11,175	76,907
Executive Head for Commercial	57,110	9,709	66,819
Executive Head for Internal Services	65,732	11,175	76,907
Executive Head for Coastal Partnership	66,121	11,241	77,362
Executive Head Regeneration, Economic Development & Preventative Services*	40,793	10,335	51,128
Executive Head for Housing and Communities	57,110	9,709	66,819
Total	504,766	89,213	593,979

* The Executive Head Regeneration, Economic Development & Preventative Services was in post until 31st August 2025.

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£	£	£
Financial Year: 2025/26 1st November – 31st March 2026			
Chief Executive	57,072	8,138	65,210
Corporate Director, Finance & Resources	49,302	8,381	57,683
Corporate Director, Legal & Governance	49,302	8,381	57,683
Strategic Director, Growth & Place	43,688	7,427	51,115
Strategic Director, Coastal Partnerships	47,230	8,029	55,259
Strategic Director, Neighbourhoods	48,932	8,318	57,250
Total	295,525	48,675	344,200

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£	£	£
Financial Year: 2024/25			
Chief Executive	133,707	23,172	156,879
Chief Finance Officer (S151 Officer)	109,190	15,463	124,653
Chief Legal Officer & Monitoring Officer	109,190	18,562	127,752
Executive Head for Commercial*	83,647	13,459	97,106
Executive Head for Internal Services	109,716	15,830	125,546
Executive Head for Coastal Partnership	109,836	18,672	128,508
Executive Head for Regeneration, Economic Development & Preventative Services	94,867	14,816	109,684
Executive Head of Housing and Communities	91,287	14,257	105,544
Executive Head of Place**	91,883	14,309	106,191
Total	933,323	148,540	1,081,863

* The Executive Head of Commercial was in post from 14/05/2024

** The Executive Head of Place was in post until 26/02/2025

Salaries over £50,000

2024/25		2025/26
35	£50,000 - £54,999	29
20	£55,000 - £59,999	14
8	£60,000 - £64,999	18
5	£65,000 - £69,999	4
3	£70,000 - £74,999	5
1	£75,000 - £79,999	1
5	£80,000 - £84,999	0
0	£85,000 - £89,999	4
2	£90,000 - £94,999	1
1	£95,000 - £99,999	0
0	£100,000 - £104,999	1
0	£105,000 - £109,999	1
3	£110,000 - £114,999	1
1	£115,000 - £119,999	3
0	£120,000 - £124,999	0
1	£125,000 - £129,999	0
0	£130,000 - £134,999	0
85	Total count	82

Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other are set out on the table below. Exit costs include payments to the Pension Fund in lieu of future years contributions (Pension strain).

2024/25				Banding	2025/26			
Number of exit packages			Cost		Number of exit packages			Cost
Compuls. Redund.	Other departures	Total exit packages	Total		Compuls. Redund.	Other departures	Total exit packages	Total
			£'000					£'000
0	1	1	10	£0 - £20,000	5	1	6	50
1	0	1	36	£20,001 - £40,000	0	3	3	74
0	0	0	0	£40,001 - £60,000	0	1	1	51
0	0	0	0	£60,001 - £80,000	0	2	2	135
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
1	1	2	46	Total	5	7	12	310

27. Related Parties

The Authority 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 operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are detailed in Note 12.

Councillors

Councillors of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 25. During 2025/26, no works or services were commissioned from companies in which Members had an interest. No grants were awarded to organisations in which Members were on the governing body. The relevant members did not take part in any discussion or decision relating to the grants. The Register of Members Interests are available for public inspection.

Officers

There was no known material related party transaction with officers for 2025/26.

Entities Controlled or Significantly influenced by the Authority

There were no known entities controlled or significantly influenced by the Authority in 2025/26.

28. Financial Instruments

(A) Financial Instruments - Classifications

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, benefits, and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets, or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- lease payables detailed in note 18,
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right 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 during the year 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 flow) comprising:
 - cash in hand,
 - bank current and deposit accounts with NatWest Bank,
 - loans to other local authorities,
 - trade receivables for goods and services provided.

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.

(B) Financial Instruments - Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Fair Value Level	Long Term		Short Term	
		31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25
		£'000	£'000	£'000	£'000
Borrowing		2,479	2,598	8,247	231
Bank Overdraft		0	0	0	0
Total Borrowing		2,479	2,598	8,247	231
Long Term Creditors		0	0	0	0
Trade Creditors		0	0	6,837	7,392
Total Financial Liabilities		2,479	2,598	15,084	7,623

All borrowing is on fixed terms and shown at amortised cost.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Fair Value Level	Long Term		Short Term	
		31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25
		£'000	£'000	£'000	£'000
Investments at amortised cost				20,442	25,642
Fair Value through profit or loss:					
Bonds		2,861	2,773	0	0
Property Funds		305	329	0	0
Multi – Asset Funds		4,348	4,150	0	0
Equity Funds		1,150	1,100	0	0
Total Investments		8,664	8,362	20,442	25,642
Cash at amortised cost		0	0	642	1,084
Money Market Funds		0	0	2,657	2,715
Total Cash & Cash Equivalents		0	0	3,299	3,799
Long Term Debtors		53	62	0	0
Trade Debtors		0	0	12,238	7,473
Total Financial Assets		8,717	8,424	35,979	36,914

The value of debtors and creditors reported in the table above are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 20 and 22 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

(C) Financial Instruments -Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

2024/25	Income, expenses, gains and losses	2025/26
£'000		£'000
(2,209)	Interest received from assets measured amortised cost	(1,565)
(357)	Investment income from assets measured a fair value through profit and loss	(353)
0	Other Investment Income	(28)
117	Interest expense	456
(240)	Net (gain)/losses on financial assets at fair value through profit and loss	(303)
(2,689)	Net impact on surplus/deficit on provision of services	(1,793)

(D) Financial Instruments - Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

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

The fair values valuations have been provided by the Council's Treasury Management advisor, Arlingclose. This uses the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same.

Fair values in the tables above are calculated in line with the levels described in Accounting Policy 1 above. The Fair value through the profit and loss assets are assessed at Level 1 (quoted price), while the others are at Level 2 (observable inputs other than quoted prices).

For loans from the PWLB, valued in line with level 2, new loan rates from the PWLB have been applied to provide the fair value.

The fair values of long-term borrowing are:

	31-Mar-26		31-Mar-25	
	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	£'000	£'000	£'000	£'000
Borrowing	2,479	2,458	2,824	2,750

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

29. Nature and Extent of Risks Arising from Financial Instruments

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy, which

requires that deposits are not made with financial institutions unless they meet minimum credit criteria. It also considers maximum amounts and

The credit criteria in respect of the financial assets held by the Council at 31 March 2025 are summarised below.

- i. All investments will be with approved counterparties from countries with a minimum sovereign credit rating of A-
- ii. The total principal funds invested for more than 1 year is £20million

A copy of the Annual Treasury Management Strategy Statement Annual Investment Strategy is available on the Council's website.

The council does not generally allow credit for customers such that £1.8m is past due for payment. The past due not impaired is analysed as follows:

31-Mar-25		31-Mar-26	
£'000			£'000
1,780	0-30 days		1,560
119	31-90 days		261
280	91-180 days		713
1,410	Over 180 days		2,736
3,590	Total		5,270

Liquidity Risk

The Council has a robust cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has access to borrowings from the Public Works Loans Board for long term funding and substantial reserves. Interest rate risk is managed through the Council's Medium Term Financial Strategy Reserve. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

31-Mar-25 PWLB		31-Mar-26	
£'000			£'000
118	Less than one year		123
123	Between one and two years		128
401	Between two and five years		416
784	Maturing in five to ten years		816
1,398	Maturing in more than ten years		1,221
2,824	Total		2,704

Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Changes in interest rates on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund balance.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

30. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, Havant Borough Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually

be payable until employees retire, Havant Borough Council has a commitment to make the payments for those benefits and to disclose them at the time that the employees earn their future entitlement.

Participation in pension schemes

Havant Borough Council participates in the post-employment scheme, the Local Government Pension Scheme (LGPS), which is administered through the Hampshire Pension Fund operated under the framework of the Local Government Pension Scheme and policy is determined in accordance with the Pensions Fund Regulations. This is a funded defined benefit career average salary scheme, meaning the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The principal risks to Havant Borough Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (e.g., large-scale withdrawals), changes to inflation, bond yields and the performance of the equity investments held by the scheme. However, these are mitigated to a certain extent by the statutory provisions as set out in the following narrative.

Statutory provisions require that General Fund balances are charged with the amount payable by the Council to the pension fund 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 Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method; which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.80% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Market quoted investments – current bid price on the final day of the accounting period
 - Fixed interest securities – net market value based on their current yields
 - Unquoted investments – professional estimate

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

- **Service Cost** - comprising:
 - Current year service cost – the increase in the 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 increases 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined liability – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure

Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- **Remeasurements** - comprising:
 - The return on plan assets – excluding amounts including 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 pension fund**
 - cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Transactions relating to Post-Employment Benefits

Havant Borough Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the sums specified on the actuary certificate published as part of the valuation as at 1 April 2022, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year.

2024/25	Local Government Pension Scheme	2025/26
£'000	Comprehensive Income and Expenditure Statement	£'000
2,419	Current Service Cost	1,685
0	Curtailments	0
2,419	Cost of Services	1,685
294	Net interest expense	14
294	Financing and Investment Income and Expenditure	14
2,713	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	1,699
732	Return on plan assets, less included in interest expense	(1,974)
	Actuarial gains & losses:	
(209)	Changes in demographic assumptions	(2,291)
(16,466)	Changes in financial assumptions	(2,858)
(1,339)	Other	5,900
11,405	Changes in the effect of the asset ceiling*	1,803
(5,877)	Remeasurement of the net defined benefit liability	580
(3,164)	Total Comprehensive Income and Expenditure Statement	2,279

*Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. An

adjustment has been made in the accounts to apply this asset ceiling, as calculated by the actuary, as the year end results showed a net asset in the pension scheme.

Pension 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 plan is as follows:

2024/25	Local Government Pension Scheme	2025/26
£'000		£'000
(103,884)	Present Value of the Defined Benefit Obligation	(108,521)
115,289	Fair Value of Plan Assets	122,390
(11,405)	Effect of the asset ceiling*	(13,869)
	Deficit	
(566)	Present value of unfunded obligation	(520)
(566)	Net defined benefit liability	(520)

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total net liability of £0.5m 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. The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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

2024/25		2025/26
£'000	Movement in Reserves Statement	£'000
2,713	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	1,699
(2,361)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,279)
352	Total taken to Note 7	(580)
	Reconciliation of Fair Value of Employer Assets (scheme Assets):	
113,484	Value of Assets at 1 April	115,289
5,376	Interest income on plan assets	6,611
878	Contributions by Members	945
2,361	Contributions by the Employer	2,325
0	Other experience gains and (losses)	1,163
(732)	Return on assets excluding amounts recognised in Other Comprehensive Income	1,974
(6,078)	Benefits Paid	(5,917)
115,289	Total Assets	122,390

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

2024/25		2025/26
£'000	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£'000
(119,575)	Value of Liabilities at 1 April	(115,855)
(2,419)	Current Service Cost	(1,685)
(5,670)	Interest Cost	(6,625)
(878)	Contribution by Members	(945)
	Actuarial Gains and (Losses):	
209	Change in demographic assumptions	2,291
16,466	Change in financial assumptions	2,858
1,339	Other experience gains and (losses)	(7,063)
0	Losses on Curtailments	0
(11,405)	Changes in the effect of the asset ceiling	(1,803)
6,078	Benefits Paid	5,917
(115,855)	Total Liability	(122,910)
(566)	Net Liability at 31st March 2026	(520)

The significant assumptions used by the actuary have been:

2024/25		2025/26
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.0	Men	22.1
24.7	Women	24.7
	Longevity at 45 for future pensioners:	
22.5	Men	22.8
25.6	Women	25.9
2.8%	Rate of inflation (CPI)	3.0%
3.8%	Rate of increase in salaries	4.0%
2.8%	Rate of increase in pensions	3.0%
5.8%	Rate for discounting scheme liabilities	6.2%

Fair value of employer assets

The assets at the year-end listed above are made up of the following categories:

31-Mar-25			31-Mar-26			
Quoted Prices in Active Markets	Prices not quoted in Active markets	Total	Asset Category	Quoted Prices in Active Markets	Prices not quoted in Active markets	Total
33.31%	8.92%	42.23%	Equities	33.31%	8.92%	42.23%
0.00%	9.13%	9.13%	Property	0.00%	9.13%	9.13%
14.57%	0.00%	14.57%	Government Bonds	14.57%	0.00%	14.57%
4.53%	4.71%	9.24%	Corporate Bonds	4.53%	4.71%	9.24%
1.94%	0.00%	1.94%	Cash	1.94%	0.00%	1.94%
9.16%	13.73%	22.89%	Other	9.16%	13.73%	22.89%
63.51%	36.49%	100.00%	Totals	63.51%	36.49%	100.00%

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 Local Government Pension scheme liabilities have been assessed by Aon, estimates being based on the latest full valuation of the scheme as at 31 March 2022.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, the Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below:

Changes in assumptions as at 31-Mar-26	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	1%	1,502
1 year increase in member life expectancy	4%	4,178
0.1% increase in the Salary Increase Rate	0%	51
0.1% increase in the Pension Increase/Revaluation Rate (CPI)	1%	1,451

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The provided sensitivity figures can be used to estimate the impact of adopting different financial assumptions (e.g. an Employer considering alternative accounting assumptions or to help an Employer complete an ESFA accounts return). For further details on this, please refer to the accompanying accounting covering report.

To quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report, based on the profile (average member ages, retirement ages etc) of the Employer as at the date of the most recent valuation.

31. Interest in Other Entities

The Council must consider all of its interests in entities and prepare a full set of group accounts where they have material interests in subsidiaries, associates or joint ventures. The following actions are carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship with the Council
- Determine the grounds of materiality whether group accounts should be prepared.

Having considered the accounting requirements and the Council's involvement with all companies and organisations, Group Accounts have not been prepared.

Norse South East

- NORSE SOUTH EAST LTD is a joint venture between Havant Borough Council and NORSE COMMERCIAL SERVICES LTD (Part of NORSE GROUP – wholly owned by NORFOLK COUNCIL)
- NORSE COMMERCIAL SERVICES LTD own 100% of the A shares – 8 shares of £1 each
- Havant Borough Council own 100% of the B shares – 2 shares of £1 each
- The Shareholders Agreement provides detail on how the directors and board shall operate, and how profit before tax is to be shared (50:50). Havant get their 50% share as a “discount/rebate”. The profit after paying this discount back to Havant is subject to Corporation tax and profits net of tax belong totally to Norfolk Council.
- It is considered by all parties that it is a teckal company for both Havant and Norfolk.
- The financial statements of Norse South East Limited for the year ended 31 March 2026 stated the gross income of £8.5m (2025 £8.79m) and cost of sales of £6.2m (2025 £6.94m). Its fixed assets were £0.0m (2025 £0.004m) and net liabilities were £0.237m (2025 £0.424m).

Other Partnerships

The Council has an interest in Portchester Crematorium Joint Committee which manages the operations of Portchester Crematorium. The Joint Committee is represented equally by the four constituent authorities, Fareham Borough Council, Havant Borough Council, Gosport Borough Council and Portsmouth City Council. Further information can be obtained from: The Treasurer to the Joint Committee, Civic Centre, Civic Way, Fareham. The accounts of this entity have not been consolidated into the financial statements of the Council. Havant Borough Council's share of the net assets of Portchester Crematorium Joint Committee is £2,436,815 (£2,343,658 in 2024/25).

During 2025/26 the Council did not receive a contribution from the Portchester Crematorium Joint Committee (£100,000 in 2025/26).

SUPPLEMENTARY ACCOUNTING STATEMENTS

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Collection Fund 2025/26

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Collection Fund Accounts

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with the other accounts of the billing authority.

2024/25	Collection Fund	2025/26
£'000		
	<u>Council Tax</u>	
	INCOME	
(90,452)	Income from Council Taxpayers	(95,854)
(145)	S13A Relief	0
(90,597)	Total	(95,854)
	EXPENDITURE	
	Precepts and demands on Collection Fund:	
65,205	Hampshire County Council	69,460
11,120	Hampshire Police & Crime Commissioner	11,885
3,523	Hampshire Fire & Rescue Authority	3,790
9,901	Havant Borough Council	10,345
	Apportionments of previous year surplus:	
(266)	Hampshire County Council	2,687
(46)	Hampshire Police & Crime Commissioner	458
(15)	Hampshire Fire & Rescue Authority	145
(41)	Havant Borough Council	408
	Bad & Doubtful Debts:	
244	Write offs of uncollectable income	470
808	Provision for uncollectable income-addition / (reduction)	859
90,434	Total	100,507
(163)	Movement on Fund Balance - (surplus)/deficit	4,653
	FUND BALANCE FOR COUNCIL TAX	
(3,641)	Balance brought forward	(3,804)
(163)	Surplus for year	4,653
(3,804)	Balance - (surplus)/deficit carried forward	849

2024/25 Collection Fund		2025/26
£'000		£'000
	Non-Domestic Rates	
	INCOME	
(35,077)	Income from Ratepayers	(36,760)
(496)	Transitional Relief	(37)
	Apportionments of previous year deficit:	
(805)	Central Government	0
(145)	Hampshire County Council	0
(16)	Hampshire Fire & Rescue Authority	0
(644)	Havant Borough Council	0
(37,183)	Total	(36,796)
	EXPENDITURE	
	Precepts and demands on Collection Fund:	
17,754	Central Government	19,009
3,196	Hampshire County Council	3,422
355	Hampshire Fire & Rescue Authority	380
14,203	Havant Borough Council	15,207
	Apportionments of previous year surplus:	
0	Central Government	458
0	Hampshire County Council	83
0	Hampshire Fire & Rescue Authority	9
0	Havant Borough Council	367
	Bad & Doubtful Debts	
239	Interest on Refunds	82
500	Transitional Relief	15
564	Write offs of uncollectable income	65
(11)	Bad Debt Contribution	197
	Impairments resulting from appeals	
(3,006)	Settled reductions for Rateable loss	(2,075)
1,553	Contribution to provision for Rateable Loss	2,524
133	Transfer to General Fund - Cost of Collection Allowance	133
35,480	Total	39,875
(1,703)	Movement on Fund Balance - (surplus) / deficit	3,079
	FUND BALANCE FOR NON-DOMESTIC RATES	
964	Balance brought forward	(739)
(1,703)	(Surplus) / deficit for year	3,079
(739)	Balance - (surplus) / deficit carried forward	2,340
	COLLECTION FUND BALANCE	
	Collection Fund - Council and Business (Surplus)/Deficit	
(2,677)	Balances brought forward	(4,543)
(1,866)	(Surplus) / deficit for year	7,734
(4,543)	Balance - (surplus) / deficit carried forward	3,189

A. General

These accounts represent the transactions of the Collection Fund (accounting separately for income relating to council tax and non-domestic rates) which is a statutory fund separate from the main accounts of the Council, although the elements related to this Council are included within its accounting statements and notes. The account has been prepared on the accruals basis. The costs of administering collection are accounted for within Central Services in the Cost of Services in the Comprehensive Income and Expenditure Statement.

B. Council Tax

Council Tax is a charge levied on the notional value of properties as at 1st April 1991. The VOA (Valuation Office Agency) allocates one of eight Council Tax Bands (A-H) to each property within the Borough according to its value. Band A is the lowest band and Band H is the highest.

The Council sets a benchmark charge for a Band D property and, for tax base purposes, all properties in the other bands are expressed in terms of a Band D equivalent. For example, a Band A property is 6/9ths of a Band D, while a Band H property is 18/9ths.

Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

Council Tax Base – 2025/26	Number of Chargeable Dwellings	Relationship to Band D	Band D Equivalent	Non collection allowance	Band D Equivalent for Taxbase
	Total				£
Band & Value					
Band A - up to £40,000 (disabled)	5.86	5/9	3.26	0	3.26
Band A - up to £40,000	4,757.39	6/9	3,171.59	39.60	3,131.99
Band B - over £40,000 up to £52,000	11,498.12	7/9	8,942.98	111.80	8,831.18
Band C - over £52,000 up to £68,000	11,701.82	8/9	10,401.62	130.00	10,271.62
Band D - over £68,000 up to £88,000	9,422.63	9/9	9,422.63	117.80	9,304.83
Band E - over £88,000 up to £120,000	5,473.40	11/9	6,689.71	83.60	6,606.11
Band F - over £120,000 up to £160,000	2,443.38	13/9	3,529.32	44.10	3,485.22
Band G - over £160,000 up to £320,000	949.19	15/9	1,581.99	19.80	1,562.19
Band H - over £320,000	36.20	18/9	72.40	0.90	71.50
Tax Base	46,287.99		43,815.50	547.60	43,267.90
Add MOD Adjustment					72.30
Tax base for Council Tax Requirement					43,340.20

The Council Tax Base, as shown in the final column above, assumes a collection rate of 98.75% of the numbers of properties adjusted for discounts.

C. Income from Business Rates

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. The national multipliers for 2025/26 were:

- 49.9p for qualifying Small Businesses (49.9p in 2024/25)
- 55.5p for other businesses (54.6p in 2024/25) – the standard multiplier
- The rateable value as at the 31st March 2026 was £90,427,973 (£90,788,98 as at 31 March 2025).

D. Hampshire Business Rate Pool

In 2025/26 Havant Borough Council lead the Hampshire Business Rates Pool. The pool consisted of Hampshire County Council, East Hampshire District Council, Gosport Borough Council, Test Valley Borough Council, Winchester City Council and Havant Borough Council. 2025/26 was the first year of the scheme.

The benefit of pooling is that local authorities in the pool can be better off collectively through a reduction in the amount of levy (being growth in business rates about a certain threshold). The arrangements for the Hampshire Business Rates Pool are that this retained levy is allocated 50% to the districts and boroughs, and 50% to the County Council.

In 2025/26 the Hampshire Business Rates Pool expected to achieve a net pool gain of £9.8m, the Council's estimated share was £0.67m.

The Pooling arrangements have been discontinued in 2026/27.

ANNUAL GOVERNANCE STATEMENT

Introduction

The Leader of the Council (Councillor Gillian Harris) and Chief Executive (Matt Goodwin) both recognise the importance of having good systems in place to manage and deliver services to the residents of Havant Borough. Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. This AGS is in respect of the 2025-26 financial year.

Executive Summary

The governance framework comprises the systems, processes, culture and values by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. The framework brings together an underlying set of legislative requirements, good practice principles and management processes and enables the Council to monitor the achievement of its strategic aims and aspirations 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 an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and aspirations and seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The framework recognises that the Council's business is focused upon its strategic aims and aspirations and seeks to facilitate delivery to our local communities.

The risk management processes and other internal control systems such as standards of conduct and audit form part of this framework. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Leadership Team which comprises the Chief Executive, Corporate Director, Finance & Resources (Section 151 Officer), Corporate Director, Legal & Governance (Monitoring Officer) and Strategic Directors. The Strategic Leadership Team is further supported and provided with assurance by:

- a) the Operational Management Team, which comprises Assistant Directors and Heads of Services and is chaired by the Corporate Director for Legal & Governance, which monitors overall operational performance and compliance of the organisation.
- b) the Corporate Governance Board, which provides effective oversight and ensures the highest standards of Corporate Governance within Havant Borough Council (the Council).
- c) the Information Governance Steering Group, chaired by the Senior Information Risk Officer, which provides oversight on data protection, information security and information risk.
- d) A regular meeting of Statutory Officers.
- e) The Head of Compliance role, which has consideration of matters which may raise ethical, political, financial, legal, staffing or other issues that may impact on statutory duties.

Democratic oversight is provided by the Governance Committee.

Opinion

It is our opinion that corporate governance, along with supporting controls and procedures, is strong. We propose over the coming year to take steps to address the matters below to further enhance our corporate governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed

CEO

Leader

DRAFT

How do we know it is working?

The annual process that we use to maintain and review effectiveness of our governance

Procedures, rules and internal management processes

- Delivery of Corporate Strategy aims and aspirations
- Services are delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effective internal controls
- Community engagement and public accountability
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Training and development of Members and Officers
- Compliance with laws and regulations, internal policies and procedures

Sources that provide assurance

- Constitution (including statutory officers, scheme of delegation, financial management and procurement rules)
- Council, Cabinet, Committees and Panels
- Corporate Governance Board (CGB)
- Information Governance Steering Group
- Quarterly Performance Indicators
- Human Resources Committee
- Strategic Leadership Team
- Operational Management Team
- Project management methodology
- Performance Management Framework
- Medium Term Financial Strategy
- Complaints system
- Head of Paid Service, Monitoring Officer and S151 Officer
- HR policies and procedures
- Whistleblowing and other policies, e.g. countering fraud
- Staff and Member training
- Codes of conduct
- Internal audit
- External audit

Ongoing assessment of our effectiveness

- Twice yearly (Jun+Dec) staff survey
- Regular performance and financial reporting
- CGB - quarterly review of complaints inc LGSCO complaints
- Annual financial report
- External audit reports
- Internal audit reports
- Statutory Officers (MO & s151)
- Senior Information Risk Officer
- Council's democratic arrangements including scrutiny reviews and the audit committee

Areas identified for improvement in 2026-27

- Internal Audit findings and management action progression
- Financial sustainability of the council
- Local Government Reorganisation (LGR)
- Member training and development
- Procurement Compliance

How we apply the governance framework to the Local Code of Corporate Governance

The Council aims to achieve effective corporate governance through the Local Code of Corporate Governance. The table below highlights examples of how the Council has adhered to its governance commitments as set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW
How the Council meets these principles
<p>There are codes of conduct in place for all Councillors and Officers which can be found in Part 4 of the Constitution, these reflect the seven principles of public life. The Council has appointed independent persons to investigate any allegations of misconduct, and the Governance Committee receives regular reports from the Monitoring Officer on any complaints regarding Councillors.</p> <p>The Council's Constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. Policies are also in place for anti-fraud and corruption, anti-bribery, anti-money laundering and whistleblowing. The Constitution is a living document and shall continue to be reviewed and updated to reflect the Council's practices.</p> <p>All Council employees have clear conditions of employment, and roles and responsibilities are set out in role profiles and contract particulars. Pay operates under a clear pay policy statement, supported by NJC based payscales and an agreed senior pay policy. A robust job evaluation scheme is in place.</p> <p>There is a requirement for Councillors to make a Declaration of Interests within 28 days of taking office and to notify the Council of any changes to the interests made in this declaration within a specified time period. This declaration is kept on a register which is open to inspection by the public. Councillors must disclose Disclosable Pecuniary Interests or any other interests which are not registered but which are relevant to matters to be discussed at a meeting of the authority. Councillors are barred from participating in any discussion on, or voting on, the matter in relation to which the Member has a disclosable pecuniary interest. There is an up-to-date register of gifts and hospitality, and an annual register of declarations. Any declarations of interest made during meetings are recorded in the minutes.</p> <p>The Council has in place a complaints procedure including weekly reminders to relevant managers responsible, on the progress of cases. The ultimate arbiter of complaints for Local Government is the Local Government Ombudsman. This body reports performance annually. We had an increase in complaints in 2025-26 (485 received compared to 309 in 2024-245) and a reduction from 2 to 1 upheld complaints by the Local Governance and Social Care Ombudsman.</p> <p>Statutory officer roles are the Head of Paid Service who is the Chief Executive, the Chief Financial (S151) Officer, who carries overall responsibility for the Council's financial administration, and the Chief Legal / Monitoring Officer, who ensures the Council acts lawfully. The Statutory Officers meet regularly to consider matters which may raise ethical, political, financial, legal, staffing or other issues that may impact on statutory duties. The Data Protection Officer is also a statutory role under the UK GDPR legislation.</p>

The Council has a Monitoring Officer who is a member of the [Strategic Leadership Team](#). The Monitoring Officer has oversight of propriety and lawfulness and ensures the Council acts in accordance with the Constitution. They are kept apprised on the Council's projects and actions and are ultimately responsible for legal compliance. The Monitoring Officer also chairs the Corporate Governance Board.

B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

How the Council meets these principles

The Council has laid out its purpose, strategic aims and aspirations in its Corporate Strategy. The [Corporate Strategy](#) is reviewed on a regular basis. In 2025-26 there was no planned local election and therefore there was no change in member leadership of the council and overall administration.

The Corporate Strategy, which was adopted in September 2024, sets out the council's ambitions for the borough under three themes **wellbeing, pride in place** and **growth**, with a fourth underpinning theme of being **a responsive council**. Underneath our Corporate Strategy is our approved [Corporate Strategy Delivery Plan](#) which identifies in more detail how the initiatives in the strategy are to be taken forward. Progress is routinely reported to Cabinet and Overview & Scrutiny Committee.

The Council is committed to transparency and an open culture and publicises information in line with the [publication scheme](#) and [access to information](#). We have a high response rate on our FOIs and EIRs with a total of 96% responded within deadline and the average response time of just over 10 days. In addition, we subscribe to the government's transparency agenda and publish information such as [remuneration for senior management](#) and information on [items of expenditure over £500](#).

[Formal decision](#) making operates with a presumption of openness and transparency. The Council's democratic function is responsible for ensuring agendas and key decisions are published in line with the statutory legal requirements. They are also responsible for supporting the scrutiny function of the Council and publishing a corporate calendar of dates annually. Meetings are held face to face and are livestreamed for the public to view.

Our [residents' survey](#), first carried out in summer 2024, provides a rich source of evidence to inform our ongoing engagement and improvement work. The latest survey, carried out in summer 2025 found that 59% of residents were satisfied with how the council runs things (compared with 58% in 2024), however only 38% of residents felt that the council acts on the concerns of local residents (compared with 37% in 2024). A summary of the findings from the [2025 Residents' Survey](#) can be viewed on our website. We continue to analyse and use the data from the residents' survey to inform our service design and decision making; and we will be running a further residents' survey in and 2026, highlighting our commitment to ongoing engagement and improvement work.

Our [Engagement Strategy](#) sets out how we engage and work with residents, stakeholders and communities to ensure their needs and views are placed at the heart of decision making. Alongside our Engagement Strategy we have conducted a stakeholder mapping exercise to ensure we have a clear understanding of our stakeholders across services. We have recognised the need to focus on engagement

with our residents as an area for improvement, hence the focus within our Corporate Strategy of being a responsive council.

To promote transparency and wider engagement with Council decisions, residents can watch all committee meetings and participate in some decision-making meetings including Full Council. Residents can find out how they can participate in decision making by viewing the council website page [Getting involved in meetings](#). The use of social media such as Facebook, LinkedIn, Nextdoor and Instagram enable residents to get updates from and interact with the Council. In addition, regular updates are sent out via GovDelivery which has over 25,000 subscribers. The [‘have your say’](#) section on the website details how residents can be involved in engagement and consultation.

The Council’s [website](#) is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as Council Tax and Waste and Recycling, can be accessed quickly and easily from the homepage.

In addition, significant stakeholder engagement took place during 2025-26, this included engagement on the [Building a Better Future Plan \(Local Plan\)](#), [Leigh Park Public Realm Improvements](#), Local Government Reorganisation, Community Governance Reviews, and [Havant Town Centre Public Art](#). Engagement took the form of roadshows, workshops and questionnaires. Further routine engagement also took place on our required statutory consultations as well as our rolling playpark improvement programme.

The [Statement of Accounts](#) provides a clear summary of the Council’s activity over the previous year, so that residents can see where money has been spent and what this has achieved.

The Council has a joint venture partnership ([Norse South East](#)) for waste collection which is governed by the Norse South East Board. There are members from Norse Commercial Services and the Council on the Board. Norse South East is responsible for the procurement and efficient management of waste and recycling collections, street cleaning, public convenience cleansing, grounds maintenance and associated service facilities for the treatment and disposal of residual waste.

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

How the Council meets these principles

Our [Corporate Strategy](#) was developed and approved in September 2024; the Corporate Strategy contains the following themes:

- Wellbeing – the health of our communities
- Pride in Place – creating a great place to live, work and enjoy
- Growth – building our future
- Being a responsive council.

These evidence-based themes are used to guide the Council’s corporate planning and decision making. Underneath the Corporate Strategy is our [Corporate Strategy Delivery Plan](#) which identifies in more detail how the initiatives listed in the strategy are

being taken forward and how they link to the aspirational outcomes within the Corporate Strategy.

The Council has also developed a [Digital Strategy](#) which supports the Corporate Strategy delivery and to create digitally 'savvy' staff and councillors and services designed to be accessible and convenient for our customers. The Council is committed to moving towards a Software-as-a-Service (SaaS) solution for business IT systems as they markedly reduce the maintenance required by Council staff and ensure that staff have access to the latest features and functionality. SaaS products also help reduce the service deliverability risk in business continuity planning for wider infrastructure disruption scenarios.

Our [Data Use and Analytics Strategy](#) enables evidence-based decision making, promotes secure and ethical data use, fosters a culture of data literacy and innovation and empowers residents and staff through better data access.

We also have a [Climate Change Strategy and Action Plan](#) as we strive to become a net zero council by 2035 and a net zero borough by 2045. Alongside the Climate Change Strategy, we developed a [Biodiversity Strategy](#) to provide a framework for action towards nature recovery. We have a climate change and environment panel made up of elected members, which provides an independent and high-level focus on steering the Council policies relating to climate change and the environment. The panel provides an [annual report](#) to Cabinet on its work. A new Integrated Impact Assessment was introduced which incorporates all the statutory responsibilities of considering impacts of our decisions into a single place. Additionally, within our emerging Local Plan 'Building a Better Future' plan we have new policies covering biodiversity net gain, sustainable development and low carbon design for future housing developments. In addition, the council has developed a new Tree Strategy, connecting with the local community on environmental matters and training staff and councillors in carbon literacy to improve awareness around sustainable decision making.

The Council takes an annual approach to strategic planning, business planning and budget setting, underpinned by a close link between business and financial planning. The [Medium Term Financial Strategy](#) is reviewed annually and forms the basis of the annual budgeting process.

The Corporate Strategy has been prepared to detail the key actions that are required to deliver the overall strategy. Within the Corporate Strategy the aspiration, aims, initiatives and benefits are listed under each theme. Each service's Key Performance Indicators are monitored corporately and reported to the Strategic Leadership Team on a quarterly basis to ensure that the objectives in the Corporate Strategy are on target. Financial forecasts are submitted to the Strategic Leadership Team and quarterly to Councillors. We monitor and track performance through our [Corporate Performance Scorecard](#) which is published on our website

The Council uses evidence based insight to inform decision making and uses the data available to understand residents and local businesses better. The Council is committed to consulting with and engaging with residents and local businesses in the planning and delivery of services to meet the needs of the community. For example, through our online residents' panel.

D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

How the Council meets these principles

The Council has a [Medium-Term Financial Strategy](#) (available on the Council's website as part of the budget for the forthcoming year) which is used to align resources to key priorities.

The Council has report templates to ensure authors cover all the requirements to enable a decision to be made; they include options appraisal (if required), cost and risk analysis in addition to key signatories such as legal and finance and must include the Cabinet lead. This process has been significantly improved in recent years to increase the robustness of decision making.

All decision-making meetings are held in public, and [decisions](#) made by Cabinet members and Officers are published in line with the statutory legal requirements, although some items are considered as exempt. [Minutes of all Council meetings](#) are made available to the public, and members of the public have the opportunity to contribute to Council meetings.

The Council has a [complaints](#) and feedback system, which records and monitors customer comments, complaints and requests for information. We report up to date figures of complaints on our [corporate performance dashboard](#).

The Council has an internal audit service sourced through the [Southern Internal Audit Partnership](#). The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. Audit recommendations are monitored to ensure that they are completed by the service within a reasonable timeframe, and any actions which are not completed are reported to the management team.

The [Overview & Scrutiny Committee](#) has responsibility for the performance of overview and scrutiny functions under the Local Government Act 2000 Section 9F. The role of Overview & Scrutiny Committee is to hold Cabinet decision makers to account by monitoring and scrutinising the decisions being made, both before and after they take effect. Members of the Overview & Scrutiny Committee must not be members of the Cabinet and membership operates in accordance with political proportionality rules. Either the chairman or vice-chairman is from an opposition group.

Our Corporate Strategy considers the outcomes of our priorities, and this is shown in both the strategy and our corporate performance reporting.

E. DEVELOPING THE COUNCIL'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

How the Council meets these principles

The council appointed a new Chief Executive in November 2025 who carried out a senior management restructure to ensure that the most appropriate senior leadership arrangements were in place to deliver the council's corporate priorities.

The Chief Executive is the Head of Paid Service and leads the [Strategic Leadership Team](#), which is comprised of Corporate and Strategic Directors. SLT meets twice a month to discuss strategic matters and is committed to working collaboratively in

accordance with the council's values to obtain the best outcomes for residents of the borough.

The Corporate Director for Legal and Governance chairs the Operational Management Team which meets twice a month to discuss operational matters, service performance and cross-organisational issues, as well as key messages to be cascaded to teams.

In addition, a set of values and behaviours for the Council was established and these are referenced in the Corporate Strategy. The values and behaviours were used as a basis for recruitment to the Strategic Leadership team and used for both recruitment and as part of objective setting for staff.

The Council has a performance management framework which includes an induction programme for new starters with face-to-face introduction with the Chief Executive. Performance appraisal processes for all employees include objective setting, regular 1:1 meetings and all staff must complete an end of year appraisal discussion. In 2025-26 there was mandatory e-learning courses for all staff (including health and safety, equality and diversity and GDPR), alongside the ongoing leadership development programme, business continuity and emergency planning training, and specialist professional training for frontline services. Monitoring of completion of mandatory training is done through the Corporate Governance Board.

A staff survey is held every six months and encourages staff to share their honest feedback. It typically receives a strong response rate of over 75%, indicating an engaged workforce. In the most recent survey, 83% of staff said they were proud to work for the council and 84% agreed that working for the council makes them want to do the best work they can.

There is a commitment to enhance the capability of our senior leaders through a dedicated leadership development training programme over the next three years. A specific corporate training budget has been established and the initial focus will be on leadership and line management.

Following the Borough Council elections, all Councillors are required to undertake a comprehensive training programme which ensures that they have an understanding of the procedures and protocols of the Council. This includes training on regulatory committees such as planning and licensing matters and the constitution sets out that Councillors to be trained to be able to sit on a committee.

Councillors have access to all the information they require to undertake their role via specialist software (an App) and their own intranet and access to the e-learning platform where additional training, or training slides etc. are stored for their ease of use and access as they require.

In addition to the targeted committee training, a series of other courses and events are also offered. Regular skills audits are undertaken to identify any new skills requirements or refresher training requirements. Councillors continue to be directed to and encouraged to utilise a range of resources and support available through the LGA.

F. MANAGING THE RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

How the Council meets these principles

The Council ensures that the roles and responsibilities for decision making, and governance arrangements are defined and allocated, so that there is clear accountability for decisions made and actions taken. The Council does this by appointing a [Leader and a Cabinet](#), which allocates specific executive responsibilities.

There are also [a number of committees](#) appointed to discharge regulatory and scrutiny functions. Each committee has clear terms of reference setting out its roles and responsibilities. All leadership roles, the roles of key Officers and the Council's Scheme of Delegation are set out within the Council Constitution.

The Cabinet operates within the policy framework set by Full Council and makes key decisions. All Cabinet meetings are held in public, with the exception of exempt items. All [decision records](#) are publicly available, and the [Forward Plan and Key Decision notice](#) is published on the Council website. Decisions made by Cabinet can be called in for review by the Overview & Scrutiny Committee. Decisions can also be made by Officers under delegated powers and reported to Councillors in line with the Council Constitution. Authority to make decisions is given in the Scheme of Delegation and by specific delegation by Cabinet or Council. Decisions made as a matter of urgency are published and reported to Full Council.

Risk is considered and recorded throughout the year as part of the quarterly reporting to the [Governance Committee](#). Our approach to risk management is set out in our [Corporate Governance & Risk Policy](#). Risk is considered as part of the decision-making process. All Council reports include a section on risk to ensure that it is considered at the outset.

The Council has a wide range of performance indicators, which are used to measure progress against the Council's priorities. Performance indicators are reported quarterly to the Strategic Leadership Team and to Overview & Scrutiny Committee. Performance indicators clearly link individual services to the corporate objectives and include details of national and local performance indicators and risk. Performance indicators are reviewed annually to ensure they continue to be relevant and stretching.

The Council's budget report contains a summary of the [budget](#) that was set for Havant Borough Council for 2025-26, as approved by the Council in February 2025. It shows on what service areas money is spent, and how this expenditure is funded. Also within this document is information showing the forecast financial position over the next five years, taking into account changes in government funding, other income and spending. A Savings and Efficiency Programme was agreed by Cabinet in December 2025. The aim of the programme is to close the current established base budget gap over the MTFs period so that the reserves are protected and available for their specific use only. The s151 Officer also confirmed that they were content with the budget as presented and that the level of reserves held throughout the MTFs are adequate to meet the Council's financial obligations.

The council has a set of Contract Procedure Rules in place to ensure goods, works and services are appropriately procured and managed, and to ensure the council's

compliance with the Procurement Act 2023. Details of contracts with external suppliers are published on the [Procurement](#) page of our website.

A Corporate Governance Board has been established with an objective of providing a pragmatic layer of assurance to the business. Specifically, the Corporate Governance Board ensures that the organisation develops and implements an effective approach to corporate governance which enables the business and affairs of the Council to be carried out, directed and managed with the objective of enhancing value to the public. This is underpinned by the [Local Code of Corporate Governance](#). In addition, the Corporate Governance Board is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council, and for monitoring the arrangements in place for the identification, monitoring and management of risks. The Board's Terms of Reference were reviewed in 2024-25 with a refreshed Corporate Governance Board launched in May 2025.

The Council has in place a number of policies and procedures to ensure decisions made are robust. These include the Finance and Contracts Procedure rules in the Constitution. Compliance with these policies is the responsibility of all Officers. In addition, a Policy Register is maintained in order to provide oversight of all policies at the Council and key policies are placed on our [Policy Hub](#).

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

How the Council meets these principles

The Council complies with data protection legislation, which includes UK GDPR (UK General Data Protection Regulation), the Data Protection Act 2018 (DPA 2018), and the Data Use and Access Act 2025. This ensures that such processing is carried out fairly, lawfully, and transparently. The Council reviews and supplements its policies, and also keeps its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner.

The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake information governance and cyber security e-learning training, and this forms part of the induction process for new staff. [Data protection](#) also forms part of the induction programme for new councillors and new staff.

The council believes in the importance of publishing as much data as possible and as part of our [transparency](#) we routinely publish and keep updated information on apprenticeships, business rates, contract spend, property assets, parking income and expenditure, monthly payments over £500, as well as a register of contracts with external suppliers that is updated every quarter. In addition, the council routinely publishes information in respect of awarded contracts, contract payments, payment compliance and contract performance to the Find a Tender portals in accordance with the Procurement Act 2023.

Information Governance is overseen by the Information Governance Steering Group chaired by Corporate Director for Legal and Governance who is the Senior Information Risk Officer for the Council (SIRO).

The Council publishes the [Statement of Accounts](#) annually within the statutory timescales. Accounting statements incorporate the full requirements of best practice guidance.

The Council has a Governance Committee to provide assurance to the Council on the effectiveness of internal audit and the robustness of the Council's Annual Accounts. Risk management is controlled through the Corporate Governance Board and reported to the Strategic Leadership Team through the quarterly governance report. Risks rated as above the risk threshold are reported as part of the quarterly performance report to Councillors at the [Governance Committee](#).

[Full Council](#) is responsible for agreeing new policies and amendments to existing policies. It also sets out the policy and budget framework and approves the annual budget. The Governance Committee approves the Statement of Accounts.

The Council is subject to independent external audit currently by Ernst & Young. The external audit plan outlines the work undertaken and the timing of external audit reports.

The Council supplements this work with an internal audit service sourced through the [Southern Internal Audit Partnership](#). The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. This minimises the risk of fraud and error and provides management with assurance that policies and procedures are robust. The Chief Internal Auditor is required to provide a written status report to the management team, summarising the assurance opinions arising from the internal audit reviews carried out during the year. In addition, any management actions, including progress against those actions, that are identified as part of an Internal Audit are routinely reported to Strategic Leadership Team and Governance Committee by the Internal Auditors as part of quarterly reporting.

The Council has appointed the Corporate Director, Finance & Resources as the Section 151 Officer with the statutory responsibility for the proper administration of the Council's financial affairs.

The Council ensures reports are written in a fair, balanced and understandable way. They are written using plain language and a standard format. The Council publishes agendas, minutes and seeks to webcast its meetings.

Assessment 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 following areas:

Area	Review of effectiveness
Political leadership	<ul style="list-style-type: none"> • The Leader of the Council continued for a second term, working closely with their coalition Cabinet, offering stability to the organisation. • The Leader meets with the Chief Executive on a weekly basis. The Cabinet and Strategic Leadership Team meet twice monthly. In addition to this, Directors work closely with their respective Portfolio Holders. • The Cabinet actively monitors the Corporate Strategy and Corporate Strategy Delivery Plan which set out the strategic ambitions of the administration. During the year the Overview & Scrutiny Committee set a work programme which included the conclusion of a task and finish panel on events, providing a full report to the executive requesting an updated events strategy and to streamline process for residents to access support when holding an event. Pre-scrutiny reviews took place on the Parking Review, Community Infrastructure Levy Spending Protocol, consultation on the Local Plan, and the budget for 2026/27. In addition, regular updates were provided from across the organisation on performance at both corporate level and team level as well as the committee requesting to scrutinise matters such as contract performance. An annual report was published covering all the activity of the Overview & Scrutiny Committee during the year. • During budget setting, there was consistent and rigorous consultation between Finance, management, Cabinet Leads and Cabinet. Cabinet provided a strong lead on prioritisation and action needed, to deliver a balanced budget.
Officer leadership	<ul style="list-style-type: none"> • Signing of an Assurance of Compliance document by all of SLT and OMT confirming compliance with governance arrangements for 2025-26 • Updates are provided to SLT, Cabinet and Overview & Scrutiny Committee through the Corporate Performance Scorecard which includes an extended range of quantitative performance indicators. • There are regular reporting arrangements in place regarding the financial affairs of the Council with financial performance being reported on a quarterly basis to Members. • The Corporate Governance Board Terms of Reference were reviewed with a relaunch in 2025. • Development and empowerment of the management tier reporting into the Directors was enhanced via regular meetings of the Operational Management Team • An LGA Peer Challenge was held in June 2025 with report and action plan published on our website. An LGA revisit was held in March 2026.

<p>Internal assessment and monitoring</p>	<ul style="list-style-type: none"> • Effective operation of the Performance Management Framework throughout the year: monitoring information on key areas of performance has been provided for review and action. The majority of service performance indicators were met during the year. • The Corporate Governance Board monitors compliance with governance processes including timeliness and quality of committee reports, outstanding audit actions, complaints and whistleblowing reports. • Two staff surveys were held during the year in June and December. The results of the staff survey highlighted the following: <ul style="list-style-type: none"> ○ Very good awareness (95%) of the corporate values and behaviours that are expected of staff although only 60% of staff believed that all officers adhere to the staff values and behaviours ○ 76% of staff felt that they were able to speak up and challenge the way things are done ○ Staff confidence in OMT was slightly lower than in SLT with 63% of staff trusting and respecting Strategic Leadership whereas 58% of staff trusted and respected Operational Management ○ Concerns about the impact of LGR with 52% of staff having concerns about the impact of LGR on job security, however 73% of staff agreed that communications about devolution and LGR have been clear and timely
<p>Corporate Director of Finance and Resources (Section 151 Officer)</p>	<p>The Corporate Director of Finance and Resources (Section 151 Officer) is the Responsible Financial Officer and is a member of the Strategic Leadership Team. They are responsible for delivering and overseeing the financial management arrangements of the Council.</p> <p>The main channels used by the Section 151 Officer, to ensure and assure effectiveness over 2025-26 were:</p> <ul style="list-style-type: none"> • Putting in place new reporting requirements for financial monitoring with more regular reports coming through to Strategic Leadership Team on the financial performance of the council. • Overseeing the launch of the new financial system from 1st April 2025 with greater budget holder access, reporting tools, and ownership. • Establishment of a Cost Control Board consisting of senior officers to monitor spend, identify improvements to financial controls, investigate any financial risks, and to improve collaboration between finance and non-financial managers. • Setting of the 2026-27 budget and updated Medium-Term Financial Strategy.
<p>Corporate Director, Legal and Governance (MO)</p>	<p>The Corporate Director, Legal and Governance (Monitoring Officer) is a member of the Strategic Leadership Team whose role in the organisation is to report on matters they believe to be illegal or amount to maladministration, to be responsible for matters relating to the conduct of councillors and officers and to be responsible for the operation of the council's constitution.</p> <p>The main channels used by the MO, to ensure and assure effectiveness over 2025-26 were:</p>

	<ul style="list-style-type: none"> • SLT and OMT signing Assurance of Compliance document • Updated Scheme of Delegation • Ongoing training and guidance provided on decision making, report writing, and political awareness • OMT meetings, which are underpinned by a profound focus on sound governance, operational excellence, strong leadership, training and development, and staff welfare.
<p>Senior Information Risk Owner (SIRO)</p>	<p>The Senior Information Risk Officer for the Authority is the Corporate Director, Legal and Governance. This role is supported by deputies, nominated from time to time. The role of the SIRO includes the following:</p> <ul style="list-style-type: none"> • Lead and foster a culture that values and protects information and ensures its use for public good. • Ensure there is a plan to achieve and monitor the right culture across the organisation. Takes step to ensure that plan is delivered. • Ensures that the organisation has key staff in place, who are skilled and supported. • Oversees effective responses to security incidents. • Own the information risk policy and risk assessment process, ensuring regular update and review of the risk register. <p>The main channels used by the SIRO, to ensure and assure effectiveness over 2025-26, were:</p> <ul style="list-style-type: none"> • Close working with key roles such as the Assistant Director, Strategy and Performance, Data Protection Officer and Information Governance Team, and the Digital Services Manager (on cyber security). • Monitoring of risks and information governance performance, via formal Authority mechanisms for these areas. • Promotion of Information Governance Steering Group, whose members include the Monitoring Officer, the Data Protection Officer, the Assistant Director, Strategy and Performance and IT. This met regularly during 2025-26 with a total of seven meetings. Participation at these meetings has been extended to include the Data and Intelligence Analyst as well as representatives from front line services. • Participation as a standing member and attendee of the Strategic Leadership Team and with the Cabinet, ensure that information risk items can be, and are, tabled at the highest governance levels in the Authority. This ensures that the SIRO is a 'Board' level officer, as needed.

Internal audit	<ul style="list-style-type: none"> • The Council's internal audit programme is provided by the Southern Internal Audit Partnership which is hosted by Hampshire County Council. An audit plan, based on a full risk evaluation, is approved annually. • Progress against the audit plan is reported quarterly to the Governance Committee. Any outstanding high-risk actions are addressed as a matter of priority. • Any outstanding management actions are reported to the Strategic Leadership Team to ensure that these are escalated where necessary and completed within a reasonable timescale. • The Southern Internal Audit Partnership delivered 14 internal audit opinions over the course of the year ending 31 March 2026 with 3 'substantial' assurance reports, 5 'reasonable' assurance reports, 6 'limited' assurance report and no 'no assurance' reports. Additional reviews were conducted which did not lead to an audit opinion as they were advisory reviews and/or follow-up reviews. • The Chief Internal Auditor's annual opinion of Havant Borough Council's framework of governance, risk management and management control is reasonable, and audit testing has demonstrated controls to be working in practice.
External audit	<ul style="list-style-type: none"> • The Council's external audit requirement is provided by Ernst & Young LLP (EY). • The role of external audit is to ensure that the Council's Accounts are free from material error, to provide a value for money conclusion and to certify key grant claims. • EY provided the council with a disclaimed opinion on the last set of accounts approved within their Audit Results Report. This opinion reflected the national audit shortages and the government backstop for external audit. • EY audited the Council's arrangements to secure Value for Money. Opinions would only be reported by exception if issues were found.

How governance has improved over 2025-26

In the 2024-25 Annual Governance Statement, key issues were identified for improvement. Below are the issues and actions taken during 2025-26.

Improvement area	Issue of concern	Objective and actions taken
Internal Audit findings and management action progression	<ul style="list-style-type: none"> • Internal Audit results and annual opinion • Outstanding management actions 	<ul style="list-style-type: none"> • There were a number of outstanding management actions which through monitoring and action by the Corporate Governance Board began to reduce. • Monitoring and interventions continue to be required and will be closely monitored by the new Head of Compliance.
Financial sustainability of the council	<ul style="list-style-type: none"> • Establishment of savings 	<ul style="list-style-type: none"> • A Savings and Efficiencies Programme was launched to address the financial challenge with senior managers

	<p>and efficiency plan</p>	<p>undertaking a strategic review to identify organisation wide savings and efficiency opportunities</p> <ul style="list-style-type: none"> • A dedicated project management team was established to support the development and delivery of viable options for Member consideration. • Proposals were subsequently presented to a cross-party Member working group over a series of sessions, enabling constructive feedback and collaborative refinement of the savings identified. The outcome of the process has identified £1.7M savings and efficiencies • Proposals were presented and agreed at Cabinet in December 2025 and have now been built into the 2026/27 Budget
<p>Corporate processes in particular around asset management, project management and contract management</p>	<ul style="list-style-type: none"> • Embedding across the organisation of corporate processes 	<ul style="list-style-type: none"> • An asset challenge commenced in June 2026, this strategic evaluation will provide a high-level review of the property portfolio to determine if an asset is fit for purpose, delivering expected value, and aligned with our strategic objectives, to be completed end of July 2026 • The Major Projects Board was established in early 2026 to oversee, direct and challenge projects across the council. Although it does not make officer-level decisions, it holds officers accountable for project progress and delivery. • All contracts worth £5,000 or more must be recorded in the Contract Register. The register is published quarterly on the council's website to meet transparency requirements and was refreshed and relaunched in early 2026.
<p>Officer training and development</p>	<ul style="list-style-type: none"> • Invest in top team training • Manager training 	<ul style="list-style-type: none"> • A dedicated corporate training budget has been agreed for 2025/26, and this is in addition to service training budgets. A programme of bespoke leadership training sessions has been designed specifically for Havant and are scheduled to take place over a 12-month period, starting in June 2026. • As part of the recruitment of a new Chief Executive, there has been a complete review of the top two tiers of management. A new Strategic Leadership Team (SLT) has been formed focused on strategic matters and the delivery of the Corporate Strategy priorities. The Operational Leadership Team has been replaced with a new Operational Management Team who now meet every two weeks to discuss

		<p>operational matters, service performance and cross-organisational issues, as well as key messages to cascade to their teams. Internal training, such as information governance, HR processes, procurement and contract management etc. will also be communicated and organised through this new group. New 'Heads of...' roles have been created and are currently being recruited to. The restructure has resulted in an overall savings against the previous structure and will be further developed over 2026/27. There has been some initial recruitment to the new HoS roles internally with further round of external recruitment planned.</p> <ul style="list-style-type: none"> • There is a group undertaking professional data-related qualifications through the apprenticeship levy.
<p>Member training and development</p>	<ul style="list-style-type: none"> • Training uptake of members • Targeted training 	<ul style="list-style-type: none"> • Member training has continued throughout the year with regular sessions held including Councillor Briefing Sessions on particular topics and more formalised training opportunities provided. • Informal briefings to Cabinet briefings continue every two weeks to ensure the necessary top team time is allocated for Cabinet and Strategic Leadership Team development. • Following departure of the Chief Executive and appointment of a new Chief Executive, the senior structure has been restructured, creating a new Strategic Leadership Team (SLT) who continue to meet regularly with Cabinet informally. • Discussions with LGA have continued throughout with a dedicated session on 6 October 2025 between the LGA and Cabinet to discuss ways of working, priority setting and working as a coalition.
<p>LGA Corporate Peer Challenge findings</p>	<ul style="list-style-type: none"> • Production of action plan to address findings within the LGA Corporate Peer Challenge Report 	<ul style="list-style-type: none"> • LGA Peer Challenge held in June 2025 with report and action plan published on our website. • There was a total of nine recommendations made by the LGA Peer Team covering areas such as the Local Plan development, member and officer training and plans around savings and efficiencies. • Update on progress of action plan given at February Cabinet

		<ul style="list-style-type: none"> LGA revisit held in March 2026, the findings were positive and are published on the website.
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Progress of the above actions was monitored during the year with quarterly reporting to Strategic Leadership Team

Where governance needs to improve - action plan

The Council is generally satisfied with the effectiveness of corporate governance arrangements and internal control. As part of its continuing efforts to improve governance arrangements the following issues, as highlighted in this Statement, have been identified for improvement in 2026-27.

Issue of concern	Key improvement	Lead officer	Action required
Internal Audit findings and management action progression	<ul style="list-style-type: none"> Outstanding management actions 	Corporate Director of Finance and Resources (Section 151 Officer)	<ul style="list-style-type: none"> Improvement in internal audit action planning Reduction in outstanding management actions
Financial sustainability of the council	<ul style="list-style-type: none"> Implementation of £1.7m savings identified and further identification of savings for 2027-28 onwards. 	Corporate Director of Finance and Resources (Section 151 Officer)	<ul style="list-style-type: none"> Delivery of savings and applications of mitigations where an option does not secure the desired impact. Programme in place to identify further savings and efficiencies Regular reporting of progress
Local Government Reorganisation (LGR)	<ul style="list-style-type: none"> Ensure the organisation is in a strong position to help deliver LGR 	Assistant Director, Strategy & Performance	<ul style="list-style-type: none"> Internal LGR programme in place and resourced Activities and workstreams planned and delivered for implementation Maintain business as usual during period of significant change

Member training and development	<ul style="list-style-type: none"> • Training uptake of members • Targeted training 	Corporate Director, Legal and Governance (Monitoring Officer)	<ul style="list-style-type: none"> • Annual report on member training produced • Commitment by Cabinet to encourage member development member survey undertaken • 'Top Team' working across the Cabinet and Strategic Leadership Team to aid decision making and further develop relationships.
Procurement Compliance	<ul style="list-style-type: none"> • Ensure compliance with financial rules and regulations 	Corporate Director, Legal and Governance (Monitoring Officer)	<ul style="list-style-type: none"> • Audit key areas of spend across the council and report to each Corporate Governance Board meeting.

Forward look on governance

- A changing landscape: new legislation and local government reorganisation will require changes to governance structures to ensure the new council is legal and safe on vesting day.
- Increasing Cyber Security

Glossary of Terms

For the purposes of the Statement of Accounts, the following definitions have been adopted: -

Accounting Policies

Define the process whereby transactions and other events are reflected in the financial statements.

Accruals

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

Actuarial Gains and Losses

The change in actuarial deficits or surpluses arising from actual gains/ losses since the last valuation or changes in actuarial assumptions.

Amortisation

The practice of reducing the value of intangible assets to reflect their reduced worth over time.

Budget

The Council's policy expressed in financial terms for a specified period.

Capital Charge

A charge to service revenue accounts to reflect the cost of Property, plant & equipment used in the provision of services.

Capital Expenditure

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

Capital Receipts

The proceeds from the sale of fixed assets.

Cash Equivalents

Cash equivalents are investments that mature three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Code of Practice on Local Authority Accounting

Standards issued by the accountancy bodies to prescribe approved accounting methods.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no specific life span, and that may have restrictions on their disposal. Examples of such assets include parks and historic buildings.

Classes of Tangible Assets

Operational Assets:

- Council Dwellings, Other land and building, Vehicles, plant, furniture, and equipment
- Infrastructure Assets; Community Assets

Non-Operational Assets:

- Investment property, Assets under construction and Surplus assets for disposal

Contingent Asset or Liability

A condition which exists at the Balance Sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within our control.

Creditors

Amounts owed by an authority at the Balance Sheet date for goods received or work done.

Defined Benefit Scheme

A pension scheme having a statutory duty to ensure pensionable benefits, due to the employee are maintained through changes in the employer's contributions, as determined through periodic valuation.

Debt

This refers to the amount of long-term debt borrowed by an authority or for which the authority has responsibility to repay and which was used to finance the acquisition of Property, plant & equipment. It is similar to a mortgage on a private person's home.

Debtor

Amounts due to an authority but unpaid at the Balance Sheet date.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, or of obsolescence through technological or other changes.

Earmarked Reserves

Internal reserves set aside to finance future expenditure for purposes falling outside the definition of provisions.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Events after the Balance Sheet date

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

Fair value

The fair value of an asset is the price at which it could be exchanged in an "arm's length" transaction less, where applicable, any income receivable towards the purchase or use of that asset.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. In simple terms it covers both financial assets and financial liabilities such as trade debtors and trade creditors and derivatives and embedded derivatives.

General Fund

The main revenue account of the Council which contains the revenue income and expenditure of all services provided.

Government Grants

Central Government contributions towards local authority expenditure. Examples are Revenue Support grant and Housing Benefit Subsidy.

Impairment

A reduction in the value of a fixed asset arising from changes in market value, obsolescence or change in business.

Infrastructure Assets

Property, plant & equipment that are inalienable or immovable, expenditure on which is recoverable only by the continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Interest Costs (Pensions)

Expected changes during the period in the present value of the schemes liabilities because the benefits are one year nearer their settlement.

Inventories

These comprise the following:-

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances;
- finished goods for resale.

Investments

A long-term investment is an investment that is intended to be held on a continuing use basis in the activities of the authority. Investments, other than those in relation to pensions fund, that do not meet the above criteria are classed as current assets

Intangible Assets

Identifiable non-monetary assets such as software licences.

Investment Properties

Interest in land and / or buildings:

- in respect of which construction work and development have been completed; and
- which is held for its investment potential, rather than its use in the provision of the local authority's service to the public, any rental income being negotiated at arm's length.

Lease

An agreement whereby the lessor conveys to the lessee, in return for a payment or a number of payments, the right to use an asset (property, plant and equipment, investment properties, non-current assets available for sale or intangible assets) for an agreed period of time.

Liquid Resources

Current assets and investments that are readily disposable without disrupting the authority's day to day business.

Minimum Revenue Provision

The minimum amount of an authority's external debt that must be repaid in accordance with Government regulations, by the revenue account in the year of account.

Net Debt

The amount of long-term borrowing less cash and liquid resources such as cash.

Net Book Value

The amount at which Property, plant & equipment are included in the balance sheet, i.e., their historic cost or current value less the cumulative amounts provided for depreciation.

Net Current Realisable Costs

The cost of replacing an asset, or its nearest equivalent, that reflects its current condition.

Net Realisable Value

The open market value of an asset in its existing use less expenses incurred in realising the asset

Non-Operational Assets

Property, plant & equipment held by the local authority but not directly occupied, used, or consumed in the delivery of its services. Examples of non-operational assets include investment properties and those assets which are surplus to requirements, and which are being held pending sale or redevelopment.

Operational Assets

Property, plant & equipment held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Costs

Changes in the present value of the schemes' liabilities related to employee service in prior periods arising from the introduction of, or improvement in, retirement benefits in the current period.

Precepts

The amount that the authority is required to collect from council taxpayers to fund another, non-tax collecting authority's expenditure. Precepts are issued by Parish Councils and the local police authority.

Prior Period Adjustments

Those material adjustments which apply to previous years, which have arisen from changes in accounting policies or from the correction of fundamental errors. Such errors would destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets whose realisation can be assessed with reasonable certainty.

Property, Plant and Equipment (PPE)

Tangible assets that yield up benefit to the Council over more than one accounting period, e.g. Land and Buildings.

Provisions

Sums set aside for any liabilities or losses which are likely to be incurred, but uncertain as to the dates on which they will arise.

Public Works Loan Board (PWLB)

A Government financed body which provides a source of long term borrowing for local authorities.

Related Parties

Parties are related when one party has direct or indirect control or influence over the financial and/or operational activities of the other. Examples include government departments, local authorities, members and chief officers.

Related Party Transaction

A related party transaction is the transfer of asset or liability or performance of service by, to or for a related party.

Remuneration

Sums (including expenses allowances and non-cash benefits subject to UK income tax) paid to or receivable by employees. They exclude employee and employer pensions contributions.

Reserves

Reserves are maintained by transferring money to and from the Income and Expenditure Account. There are generally two types of Reserve:

1. General Reserves which create a cushion against unexpected events or emergencies or to even out the effect of variations in cash flow (i.e. to avoid temporary borrowing)
2. Earmarked Reserves created to meet known or predicted liabilities (e.g. Capital Reserves, Insurance Reserves and schools balances).

Residual Value

The net realisable value of an asset at the end of its useful life.

Retirement Benefits

All forms of benefits given by an employer in exchange for services rendered by employees that are payable at the completion of employment. Such benefits exclude an employer's decision to terminate employment before normal retirement and an employee accepting early retirement as these are not given in exchange for services rendered.

Revenue Expenditure funded from Capital under Statute

Expenditure that may be funded from capital resources, but which does not result in an asset on the Balance Sheet. Qualifying items would be grants or expenditure on property not owned by the Council. The expenditure is charged to the Income and Expenditure Account and shown as a reconciling item in the Statement of Movement on the General Fund Balance.

Tangible Property, plant & equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of time in excess of one year.

Total Cost

The total cost of a service or activity includes all costs related to the provision of that service or activity.

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.

Unusable Reserves

These are reserves, including those offsetting non-current assets and the negative reserve that offsets the long term pension liability, that are not immediately available to support revenue or capital expenditure.

Usable Reserves

These reserves are available to support the Council's expenditure, although the Capital Receipts Reserve and the Capital Grants and Contributions Reserve may only be used for capital purposes.