



Havant
BOROUGH COUNCIL



FINANCIAL REPORT AND STATEMENT OF ACCOUNTS 2024/25

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Narrative Report

Introduction

The Statement of Accounts for Havant Borough Council for the year ended 31 March 2025 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 2021/22 ("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 2024-25 is 30th June 2025 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 2024/25 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;
- 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 2024/25 as summarised below:

- Launched a new Corporate Strategy following the change in administration in May 2025. The new strategy had a focus around wellbeing, pride in place, growth and being a responsive council.
- We continued our investment in play areas with newly refurbished play areas across the borough. Funding was also secured to continue the programme of play park refurbishments across the borough.
- 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.
- Completed a new boardwalk at Chichester Avenue to allow easier access for wheelchair and other visitors with additional mobility needs access to the beach.
- Achieved Blue Flag status at Beachlands Central for the 33rd year in a row.
- Secured additional funding to expand the Get Up and Go programme; helping residents with physical/mental health conditions to stay active.
- 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
- Funded 8 businesses to assist with bringing their business to WaterlooVille town centre through our vacant shop scheme and launched a pop-up shop scheme in WaterlooVille town centre

- Made the decision to bring back our Customer Services function in house from October 2025
- Awarded £91,000 to extend the Havant Link Up Youth Hub service until July 2025 having supported 460 young people in employment or further training.
- Worked with partners to provide green skills training opportunities in the borough with courses on PV installation and energy storage systems.
- Approved a £2.8m contribution to a project to replace the current footbridge over railway line at Havant station.
- Agreed a new Housing Strategy setting out our vision, priorities and action plan to meet future housing needs in the borough.
- Completed the demolition of the Bulbeck Road carpark and agreed a proposal for later living apartments to be built on the site.
- Delivered specialist toilets at Meridian Centre and Chichester Avenue to provide state of the art fully accessible changing facilities.
- Ran our first representative sample Residents' Survey, interviewing 1200 residents with plans to continue the survey in subsequent years.
- Opened up a vacant shop scheme to assist and encourage business in Leigh Park.
- Agreed a new Climate Strategy and Action Plan and Biodiversity Strategy with a target to be a net zero council by 2035
- Launched a new garden waste and missed bin online portal for residents
- Continued to progress our Waterlooville masterplan work; in particular through community engagement activities such as public realm improvement options
- Agreed a balanced budget for 2025-26 despite considerable challenges within local government funding.

Key Business Indicators

The table below contains some of our key corporate performance indicators in 2024/25, 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	2023-24	2024-25
Business Rates collection rate (99%)	98.28%	97.68%
Council Tax collection rate (97.5%)	96.28%	96.28%
Major planning applications decided within 13 weeks or agreed extension (over 70%)	88%	95%
Minor planning applications decided within 13 weeks or agreed extension (over 65%)	85%	87%
All planning applications decided within 26 weeks (above 98%)	99%	98%
Full Building Control plan applications checked within 15 days (over 90%)	97%	100%
Customer Service calls answered within 20 seconds (above 75%)	83%	82%
Homelessness interventions (above 600 for the year)	41	184
Affordable homes delivered	150	67
Freedom of Information requests responded within statutory deadline (above 95%)	98%	99%
Missed bins per 100,000 opportunities (less than 100)	250	96
Complaints received about council services	513	309
Complaints responded to with SLA (85%)	85.3%	86.9%
Residents Survey % of respondents fairly satisfied or very satisfied with how the council runs things	N/A	58%

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.

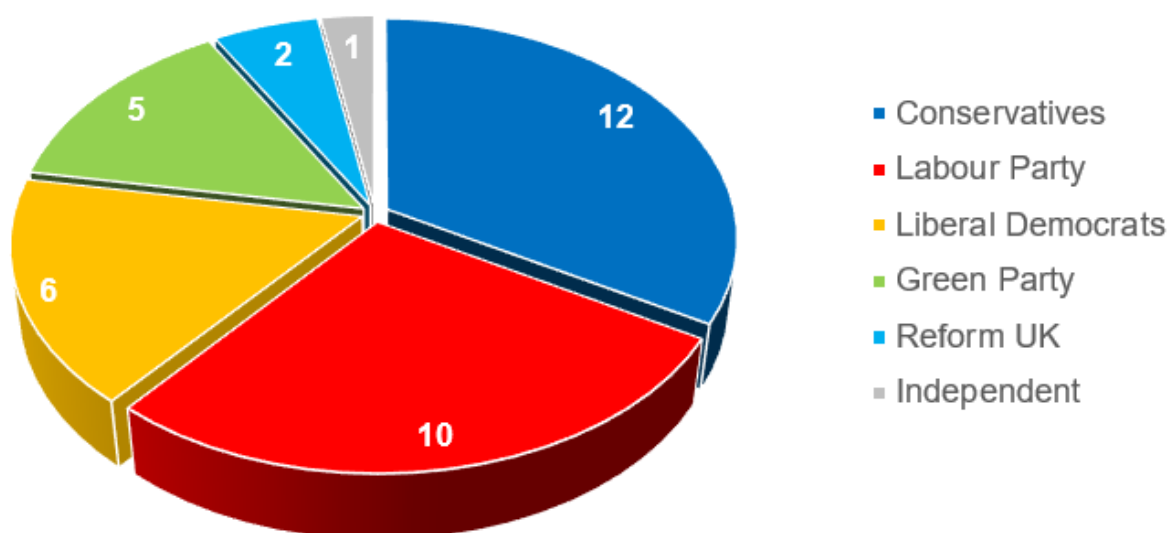
The Council

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.

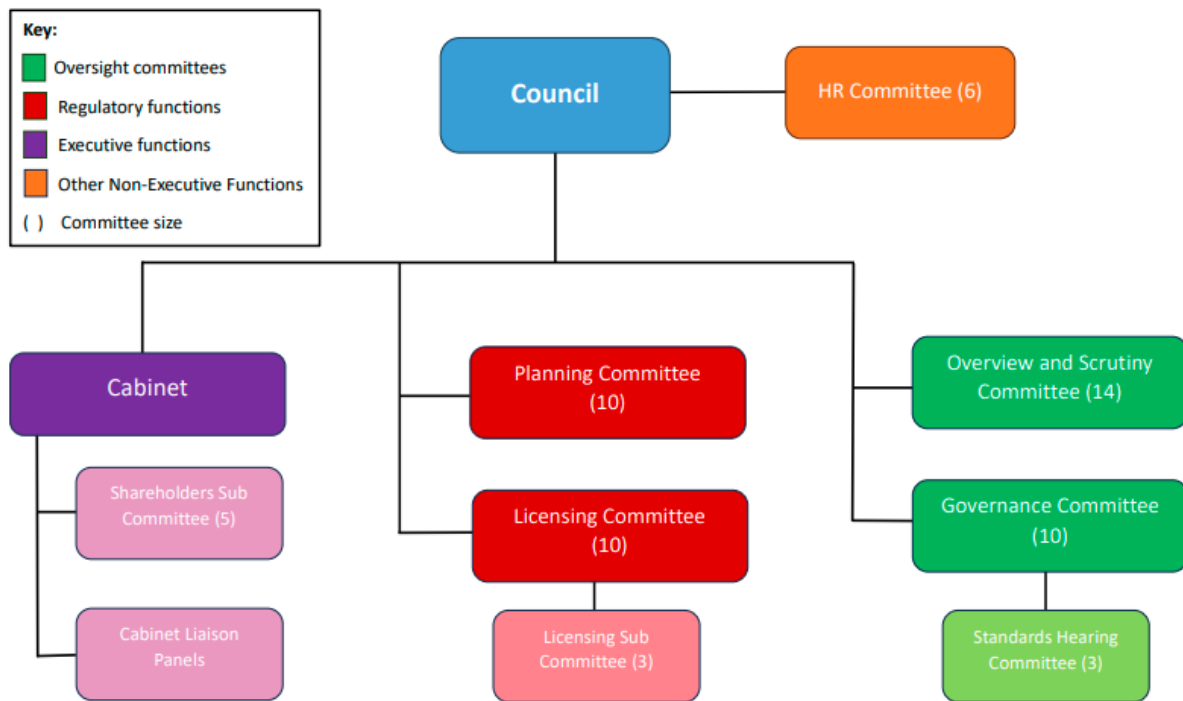
The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

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 2025.



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

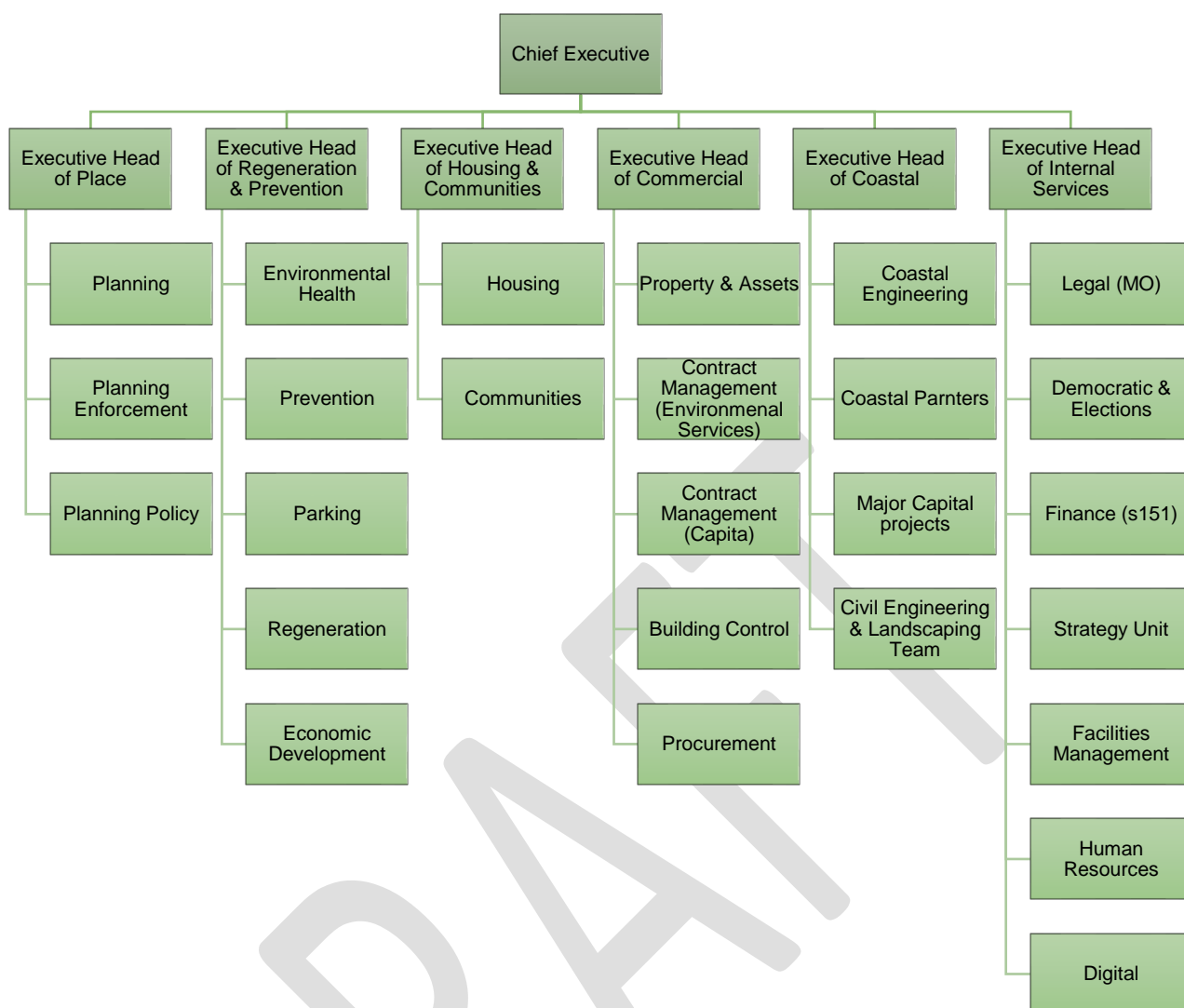
The Committee is made up of 6 Councillors.

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/mqListCommittees.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 and Chief Finance Officer, 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	2023/24	2024/25
Total number of current permanent full and part time employees	299	326
Total number of current temporary / fixed term employees	4	0
Total number of employees	303	326
Total number of employees expressed as full time equivalents	283	302

Posts	2023/24	2024/25
Total number of permanent full and part time posts	304	327
Total number of temporary / fixed term posts	4	0
Total number of posts	308	327
Total number of posts expressed as full-time equivalents	283	302

Sickness and accident statistics are shown in the table below:

Sickness and Accidents	2023/24	2024/25
Short term sickness (days per FTE)	3.41	2.95
Long term sickness (days per FTE)	3.15	3.02
Overall sickness (days per FTE)	6.55	5.97

4. A Summary of the 2024/25 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 £1.8m. The main variances are detailed as below:

Revenue Outturn 2024/25		
Directorate	£'000	Reason for Variances
Coastal	(27)	Savings on reactive maintenance and other operational income.
Commercial	(236)	Over recover of income for Environmental services (including garden waste, replacement bins and recycling credits), some favourable one off adjustments in the Property Service, offset by overspend in the 5c contract.
Housing & Communities	2,599	Overspend relates to the increase in demand and costs for the statutory provision of Temporary Accommodation, and other homelessness prevention costs.
Internal Services	(267)	Various underspends throughout the service including capitulation of strategic commissioning project, vacancies and other cost saving mitigations to offset other overspends in the Council.
Place	94	Under recovery of developer income.
Regeneration and Preventative Services	289	Under recovery of income from Parking and Enforcement services.
Cost of Service	2,452	
Corporate Services	(678)	over recovery of investment income
Net Budget	1,774	

A detailed Outturn report for 2024/25 will be presented to Cabinet on 9th July 2025.

General Fund: Capital Programme

Summary of Capital Programme		2024/25					
Service area/Amount	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Approved budget	Revised budget	Actuals to date	Full year forecast	Gross slippage	Variance (Favourable) / Adverse	Funded from Borrowings
Executive Head of Housing and Communities	15,649	14,207	10,154	10,154	4,053	0	5,541
Executive Head of Regeneration, Economic Development and Preventative Services	3,608	3,487	1,124	1,124	2,297	(66)	0
Executive Head of Commercial	430	671	357	357	314	(0)	257
Executive Head of Internal	207	1,073	890	890	188	6	776
Executive Head of Place	1,993	2,626	2,627	2,627	70	71	356
Coastal Schemes	3,566	3,284	1,669	1,669	1,627	12	21
Total Capital Programme	25,454	25,347	16,821	16,821	8,550	23	6,952

The capital budget of £25.4m was approved in February 2024. The capital outturn was £16.8m compared to the revised budget, this is a slippage of £8.6m for 2024/25 moving into 2025/26 and future years. The largest slippage was in the Executive Head for Housing and Communities for the Waterlooville Leisure Centre Development Scheme.

The Council spent £16.8m on capital projects during 2024/25. In year capital spend included £1.3m on the purchase of temporary accommodation, £8.4m on Local Authority Housing Fund Programme. Other projects include; Bulbeck Road development £0.5m, £2.2m on Disabled Facilities improvements and £1.3m on Strategic Commissioning projects. In addition, £1.7m was spent on improving some Coastal and Civil Engineering schemes

A detailed Outturn report for 2024/25 will be presented to Cabinet on 9th July 2025.

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 £6.091 million at 31st March 2024 to £0.566 million at 31st March 2025. It is detailed in Note 30 to the accounts. Gross liabilities have decreased by £5.525 million 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 2024/25 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 2024-25 to 2028-29 is set out in the table below:-

Havant Borough Council					
Mid Term Financial Strategy	2025/26	2026/27	2027/28	2028/29	2029/30
Opening Services Base Budget	18,160	19,560	19,666	20,062	20,097
Establishment	942	399	424	437	450
Fees and Charges/Inflation	(4)	(4)	(4)	(3)	(3)
Savings/Income	(2,051)	(566)	(357)	(751)	(209)
Growth	2,050	(627)	0	121	0
Reduction in Income	1,409	0	0	0	0
Others	(321)	0	0	0	0
Total Service Cost	20,185	18,763	19,730	19,864	20,335
Non-Service Income/Expense					
Interest Income	(1,900)	500	300	200	0
Finance costs (Interest/MRP)	910	378	6	7	7
Levies	115	0	0	0	0
Contingency budget	250	25	26	26	27
in-year overspend / (underspend)					
Total Non-Service Budget	(625)	903	332	233	34
Total Expenditure	19,560	19,666	20,062	20,097	20,369
Funding					
Council tax Income	(10,746)	(10,711)	(11,103)	(11,513)	(11,945)
Business rates	(7,625)	(5,947)	(6,045)	(5,877)	(5,956)
Non-ring fenced grants	(2,227)	(1,465)	(1,308)	(237)	(243)
Total Funding	(20,598)	(18,123)	(18,456)	(17,627)	(18,144)
Budget Gap (favourable) / Adverse	(1,038)	1,544	1,606	2,471	2,225
Transfer (From) / To reserves	1,038	(1,272)	0	0	0
Transfer to reserves					
Budget Gap (favourable) / Adverse after transfers	0	272	1,606	2,471	2,225
Cumulative	(0)	271	1,877	4,348	6,573

Capital Strategy 2024-2029

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 2025/26 was approved by Full Council in February 2025 and is available on the Council's website. The Capital Programme for 2025/26 to 2029/30 was prepared to mirror the 5 year timeframe of the MTFS.

[HBC Capital Strategy 2024-25 to 2028-29](#)

HBC Total Capital Programme

Havant Borough Council Capital Programme									
Service area/Amount	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Prior Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Executive Head of Housing and Communities	4	1,440	10,154	8,384	30	30	30	0	20,073
Executive Head of Regeneration, Economic Development and Preventative Services	0	204	1,189	4,127	2,900	100	100	0	8,620
Executive Head of Commercial	0	87	357	2,446	986	989	206	0	5,072
Executive Head of Internal	0	19	885	688	10	0	0	0	1,602
Executive Head of Place	0	1,769	2,556	2,314	2,174	2,174	2,174	2,174	15,335
Coastal Schemes	5,455	1,586	1,656	5,819	12,857	11,412	2,883	0	41,669
Total Capital Programme	5,460	5,106	16,797	23,779	18,957	14,705	5,393	2,174	92,371

The capital programme from 2025/26 onwards includes schemes such as Bulbeck Road Redevelopment, funding towards the Havant Replacement Footbridge, Waste Vehicle replacement programme, new vehicles for the new Food Waste collection service and the disabled facilities improvements programme. Coastal schemes include Langstone Coastal Defence Scheme, Hayling Beach Management Plan and Chichester Harbour Investment Plan and other smaller schemes.

Material assets/liabilities/s

The Council did not purchase or dispose of any significant assets during the year.

8. Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. There have been no changes to policies.

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.

9. 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
Chief Finance Officer (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 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 a 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 Financial Officer Certificate

I certify that I have fulfilled my responsibilities noted above and that the accounts set out on pages 4 to 76 give a true and fair view of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Steven Pink
Chief Finance Officer (s151 Officer)

Approval of Accounts

The draft accounts were presented to the Governance Committee on 8th July 2025, and when finalised will be authorised by the Chairman of the Committee

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 Movement in Reserves Statement.

2023/24	2023/24	2023/24	Description	2024/25	2024/25	2024/25
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
5,237	(4,857)	380	Executive Head for Coastal	5,920	(5,511)	409
37,365	(26,627)	10,738	Executive Head for Commercial	37,307	(28,039)	9,268
5,349	(3,204)	2,145	Executive Head for Housing & Communities	7,529	(2,132)	5,397
7,564	(480)	7,084	Executive Head for Internal Services	10,272	(1,802)	8,470
3,886	(1,461)	2,425	Executive Head for Place	6,061	(1,213)	4,848
2,177	(2,492)	(315)	Executive Head for Regeneration, Economic Development & Preventative Services	2,566	(3,108)	(542)
61,577	(39,119)	22,457	Cost of Services	69,655	(41,805)	27,850
78	0	78	Other Operating I&E	43	0	43
0	0	0	Loss/(Gains) on the disposal of assets	0	0	0
78	0	78	Other Operating Expenditure	43	0	43
382	0	382	Net interest on defined pension liabilities	294	0	294
0	(2,424)	(2,424)	Interest receivable and similar income	0	(2,566)	(2,566)
122	0	122	Interest payable and similar expenses	117	0	117
2,561	0	0	Changes in fair value of investment properties and assets held for sale	0	(360)	(360)
931	(2,186)	(1,255)	Income and expenditure in relation to investment properties	771	(2,182)	(1,411)
472	0	472	Net (gain)/losses on financial assets at fair value through profit and loss	0	(240)	(240)
4,468	(4,610)	(142)	Financing and Investment Income and Expenditure	1,182	(5,348)	(4,166)
316	(9,836)	(9,520)	Council Tax Income	0	(9,879)	(9,879)
0	(2,480)	(2,480)	Non-Domestic Rates	0	(2,916)	(2,916)
0	(3,811)	(3,811)	Non-ringfenced government grants	0	(4,797)	(4,797)
0	(2,470)	(2,470)	Capital grants and contributions	0	(10,257)	(10,257)
316	(18,597)	(18,281)	Taxation and non-specific grant income and expenditure	0	(27,849)	(27,849)
66,440	(62,328)	4,112	(Surplus) or Deficit on Provision of Services	70,880	(75,002)	(4,122)
		(20,499)	Surplus on revaluation of non-current assets.			(5,132)
		(4,799)	Remeasurement of the net defined benefit pension liability			(5,877)
		(25,298)	Other Comprehensive Income and Expenditure			(11,009)
		(21,186)	Total Comprehensive Income and Expenditure			(15,131)

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.

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 regulation - note 9	6,320	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 11	(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)

2023/24	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 2023	(1,589)	(7,610)	(10,319)	(23,036)	(42,555)	(83,387)	(125,941)
Movement in Reserves in 2023/24:							
Surplus (deficit) on the provision of services (accounting basis)	4,112	0	0	0	4,112	0	4,112
Other Comprehensive Income and Expenditure	0		0	0	0	(25,298)	(25,298)
Total Comprehensive Income and Expenditure	4,112	0	0	0	4,112	(25,298)	(21,186)
Adjustments between accounting and funding basis under regulation - note 9	(2,053)	0	192	36	(1,825)	1,825	0
Net increase/decrease before transfers to Earmarked reserves	2,059	0	192	36	2,287	(23,473)	(21,186)
Transfers to/from Earmarked reserves - note 11	(843)	843	0	0	0		0
Increase/(Decrease) in Year	1,216	843	192	36	2,287	(23,473)	(21,186)
Balance at 31 March 2024	(373)	(6,767)	(10,127)	(23,000)	(40,268)	(106,860)	(147,127)

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-24	Balance Sheet	Notes	31-Mar-25
£'000			£'000
92,285	Property, Plant and Equipment	<i>Note 14</i>	105,609
0	Surplus Assets	<i>Note 14</i>	2,529
34,743	Investment Properties	<i>Note 15</i>	34,552
0	Intangible Assets	<i>Note 16</i>	525
8,121	Long Term Investments	<i>Note 28</i>	8,404
83	Long Term Debtors	<i>Note 20</i>	62
135,232	LONG TERM ASSETS		151,681
0	Assets Held for Sale	<i>Note 17</i>	1,241
6,419	Short Term Debtors	<i>Note 20</i>	8,026
33,734	Short Term Investments	<i>Note 20</i>	25,357
10,480	Cash and Cash Equivalents	<i>Note 21</i>	4,084
50,633	CURRENT ASSETS		38,708
(17,232)	Short Term Creditors	<i>Note 22</i>	(15,936)
(196)	Provisions	<i>Note 23</i>	(48)
(231)	Short Term Borrowing	<i>Note 28</i>	(231)
(5,564)	Capital grants receipts in advance	<i>Note 13</i>	(3,717)
(23,223)	CURRENT LIABILITIES		(19,932)
(5,604)	Capital grants receipts in advance	<i>Note 13</i>	(4,510)
(1,106)	Provisions	<i>Note 23</i>	(524)
(2,711)	Long Term Borrowing	<i>Note 28</i>	(2,598)
(6,091)	Net Defined Pension liability	<i>Note 30</i>	(566)
(15,512)	LONG TERM LIABILITIES		(8,198)
147,130	NET ASSETS		162,259
(373)	General Fund	<i>Note 10</i>	(373)
(6,767)	Earmarked Reserves	<i>Note 10</i>	(4,568)
(10,128)	Capital Receipts Reserve	<i>Note 10</i>	(9,745)
(23,000)	Capital grants and contributions	<i>Note 10</i>	(23,609)
(40,268)	USABLE RESERVES		(38,295)
(60,897)	Revaluation Reserve	<i>Note 11</i>	(64,946)
(52,705)	Capital Adjustment Account	<i>Note 11</i>	(59,317)
6,091	Pensions Reserve	<i>Note 11</i>	566
(16)	Collection Fund Adjustment Account	<i>Note 11</i>	(715)
193	Accumulated Absences Account	<i>Note 11</i>	216
472	Financial Instrument adjustment account	<i>Note 11</i>	232
(106,862)	UNUSABLE RESERVES		(123,964)
(147,130)	TOTAL RESERVES		(162,259)

Cashflow Statement

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

2023/24	Cash flow	2024/25
£'000		£'000
(13,266)	Taxation	(11,276)
(27,963)	Grants and Contributions	(31,552)
(17,814)	Sales of goods and rendering of services	(14,423)
(1,949)	Interest received	(2,643)
(52)	Other receipts from operating activities	(61)
(61,044)	Cash inflows generated from operating activities	(59,955)
14,050	Cash paid to and on behalf of employees	14,814
20,003	Housing benefit payments	20,153
26,014	Cash paid to suppliers of goods and services	30,179
122	Interest paid	117
3,890	Other operating cash payments	4,557
64,079	Cash outflows generated from operating activities	69,820
3,035	Net cashflows from operating activities	9,865
(14)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
3,500	Purchase of property, plant and equipment, investment property and intangible assets	14,304
25,000	Purchase of short-term and long-term investments	59,700
(25,000)	Proceeds from the sale of short-term and long-term investments	(65,000)
0	Other payments for investing activities	0
(7,762)	Other receipts from investing activities	(10,230)
(4,276)	Net cashflows from investing activities	(1,226)
0	Cash Receipts - long/short term borrowing	0
109	Repayments of long/short term borrowing	114
(2,538)	Changes in Council Tax balances held for preceptors	187
(464)	Changes in National Non-Domestic Rates balances held for preceptors	456
(2,893)	Net cashflows from financing activities	757
(4,134)	Net (Increase) / decrease in cash and cash equivalents	9,396
9,346	Cash and cash equivalents 1 April	13,480
4,134	Net increase / (decrease) in cash and cash equivalents	(9,396)
13,480	Cash and cash equivalents 31 March	4,084
0	Call accounts and short term deposits	0
13,480	Bank balances	4,084
13,480	Cash and cash equivalents 31 March	4,084

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 and 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 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which 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.

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

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the

carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

Where the 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.

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 50 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 Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. Accounting Standards Issued, Not yet Adopted

The Council is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code').

Several accounting changes are being adopted by the Code in 2024/25, but it is not expected that any of them will have a material impact on the Council's financial statements.

The International Accounting Standards Board (IASB) has issued International Financial Reporting Standard 16 Leases (IFRS 16) which, when adopted by the Code, will require the Council to recognise most of the assets it has secured the use of through a lease arrangement on its Balance Sheet as 'right of use' assets, together with the corresponding lease liabilities. This differs from the current practice of only recognising the assets and liabilities associated with the finance leases entered into by the Council on its Balance Sheet. It had been anticipated that IFRS 16 would originally be adopted in the 2020/21 financial year, but the Code now allows local authorities to defer implementing the requirements of the standard until the 2024/25 financial year although allowing earlier implementation if a local authority wishes to.

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 a third party, Analyse Local, 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.

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 2024 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 2025 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 £3.5m.

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 2025 based on the reports provided by external consultant Anaylse Local.

5. Material Items of Income and Expense

Havant Borough Council undertakes the valuation of those 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 2024/25, the increase in valuation of non-current assets chargeable against the Surplus/Deficit on the Provision of Services was £5.1m (2023/24: £20.5m).

6. Events After the Reporting Period

The Statement of Accounts was authorised for issue by Chief Finance Officer (s151 Officer) on 30 June 2025. 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 2025 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.

2023/24			Description	2024/25		
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
419	(39)	380	Executive Head for Coastal	317	92	409
8,368	2,370	10,738	Executive Head for Commercial	8,021	1,248	9,269
1,494	651	2,145	Executive Head for Housing & Communities	4,214	1,182	5,396
7,508	(424)	7,084	Executive Head for Internal Services	8,039	430	8,469
2,008	417	2,425	Executive Head for Place	2,261	2,587	4,848
(754)	439	(315)	Executive Head for Regeneration, Economic Development & Preventative Services	(692)	150	(542)
92	(14)	78	Other Operating I&E	118	0	118
19,135	3,401	22,536	Cost of Services	22,278	5,689	27,967
(17,078)	(1,345)	(18,423)	Other Income and Expenditure	(9,735)	(22,354)	(32,089)
2,057	2,056	4,113	(Surplus) or Deficit on Provision of Services	12,543	(16,665)	(4,122)
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£'000	£'000	£'000		£'000	£'000	£'000
(7,609)	(1,588)	(9,197)	Opening balances	(6,767)	(373)	(7,140)
0	2,061	2,061	(Surplus) or Deficit on Provision of Services	0	2,199	2,199
843	(843)	0	Transfers between General Fund and earmarked reserves	2,199	(2,199)	0
(6,766)	(370)	(7,136)	Closing General Fund balance	(4,568)	(373)	(4,941)

Financing and Accounting Adjustments:

Financing and Accounting Adjustments					
2024/25	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
Executive Head for Coastal	0	16	0	76	92
Executive Head for Commercial	810	4	0	435	1,249
Executive Head for Housing & Communities	1,177	4	0	1	1,182
Executive Head for Internal Services	77	17	0	337	431
Executive Head for Place	2,574	12	0	1	2,587
Executive Head for Regeneration, Economic	247	6	0	(102)	151
Other Operating I&E	0	0	0	0	0
Cost of Services	4,885	59	0	748	5,692
Other Income and Expenditure from the Expenditure and Funding Analysis	(15,749)	(5,583)	(699)	(322)	(22,354)
Total for 2024/25	(10,864)	(5,524)	(699)	426	(16,662)

Financing and Accounting Adjustments					
2023/24	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
Executive Head for Coastal	0	20	0	(59)	(39)
Executive Head for Commercial	1,603	5	0	761	2,370
Executive Head for Housing & Communities	193	6	0	453	651
Executive Head for Internal Services	59	19	0	(502)	(424)
Executive Head for Place	147	14	0	256	417
Executive Head for Regeneration, Economic	86	5	0	348	439
Other Operating I&E	0	0	0	(14)	(14)
Cost of Services	2,088	69	0	1,243	3,400
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	0	(1,345)	(1,345)
Total for 2023/24	3,006	69	0	(102)	2,055

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.

2023/24	Description	2024/25
Surplus / Deficit on the Provision of Services	Expenditure and Income analysed by nature	Surplus / Deficit on the Provision of Services
£'000		£'000
16,959	Employee benefits expenses	18,749
46,912	Other service expenses	47,973
122	Interest payments	117
2,089	Depreciation, amortisation, impairment etc	2,369
472	(Gains) / Losses on financial assets	(240)
66,554	Total Expenditure	68,968
(18,673)	Fees, charges and other service income	(18,226)
2,561	Investment Properties changes in fair value	(360)
(2,424)	Interest income	(2,566)
(12,108)	Council Tax and Non-Domestic Rate income	(12,654)
(31,782)	Grants and Contributions	(39,282)
(14)	Gains on the disposal of assets	0
(62,440)	Total income	(73,088)
4,114	Net Expenditure and Income	(4,120)
(20,499)	Surplus on revaluation of non-current assets.	(5,132)
(4,799)	Net interest on defined pension liabilities	(5,877)
(21,185)	Total Comprehensive Income and Expenditure	(15,130)

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.

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
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	0	0	(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	10,002	0	(10,002)	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	0	0	0	0	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>					
Capital expenditure financed from revenue	22	0	0	(22)	0
Statutory Charge MRP	255	0	0	(255)	0
<i>Other adjustments</i>					
Capital expenditure financed from Capital Receipts	0	370	0	(370)	0
Capital expenditure financed from Capital grants and contributions	0	0	9,394	(9,394)	0
Adjustment Fair Value of Financial Assets	240	0	0	(240)	0
Total for 2024/25	6,320	383	(608)	(6,095)	0

2023/24	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	(16)	0	0	16	0
Depreciation and impairment of non-current assets	(2,073)	0	0	2,073	0
Movements in value of Investment Properties	(2,561)	0	0	2,561	0
Disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	14	(14)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	2,477	0	(2,477)	0	0
Difference between accounting and statutory employment benefit	(39)	0	0	39	0
Difference between accounting and statutory credit for Council Tax	364	0	0	(364)	0
Difference between accounting and statutory credit for Non-Domestic Rates	467	0	0	(467)	0
Revenue Expenditure Financed from Capital under Statute	(2,430)	0	0	2,430	0
Difference between accounting and statutory credit for pension costs	(451)	0	0	451	0
REFCUS income	2,430	0	0	(2,430)	0
Revaluation losses on PPE	0	0	0	0	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>					
Capital expenditure financed from revenue	0	0	0	0	0
Statutory Charge MRP	237	0	0	(237)	0
<i>Other adjustments</i>					
Capital expenditure financed from Capital Receipts	0	206	0	(206)	0
Capital expenditure financed from Capital grants and contributions	0	0	2,513	(2,513)	0
Adjustment Fair Value of Financial Assets	(472)	0	0	472	0
Total for 2023/24	(2,053)	192	36	1,825	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 2023	Transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024	Transfers out 2024/25	Transfers in 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Balance	(1,589)	1,681	(465)	(373)	0	0	(373)
Earmarked Reserves							
General Fund - earmarked	(23)	23	0	0	0	0	0
Insurance Reserve	(653)	121	0	(532)	41	0	(491)
Restructuring Reserve	(418)	418	0	0	0	0	0
Financial Management Reserve	(4,656)	1,599	(26)	(3,083)	2,541	0	(542)
Strategic Commissioning Reserve	0	51	(1,328)	(1,277)	59	0	(1,218)
Service Support Reserve	(189)	0	(34)	(223)	0	(21)	(244)
Regeneration Reserve	(697)	0	(4)	(701)	0	(99)	(800)
Regeneration Investment Framework Reserve	(950)	0	0	(950)	0	0	(950)
Revenue Grants Reserve	(23)	23	0	0	0	(322)	(322)
Total - Earmarked Reserves	(7,609)	2,235	(1,392)	(6,766)	2,641	(442)	(4,568)
Capital Reserves							
Capital Receipts Reserve	(10,320)	205	(14)	(10,129)	384	0	(9,745)
Capital grants and contributions	(23,036)	3,095	(3,059)	(23,000)	0	(609)	(23,609)
Total Capital Reserves	(33,356)	3,300	(3,073)	(33,129)	384	(609)	(33,354)
Total Usable Reserves	(42,554)	7,216	(4,930)	(40,268)	3,025	(1,051)	(38,295)

The purposes of these reserves are set out below:

Reserve Type	Purpose
General Fund Earmarked Reserve	To fund specific projects
Insurance Reserve	To fund any insurance claims below the excess during the year.
Capital Reserve	To fund specific capital projects.
Restructuring Reserve	To fund costs associated with the restructure of the Council.
Financial Management reserve	To meet any potential future financial liabilities that may arise (for example insurance claims)
Strategic Commissioning Reserve	To fund Council's strategic Commissioning projects
Service Support Reserve	To cover specific service projects which may arise in the future (e.g. economic development work or Local Plan work)
Regeneration Reserve	To ring fence income from Meridian for future economic development
Revenue Grants Reserve	Grants received, to be used in future years

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 2024	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2025
	£'000	£'000	£'000	£'000
Revaluation Reserve	(60,896)	(5,132)	1,082	(64,946)
Capital Adjustment Account	(52,705)	0	(6,612)	(59,317)
Pensions Reserve	6,091	(5,877)	352	566
Collection Fund Adjustment Account	(16)	0	(700)	(716)
Accumulated Absences Account	193	0	22	216
Financial Instrument adjustment account	472	(240)	0	232
Total for 2024/25	(106,861)	(11,249)	(5,856)	(123,964)

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.

2023/24	Revaluation Reserve	2024/25
£'000		£'000
(41,503)	Balance 1 April	(60,897)
	Comprehensive Income & Expenditure:	
(20,498)	Gain on revaluation of assets	(5,132)
	Accounting / Financing Adjustments:	
1,106	Depreciation charged to Revaluation Reserve	1,082
(60,897)	Balance 31 March 2025	(64,946)

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.

2023/24	Capital Adjustment Account	2024/25
£'000		£'000
(53,293)	Balance 1 April	(52,705)
	Accounting / Financing Adjustments:	
16	Write down Intangible Assets	
2,073	Depreciation and impairment of non-current assets	2,368
2,561	Movements in value of Investment Properties	(360)
0	Gain or (loss) on sale of non-current assets	0
2,430	Revenue Expenditure Financed from Capital under Statute	2,516
(2,636)	Capital expenditure financed from revenue	(2,538)
0	Capital expenditure financed from Capital Receipts	(370)
(2,513)	Capital expenditure financed from Capital grants and contributions	(6,892)
(237)	MRP	(255)
(1,106)	Depreciation charged to Revaluation Reserve	(1,082)
(52,705)	Balance 31 March 2025	(59,317)

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.

2023/24	Pensions Reserve	2024/25
£'000		£'000
10,439	Balance 1 April	6,091
	Comprehensive Income & Expenditure:	
(4,799)	Remeasurement of the net defined benefit liability	(5,877)
	Accounting / Financing Adjustments:	
451	Difference between accounting and statutory credit for pension costs	352
6,091	Balance 31 March 2025	566

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.

2023/24	Collection Fund Adjustment Account	2024/25
£'000		£'000
815	Balance 1 April	(15)
	Accounting / Financing Adjustments:	
(365)	Difference between accounting and statutory credit for Council Tax	(19)
(466)	Difference between accounting and statutory credit for Non-Domestic Rates	(681)
(16)	Balance 31 March 2025	(715)

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.

2023/24	Accumulated Absences Account	2024/25
£'000		£'000
154	Balance 1 April	193
	Accounting / Financing Adjustments:	
39	Difference between accounting and statutory employment benefit	23
193	Balance 31 March 2025	216

Financial Instrument Adjustment Account

2023/24	Financial Instruments	2024/25
£'000		£'000
0	Balance 1 April	472
	Accounting / Financing Adjustments:	
472	Difference between accounting and statutory employment benefit	(240)
472	Balance 31 March 2025	232

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.

2023/24	Grants and Contributions	2024/25
£'000		£'000
(20,654)	DWP benefits grants	(21,544)
(2,430)	Grants for revenue financed from capital under statute	0
(2,417)	Other Grants and Contributions	(3,261)
(25,501)	Total within Cost of Services	(24,805)
(405)	New Homes Bonus	(506)
(3,406)	Other non-specific grant	(4,443)
(2,471)	Grants and contributions towards capital expenditure	(10,003)
(6,282)	Total within Taxation and non-specific grant income	(14,952)
(31,783)	Total income from grants and contributions	(39,757)

13. Capital Grants Receipts in Advance

31-Mar-24	Capital Grants Receipt in Advance	31-Mar-25
£'000		£'000
	Amounts falling due within one year:	
0	S106	0
(5,564)	Other	(3,717)
(5,564)	Total short term capital grants received in advance	(3,717)
	Amounts falling due after one year (all other bodies)	
(4,277)	S106	(3,262)
(1,326)	Other	(1,248)
(5,604)	Total long term capital grants received in advance	(4,510)

14. Property, Plant and Equipment

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

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	97,544
Additions	9,011	241	1,458	0	980	1,398	13,088
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	1,388	2,529	112,170
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	1,388	2,529	108,139

2023/24	Land & Buildings	Vehicles Plant etc	Infra-structure	Community Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2023	64,197	6,524	4,941	1,954	346	77,961
Additions	861	889	1,368	0	229	3,347
Disposals	0	0	0	(53)	0	(53)
Derecognitions	0	(3,423)	(1)	(249)	0	(3,673)
Impairment losses	(165)	0	0	0	0	(165)
Reclassifications	925	0	0	0	0	925
Revaluations	19,201	0	0	0	0	19,201
Value 31 March 2024	85,018	3,990	6,308	1,652	575	97,544
Cumulative Depreciation:						
Opening value 1 April 2023	(1,454)	(5,280)	(410)	(1,229)	0	(8,373)
Charge for the year	(1,585)	(161)	(148)	(13)	0	(1,908)
Disposals	0	0	0	53	0	53
Reclassifications	0	3,423	1	249	0	3,673
Revaluations	1,298	0	0	0	0	1,298
Balance 31 March 2024	(1,741)	(2,017)	(558)	(941)	0	(5,257)
Net book value 31 March 2023	83,277	1,973	5,750	712	575	92,285

Depreciation

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

- Other Land and Buildings (30 to 50 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. The land & building portfolio has been valued at 31 March 2025 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
Carried at historical cost:	0	4,231	7,766	1,652	0	13,649
Carried at fair value as at:						
31-Mar-25	71,580	0	0	0	2,529	74,109
31-Mar-24	6,469					6,469
31-Mar-23	5,822					5,822
31-Mar-22	8,711					8,711
31-Mar-21	2,021					2,021
Total cost or valuation	94,603	4,231	7,766	1,652	2,529	110,782

Capital Commitments

At 31 March 2025 there were no significant commitments to report on.

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:

2023/24	Description	2024/25
£'000		£'000
(2,186)	Rental income from investment property	(2,182)
931	Direct operating expenses arising from investment property	262
2,561	Net gains from fair value adjustments	(1,619)
1,307	Total	(3,539)

Balance Sheet movements in Investment Properties during the year:

2023/24	Movement in Investment Properties	2024/25
£'000		£'000
38,076	Balance at start of the year	34,743
153	Additions	690
(2,561)	Net gains from fair value adjustments	1,619
(924)	Assets reclassified to Land & Buildings	0
0	Assets reclassified to Asset Held for Sale	(2,500)
34,743	Balance at end of the year	34,552

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 2025 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:

2023-24		2024-25
£'000		£'000
	Balance at 1 April	
0	- Gross Carrying Amount	0
0	- Accumulated Amortisation	0
0	Net carrying amount at start of year	0
0	Additions	525
0	Amortisation in year	0
0	Balance at 31 March	525
0	Gross Carrying Amount	525
0	Accumulated Amortisation	0
0	Balance at 31 March	525

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:

2023/24	2023/24	Asset Held for Sale	2024/25	2024/25
£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	0	- Investment Property	0	2,500
0	0	Assets sold	0	0
0	0	Revaluation gains/(losses)	0	(1,259)
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	0
0	0	Balance at 31 March 2025	0	1,241

As at 31 March 2025, the Council held One asset classified as held for sale. This is Bulbeck Road Car Park and is being actively marketed, and disposal is expected within 12 months.

18. Leases

Authority as Lessee

The Authority may enter into lease arrangements to obtain assets used to provide services as an alternative to purchasing. Additionally, the Authority also leases out assets, for example, to community organisations. Lease arrangements may be finance or operating leases. The purpose of this note is to disclose the nature and extent of the Authority's leasing obligations.

Lease Classifications

Leases are classified either as finance leases or operating leases. A finance lease is an arrangement where substantially all of the risks and rewards that are incidental to ownership of the asset, transfer from the lessor to the lessee. Leases that do not transfer substantially all of the risk and rewards are classified as operating leases. Where an arrangement includes both land and buildings, the land and buildings element are considered separately for classification and leases of land are generally considered to be operating leases.

Operating Leases as Lessee - per IFRS16, no operating leases were identified.

Finance Leases as Lessee - per IFRS16, no operating leases were identified.

Authority as Lessor: Operating Leases

The Authority leases land and property under operating leases for the following purposes:

- For the provision of community services including sports facilities, community centres and village halls.
- For economic development purposes, to provide affordable retail accommodation for local business.
- To provide allotment space for local residents.

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

31-Mar-24	Description	31-Mar-25
£'000		£'000
1,588	Not later than one year	1,991
5,522	Later than one year and not later than five years	6,133
51,983	Over 5 years	54,091
59,093	Total	62,215

Authority as Lessor: Finance Leases

There were no finance leases in 2024/25.

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.

2023/24	Capital Financing Requirements	2024/25
£'000		£'000
12,884	Opening Capital Financing Requirement 1 April	13,427
	Capital Investment	
3,347	Property, Plant and Equipment	13,089
153	Investment properties	690
0	Intangible assets	525
2,430	Revenue Expenditure Funded from Capital under Statute (REFCUS)	2,516
	Sources of finance	
(206)	Capital receipts	(370)
(2,514)	Government grants and other contributions	(6,891)
0	Sums set aside from revenue and reserves	(22)
(2,430)	Grants and contributions towards REFCUS	(2,516)
(237)	MRP	(255)
13,427	Closing Capital Financing Requirement 31 March	20,193

2023/24	Reconciliation to Balance Sheet	2024/25
£'000		£'000
92,285	Property, Plant and Equipment	108,138
34,743	Investment Properties	34,552
0	Intangible Assets	525
0	Assets Held for Sale	1,241
(60,897)	Revaluation Reserve	(64,946)
(52,705)	Capital Adjustment Account	(59,317)
13,427		20,193

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-24		31-Mar-25
£'000		£'000
	Amounts falling due within one year:	
1,513	Central government bodies	701
0	Central Government bodies - Business rates	0
716	Other Local Authorities & Public Bodies	2,792
7,673	All other bodies	7,473
	Less allowances for expected credit losses	
(758)	General Fund debtors	(379)
(1,869)	Housing benefit Overpayments	(1,630)
(487)	Council Tax Arrears	(566)
(369)	Business Rates Arrears	(365)
6,419	Total short-term debtors	8,026
83	Amounts falling due after one year (all other bodies)	62
6,502	Total Debtors	8,088

21. Cash and Cash Equivalents

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

2023/24	Description	2024/25
£'000		£'000
0	Cash held by the Authority	0
13,480	Bank current accounts	1,384
0	Short-term deposits	2,700
13,480	Total Cash and Cash Equivalents	4,084

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-24		31-Mar-25
£'000		£'000
	Amounts falling due within one year:	
(7,598)	Central government bodies	(5,528)
(2,217)	Other Local Authorities & Public Bodies	(2,800)
0	Public Corporations	0
(193)	Accumulated Absences	(216)
(7,225)	All other bodies	(7,392)
(17,232)	Total short-term creditors	(15,936)
(17,232)	Total Creditors	(15,936)

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 2024	(47)	(149)	(1,097)	(9)	(1,302)
Additional provisions made during the year	0	149	(621)	0	(472)
Amounts used in the year	0	0	1,203	0	1,203
Balance outstanding at 31 March 2025	(47)	0	(516)	(9)	(572)
Under 1 year	(47)	0	0	0	(47)
1 year and over	0	0	(516)	(9)	(524)
Balance outstanding at 31 March 2025	(47)	0	(516)	(9)	(572)

The Council has a liability for its share of refunds of rate income arising from successful appeals, check and challenges against rateable values. The provision decreased to £0.52m in 2024/25.

The Council has a liability for its share of the milestone payments that were due to Capita at certain stages of the contract. At the 31 March 2025 Havant's share of the liability was all cleared.

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 2025.

Contingent Assets

There are no contingent assets as at 31 March 2025.

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 2022/23 fees are yet to be determined by Public Sector Audit Appointments (PSAA). The 2023/24 was concluded in February 2025, 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.

2023/24	Description	2024/25
£'000		£'000
0	External Audit fee for Prior years	0
72	External audit services - 2021/22 (additional work)	49
0	External audit services - 2022/23	15
139	External audit services - 2023/24	46
0	External audit services - 2024/25	176
22	Other services	0
233		286

25. Members' Allowances

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

2023/24	Description	2024/25
£'000		£'000
359	Members Allowances	345
2	Expenses	2
361		347

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: 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 COST	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

Post holder information (Post title)	Salary (Inc. fees & Allowances)	Pension Contributions	Total Remuneration
	£	£	£
Financial Year: 2023/24			
Chief Executive	129,721	22,053	151,774
Chief Finance Officer (S151 Officer)	101,645	17,280	118,925
Chief Legal Officer & Monitoring Officer	104,412	17,750	122,163
Executive Head for Commercial	69,416	11,801	81,217
Executive Head for Internal Services	99,180	16,861	116,040
Executive Head for Coastal Partnership	107,157	18,217	125,374
Executive Head for Regeneration, Economic Development & Preventative Services	89,575	15,228	104,803
Executive Head of Housing and Communities	83,856	14,255	98,112
Executive Head of Place	92,040	15,647	107,687
TOTAL COST	877,003	149,091	1,026,094

Salaries over £50,000

2023/24		2024/25
27	£50,000 - £54,999	35
13	£55,000 - £59,999	20
9	£60,000 - £64,999	8
2	£65,000 - £69,999	5
5	£70,000 - £74,999	3
0	£75,000 - £79,999	1
2	£80,000 - £84,999	5
0	£85,000 - £89,999	0
2	£90,000 - £94,999	2
1	£95,000 - £99,999	1
1	£100,000 - £104,999	0
2	£105,000 - £109,999	0
0	£110,000 - £114,999	3
0	£115,000 - £119,999	1
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1
1	£130,000 - £134,999	0
65	Total count	85

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).

2023/24				Banding	2024/25			
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
2	0	2	26	£0 - £20,000	0	0	0	0
0	0	0	0	£20,001 - £40,000	1	0	1	27
0	0	0	0	£40,001 - £60,000	0	0	0	0
1	0	1	76	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	0	0	0
3	0	3	102		1	0	1	27

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.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 25. During 2024/25, 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 2024/25.

Entities Controlled or Significantly influenced by the Authority

There were no known entities controlled or significantly influenced by the Authority in 2024/25.

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-25	31-Mar-24	31-Mar-25	31-Mar-24
		£'000	£'000	£'000	£'000
Borrowing	2	2,598	2,711	231	231
Bank Overdraft		0	0	0	0
Total Borrowing		2,598	2,711	231	231
Long Term Creditors		0	0	0	0
Trade Creditors		0	0	7,392	7,225
Total Financial Liabilities		2,598	2,711	7,623	7,456

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-25	31-Mar-24	31-Mar-25	31-Mar-24
		£'000	£'000	£'000	£'000
Investments at amortised cost				25,357	30,734
Fair Value through profit or loss:					
Bonds	1	2,773	2,331	0	0
Property Funds	2	329	454	0	0
Multi – Asset Funds	1	4,150	4,172	0	0
Equity Funds	1	1,100	1,164	0	0
Total Investments		8,361	8,121	25,357	30,734
Cash at amortised cost		0	0	1,384	13,480
Money Market Funds		0	0	2,700	0
Total Cash & Cash Equivalents		0	0	4,084	13,480
Long Term Debtors		62	83	0	0
Trade Debtors		0	0	7,473	3,235
Total Financial Assets		8,423	8,204	36,914	47,449

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:

31-Mar-24	Income, expenses, gains and losses	31-Mar-25
£'000		£'000
(2,055)	Interest received from assets measured amortised cost	(2,209)
(369)	Investment income from assets measured a fair value through profit and loss	(357)
0	Fees paid	0
122	Interest expense	117
472	Net (gain)/losses on financial assets at fair value through profit and loss	(240)
(1,830)	Net impact on surplus/deficit on provision of services	(2,689)

(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-25		31-Mar-24	
		Balance Sheet	Fair Value	Balance Sheet	Fair Value
		£'000	£'000	£'000	£'000
Borrowing		2,824	2,750	2,942	2,752

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-24		31-Mar-25
£'000		£'000
1,241	0-30 days	1,780
41	31-90 days	119
179	91-180 days	280
697	Over 180 days	1,410
2,157	Total	3,590

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-24	PWLB	31-Mar-25
£'000		£'000
114	Less than one year	118
118	Between one and two years	123
385	Between two and five years	401
753	Maturing in five to ten years	784
1,568	Maturing in more than ten years	1,398
2,938	Total	2,824

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 4.80% (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 2019, 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.

2023/24	Local Government Pension Scheme	2024/25
£'000	Comprehensive Income and Expenditure Statement	£'000
1,673	Current Service Cost	2,419
24	Curtailments	0
1,697	Cost of Services	2,419
382	Net interest expense	294
382	Financing and Investment Income and Expenditure	294
2,079	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	2,713
(4,590)	Return on plan assets, less included in interest expense	2,049
0	Actuarial gains & losses:	0
(2,297)	Changes in demographic assumptions	(209)
35	Changes in financial assumptions	(16,466)
2,053	Other	(1,339)
0	Changes in the effect of the asset ceiling*	10,088
(4,799)	Remeasurement of the net defined benefit liability	(5,877)
(2,720)	Total Comprehensive Income and Expenditure Statement	(3,164)

*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:

2023/24	Local Government Pension Scheme	2024/25
£'000		£'000
(118,861)	Present Value of the Defined Benefit Obligation	(103,884)
113,484	Fair Value of Plan Assets	113,972
0	Effect of the asset ceiling*	(10,088)
(5,377)	Deficit	0
(714)	Present value of unfunded obligation	(566)
(6,091)	Net defined benefit liability	(566)

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 £0.6m 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:

2023/24		2024/25
£'000	Movement in Reserves Statement	£'000
2,079	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	2,713
(1,628)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,361)
451	Total taken to Note 7	352
£'000	Reconciliation of Fair Value of Employer Assets (scheme Assets):	
107,431	Value of Assets at 1 April	113,484
4,968	Interest income on plan assets	5,376
632	Contributions by Members	878
1,628	Contributions by the Employer	2,361
4,590	Return on assets excluding amounts recognised in Other Comprehensive Income	(2,049)
(5,765)	Benefits Paid	(6,027)
113,484	Total Assets	114,023

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

2023/24		2024/25
£'000	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£'000
(117,870)	Value of Liabilities at 1 April	(119,575)
(1,673)	Current Service Cost	(2,419)
(5,350)	Interest Cost	(5,670)
(632)	Contribution by Members	(878)
0	Actuarial Gains and (Losses):	0
2,297	Change in demographic assumptions	209
(35)	Change in financial assumptions	16,466
(2,053)	Other experience gains and (losses)	1,339
(24)	Losses on Curtailments	0
0	Changes in the effect of the asset ceiling	(10,088)
5,765	Benefits Paid	6,027
(119,575)	Total Liability	(114,589)
(6,091)	Net Liability at 31st March 2025	(566)

The significant assumptions used by the actuary have been:

2023/24		2023/24
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.1	Men	22.1
24.7	Women	24.7
	Longevity at 45 for future pensioners:	
22.6	Men	22.6
25.7	Women	25.7
2.8%	Rate of inflation (CPI)	2.8%
3.8%	Rate of increase in salaries	3.8%
2.8%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	4.8%

Fair value of employer assets

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

31-Mar-24				31-Mar-25		
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
37.94%	7.89%	45.83%	Equities	33.31%	8.92%	42.23%
0.00%	7.45%	7.45%	Property	0.00%	9.13%	9.13%
14.50%	0.00%	14.50%	Government Bonds	14.57%	0.00%	14.57%
4.74%	5.12%	9.86%	Corporate Bonds	4.53%	4.71%	9.24%
0.80%	0.00%	0.80%	Cash	1.94%	0.00%	1.94%
5.36%	16.20%	21.56%	Other	9.16%	13.73%	22.89%
63.34%	36.66%	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 estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis has been determined based on reasonably possible changes on the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumption in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumption may be interrelated. The methods and types of assumptions used in preparing the following sensitivity analysis did not change from those used in the previous period.

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 2025 stated the gross income of £8.8m (2024 £8.98m) and cost of sales of £6.9m (2024 £7.11m)). Its gross assets were £0.025m (2024 £0.009m) and net liabilities were £0.418m (2024 £0.377m).

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 £2,343,658 (£2,475,241 in 2023/24).

During 2024/25 the Council received £100,000 from the Portchester Crematorium Joint Committee (£100,000 in 2023/24) being its share of the distributable surpluses.

32. Agency Services

Agency Services are services that the authority provides on behalf of another organisation. The Authority acts as an agent for the collection of Council Tax and Business Rates as an agent for major precepting bodies and Central Government. Income and Expenditure relating to these arrangements are disclosed within the Collection Fund outturn. The Authority also acts as an agent on behalf of Central Government for the payment of Housing Benefit. The cost of providing Housing Benefit is met from subsidy paid by Government.

Covid Grants paid on agency basis	B//f	Income	Expenditure	Repayment of Excess	Total to be re-paid
Financial Year: 2024/25	£'000	£'000	£'000	£'000	£'000
Household Support	(10)	0	10	0	0
EBSS Grant	(16)	0	16	0	0
Total	(26)	0	26	0	0

SUPPLEMENTARY ACCOUNTING STATEMENTS

DRAFT

Collection Fund 2024/25

DRAFT

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.

2023/24	Collection Fund	2024/25
£'000		
	<u>Council Tax</u>	
	INCOME	
(85,808)	Income from Council Taxpayers	(90,452)
(196)	S13A Relief	(145)
(86,003)	Total	(90,597)
	EXPENDITURE	
	Precepts and demands on Collection Fund:	
61,182	Hampshire County Council	65,206
10,536	Hampshire Police & Crime Commissioner	11,120
3,370	Hampshire Fire & Rescue Authority	3,523
9,472	Havant Borough Council	9,901
	Apportionments of previous year surplus:	
(1,993)	Hampshire County Council	(266)
(337)	Hampshire Police & Crime Commissioner	(46)
(108)	Hampshire Fire & Rescue Authority	(15)
(316)	Havant Borough Council	(41)
	Bad & Doubtful Debts:	
162	Write offs of uncollectable income	244
768	Provision for uncollectable income-addition / (reduction)	808
82,736	Total	90,434
(3,268)	Movement on Fund Balance - (surplus)/deficit	(163)
	FUND BALANCE FOR COUNCIL TAX	
(373)	Balance brought forward	(3,641)
(3,268)	Surplus for year	(163)
(3,641)	Balance - (surplus)/deficit carried forward	(3,804)

2023/24	Collection Fund	2024/25
£'000		
	<u>Non-Domestic Rates</u>	
	INCOME	
(30,658)	Income from Ratepayers	(35,077)
(2,320)	Transitional Relief	(496)
	Apportionments of previous year deficit	
(902)	Central Government	(805)
(162)	Hampshire County Council	(145)
(18)	Hampshire Fire & Rescue Authority	(16)
(722)	Havant Borough Council	(644)
(34,782)	Total	(37,183)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
17,103	Central Government	17,754
3,078	Hampshire County Council	3,196
342	Hampshire Fire & Rescue Authority	355
13,682	Havant Borough Council	14,203
	Bad & Doubtful Debts	
14	Interest on Refunds	239
84	Transitional Relief	500
152	Write offs of uncollectable income	564
14	Bad Debt Contribution	(11)
	Impairments resulting from appeals	
(1,928)	Settled reductions for Rateable loss	(3,006)
941	Contribution to provision for Rateable Loss	1,553
134	Transfer to General Fund - Cost of Collection Allowance	133
0	Renewable Energy	0
33,616	Total	35,480
(1,166)	Movement on Fund Balance - (surplus) / deficit	(1,703)
	FUND BALANCE FOR NON-DOMESTIC RATES	
	Collection Fund - Council and Business (Surplus)/Deficit	
2,130	Balance brought forward	964
(1,166)	(Surplus) / deficit for year	(1,703)
964	Balance - (surplus) / deficit carried forward	(739)
	COLLECTION FUND BALANCE	
1,757	Balances brought forward	(2,677)
(4,434)	(Surplus) / deficit for year	(1,866)
(2,677)	Balance - (surplus) / deficit carried forward	(4,543)

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 - 2024/25	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)	7.2	5/9	4.0	0.1	4.0
Band A - up to £40,000	4,772.5	6/9	3,181.7	39.8	3,141.9
Band B - over £40,000 up to £52,000	11,296.5	7/9	8,786.2	109.8	8,676.4
Band C - over £52,000 up to £68,000	11,496.5	8/9	10,219.1	127.7	10,091.4
Band D - over £68,000 up to £88,000	9,202.1	9/9	9,202.1	115.0	9,087.0
Band E - over £88,000 up to £120,000	5,362.4	11/9	6,554.0	81.9	6,472.1
Band F - over £120,000 up to £160,000	2,412.8	13/9	3,485.2	43.6	3,441.6
Band G - over £160,000 up to £320,000	908.3	15/9	1,513.8	18.9	1,494.9
Band H - over £320,000	34.5	18/9	68.9	0.9	68.1
Tax Base	45,492.8		43,015.0	537.7	42,477.3
Add MOD Adjustment					50.8
Tax base for Council Tax Requirement					42,528.1

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 RATEPAYERS

Under the arrangements for business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. The national multipliers for 2024/25 were:

- 49.9p for qualifying Small Businesses (49.9p in 2023/24)
- 54.6p for other businesses (51.2p in 2023/24) – the standard multiplier
- The rateable value as at the 31st March 2025 was £91,088,744 (£91,031,159 as at 31 March 2024).

ANNUAL GOVERNANCE STATEMENT

Introduction

The Leader of the Council (Councillor Philip Munday) and Chief Executive (Steve Jorden) 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 2024-25 financial year.

The purpose of the governance framework

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.

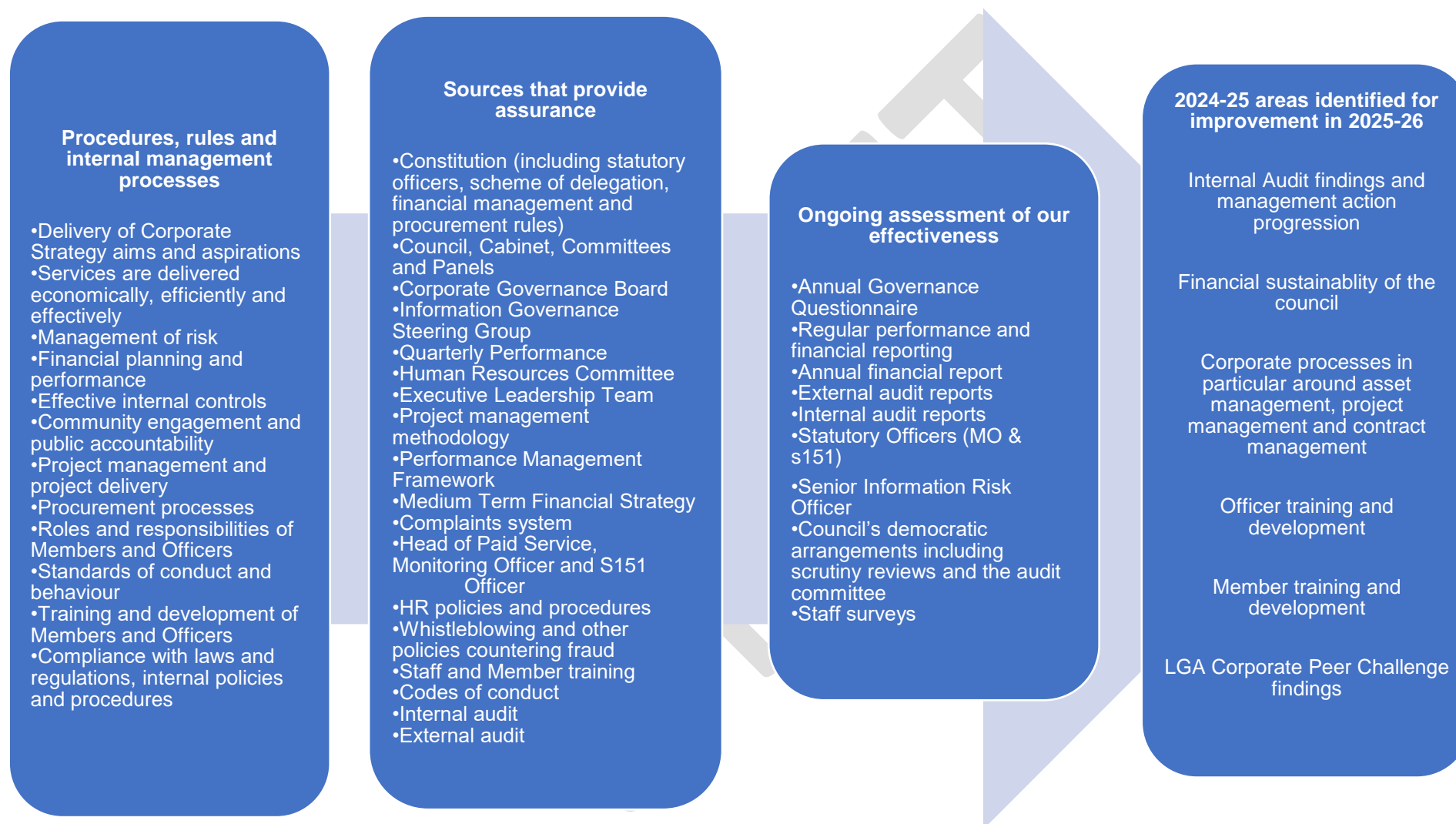
The governance framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The framework recognises that the Council's business is focused upon its strategic aims and aspirations and seeks to facilitate delivery to our 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 Executive Leadership Team which comprises the Chief Executive, Executive Heads, Chief Finance Officer (Section 151 Officer) and the Chief Legal Officer (Monitoring Officer). The Executive Leadership Team is further supported and provided with assurance by:

- a) the Corporate Governance Board, which monitors non-conformance of the new report writing process of decision reports going forward to Cabinet, Council and committees.
- b) the Information Governance Steering Group, chaired by the Senior Information Risk Officer, which provides oversight on data protection, information security and information risk.
- c) A regular meeting of Statutory Officers.

How do we know it is working?

The annual process that we use to maintain and review effectiveness of our governance arrangements is outlined below:



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 a reduction in complaints in 2024-25 (309 received compared to 513 in 2023-24) and a reduction from 3 to 2 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 [Executive 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. During 2024-25 due to a Boundary Review we held an all-out election in May 2024 which brought significant political change. A new Leader was elected by the council, and a coalition of Labour, Liberal Democrats and Green councillors formed the Cabinet.

Following this, we adopted a new Corporate Strategy in September 2024 which 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 98% responded within deadline and the average response time of just over 8 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. 58% of residents were satisfied with how the council runs things, however only 37% of residents felt that the council acts on the concerns of local residents. 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 on 2025 and 2026, highlighting our commitment to ongoing engagement and improvement work.

Following the adoption of our new Corporate Strategy we held a series of meetings across the borough, with over 205 residents attending, to explain our new Corporate Strategy.

During 2024-25 we developed an [Engagement Strategy](#) which 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 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 use social media such as Facebook, X, LinkedIn, Nextdoor and Instagram to get updates from and interact with the Council. In addition, regular updates are sent out via GovDelivery which has over 23,000 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 2024-25, this included [engagement on development of our Active Wellbeing Strategy](#), [Waterlooville Leisure Centre improvements](#) and continued engagement with Waterlooville town centre improvements. 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

A new [Corporate Strategy](#) has been developed and was approved in September 2024; the new 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.

During the year a Data Maturity Assessment was completed which will inform our emerging Data Use and Analytics Strategy. The new Data Use and Analytics Strategy will help to enable evidence based decision making, promote secure and ethical data use, foster a culture of data literacy and innovation and empower residents and staff through better data access.

Additional during the year we developed a new [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 new Climate Change Strategy we developed a [Biodiversity Strategy](#) to provide a framework for action towards nature recovery. We have a climate change and environmental 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 during 2024-25 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 is developing 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 Executive Leadership Team on a quarterly basis to ensure that the objectives in the Corporate Strategy are on target. Financial forecasts are submitted to the Executive 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
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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, where possible, should be from different political parties.</p> <p>Our Corporate Strategy considers the outcomes of our priorities, and this is shown in both the strategy and our corporate performance reporting.</p>

E. DEVELOPING THE COUNCIL'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT
How the Council meets these principles
<p>The council's senior leadership team structure was designed in 2022 following the separation of shared management arrangements with a neighbouring council, and follows the Local Government Association's decision making accountability (DMA) principles. This is intended to promote "delayed" management structures, delegation of decision making to the most appropriate levels in the organisation, and empowerment of staff and leaders.</p> <p>The chief executive is the Head of Paid Service and leads the Executive Leadership Team, which is comprised of Executive Head, the Monitoring Officer, the Section 151 officer and Chief HR Officer. ELT meets weekly to discuss strategic and operational</p>

matters, and is committed to working collaboratively in accordance with the council's values to obtain the best outcomes for residents of the borough.

In addition, a new set of values and behaviours for the Council was established and these are referenced in the new Corporate Strategy. The values and behaviours were used as a basis for recruitment to the new Executive 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 meeting and all staff must complete an end of year appraisal discussion. In 2024-25 mandatory e-learning courses were introduced 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 will be done through the Corporate Governance Board going forward.

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 80%, indicating an engaged workforce. In the most recent survey, 84% of staff said they were proud to work for the council and 88% 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.

During the year a full review of all Democratic forms and procedures was completed and this results in a new Committee report template, a suit of training through 'lunch and learn' for officers to attend, training to senior leaders and updated guidance on decision making, committee report writing and Scheme of Delegation.

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 their own intranet and access to the elearning platform where additional training, or training slides etc are stored for their ease of use and access as they require.

In addition to the compulsory training, a series of other courses and events are also offered. Under the Councillor Development Programme and accompanying Competency Framework, during the course of a Councillor's term of office, regular skills audits are undertaken to identify any new skills requirements or refresher training requirements.

F. MANAGING THE RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT
How the Council meets these principles
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 Executive 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.</p> <p>The Council's budget report contains a summary of the budget that was set for Havant Borough Council for 2024-25, as approved by the Council in February 2024. 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. At the most recent budget the s151 recommended that in relation to the Medium-Term Financial Strategy that the Council embarks on a five-year savings and efficiency programme starting in early 2025-26. The aim of the programme will be 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 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.</p> <p>Procurement frameworks are in place for the purchase of goods and services and to ensure all contracts are appropriately procured and managed. Details on procurement are</p>

published on our website as well as data about the contracts that the council has with external suppliers.

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) and the Data Protection Act 2018 (DPA 2018). 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 protecting information 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.

Information Governance is overseen by the Information Governance Steering Group chaired by the Executive Head of Internal Services 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 Executive 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 Executive Leadership Team and Audit & Finance Committee by the Internal Auditors as part of quarterly reporting.

The Council has appointed the Chief Finance Officer 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.

Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the following areas:

Area	Review of effectiveness
Political leadership	<ul style="list-style-type: none"> During the year Cabinet approved a 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 a number of items including, a task and finish panel on events, pre-scrutiny reviews on planning enforcement, consultation on the Local Plan, Hayling Island consultation strategy, budget 2025/26 and Active Wellbeing Strategy. In addition regular updates were provided from across the organisation on performance at both corporate level and team level. An annual report was published covering all the activity of the Overview & Scrutiny Committee During budget setting, there was consistent and rigorous consultation between Finance, management, Cabinet Leads and Cabinet. Cabinet

	<p>provided a strong lead on prioritisation and action needed, to deliver a balanced budget.</p> <p>Aa new administration was formed in May 2024, both Cabinet and Executive Leadership Team held awaydays and met regularly to ensure a strong member/officer relationship</p>
Officer leadership	<ul style="list-style-type: none"> • Signing of an Assurance of Compliance document by all of ELT confirming compliance with governance arrangements for 2024-25 • Updates are provided to ELT, 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 Executive Heads was enhanced via regular meetings of the Operational Leadership Team • Agreed to hold an LGA Corporate Peer Challenge held in July 2025.
Internal assessment and monitoring	<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 Annual Governance Questionnaire is a survey run every January which asks officers for their self-assessment of the effectiveness of governance arrangements in their service area. Participation has improved in recent years following the extension of the questionnaire to all staff to reflect that good governance is everyone's responsibility • The results of the questionnaire highlighted the following: <ul style="list-style-type: none"> ○ Slight deterioration in scores around effectiveness of governance when compared to the previous year. ○ Areas of strength: <ul style="list-style-type: none"> ▪ Improved perception of awareness of the Code of Conduct and Member/Officer protocols ▪ Compliance with FOI procedure ○ Areas for improvement: <ul style="list-style-type: none"> ▪ Training plans in place for staff ▪ Concern around officer and member behaviour, however, percentage of respondents agreeing that in general officers act in public interest is very high at 91% <p>Statements about the culture of transparency and openness and fairness and equality at the Council remained high with over 87% either strongly agreeing or agreeing. Areas that scored poorly in the questionnaire will be targeted with a programme of improvements throughout 2025-26 and the questionnaire will be repeated to see if any trends can be identified.</p>

Chief Finance Officer (s151)	<p>The Chief Finance Officer (S151) is the Responsible Financial Officer and is a member of the Executive Leadership Team. They are responsible for delivering and overseeing the financial management arrangements of the Council.</p> <p>The main channels used by the s151, to ensure and assure effectiveness over 2024-25 were:</p> <ul style="list-style-type: none"> • Putting in place new reporting requirements for financial monitoring with more regular reports coming through to Executive Leadership Team on the financial performance of the council • Deployment of a new finance system for implementation during 2024-25 • Review of the Capital programme to ensure a more robust programme is in place and a new Investment Strategy in place. • Setting of the 2025-26 budget and updated Medium-Term Financial Strategy.
Chief Legal Officer (MO)	<p>The Chief Legal Officer (Monitoring Officer) is a member of the Executive 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 2024-25 were:</p> <ul style="list-style-type: none"> • ELT signing Assurance of Compliance document • Updating the Scheme of Delegation • New training and guidance provided on decision making and report writing • Resetting of the Corporate Governance Board to ensure decision papers going forward were robust and considerate of all relevant issues including utilising ModGov reporting
Senior Information Risk Owner (SIRO)	<p>The Senior Information Risk Officer for the Authority is the Executive Head of Internal Services. 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 2024-25, were:</p> <ul style="list-style-type: none"> • Close working with key roles such as the Chief Policy Officer, 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.

	<ul style="list-style-type: none"> • Promotion of Information Governance Steering Group, who members include the Monitoring Officer, the Data Protection Officer, the Chief Policy Officer and IT. This met regularly during 2023-24 with a total of six meetings. • Participation as a standing member and attendee of the Executive 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 Audit and Finance Committee. Any outstanding high risk actions are addressed as a matter of priority. • Any outstanding management actions are reported to the Executive Leadership Team to ensure that these are escalated where necessary and completed within a reasonable timescale. • A number of areas that were audited in 2023-24 received 'limited assurance' ratings which led to an overall audit opinion for the council being rated as limited assurance for that financial year. A robust management response was produced to ensure the issues are addressed. • The Southern Internal Audit Partnership delivered [tbc] internal audit opinions over the course of the year ending 31 March 2025 with [tbc] 'substantial' assurance reports, [tbc] 'reasonable' assurance reports, [tbc] '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 [tbc] 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. • 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. • Ernst & Young LLP also provided an unqualified opinion of the Council's arrangements to secure Value for Money.

Last year's key improvement areas

In the 2023-24 Annual Governance Statement, three key issues were identified for improvement. Below are the issues and actions taken during 2024-25.

Improvement area	Issue of concern	Objective and actions taken
Training and development	<p>A robust understanding of the corporate strategy, and associated reporting.</p> <p>A clear understanding and operation of the Member and Officer role and relationship.</p>	<ul style="list-style-type: none"> • All Member Briefings • Member and Officer training programme throughout the year • Member training report produced • Member surveys to ensure training delivery remains appropriate for current Council members.
Overview and Scrutiny Committee	Facilitate and support the Overview and Scrutiny Committee to ensure it holds the Council to account and in doing so, ensures that the Council remains transparent, accountable and open – resulting in improved public policies, services and outcomes	<ul style="list-style-type: none"> • A work programme developed. • Centre for Governance & Scrutiny training • Review of Overview and Scrutiny Standing Orders • Updated handbook developed and agreed. • Executive & Scrutiny Protocol established and agreed.
Shareholder Sub-Committee	Embedding more effective shareholder oversight of Companies and Joint Ventures.	<ul style="list-style-type: none"> • Reviewed Shareholder Committee membership and Terms of Reference • Developed a work programme/ business planning cycle
Information Asset Management	Executive and Operational Leadership Team understanding of responsibilities, and operation of due policies and processes	<ul style="list-style-type: none"> • Executive Head reviewed Information Asset Arrangements. • Operational Leadership training and support.
Embedding effective decision making, report standards and recording	<p>Embedding Cabinet Lead and Executive Head ownership of Key Decisions and associated report submissions.</p> <p>More robust consideration and discussion of implications, risks and consultation elements for Key Decisions.</p> <p>Recording of delegated decisions.</p>	<ul style="list-style-type: none"> • Induction, briefings and 121 support for Cabinet Leads. • Feedback to Executive Heads on development areas. • Regular review at Executive Leadership Meetings. • Development of "Implications" processes, supported by briefings to

		<p>Executive and Operational Leadership Teams.</p> <ul style="list-style-type: none"> • Training and briefing sessions. • Annual Compliance check completed for ELT and briefing providing to OLT ahead of OLT compliance check for 2025/26 • Internal Audit into decision making received 'Substantial assurance' rating. • Deployment of ModGov workflow to support compliance and ensure proper review and sign off.
Compliance with financial controls and contract standing orders	<p>Full reporting and transparency on contracts.</p> <p>Improved adherence to agreed cash limited budgets. Identifying financial risks in time to implement corrective action and Ensuring reporting and controls support this</p>	<ul style="list-style-type: none"> • Contract amnesty completed. • New procurement service launched with service brought back in-house • Contract Standing Orders updated • Improvement in budget monitoring information through increased reporting • Targeted budget management training for service managers
Service planning	Implement and embed service planning, to support achievement of the corporate strategy, and the link between this, and team and personal objectives.	<ul style="list-style-type: none"> • Implemented Corporate Strategy Delivery Plan which makes clear link between Corporate Strategy and services. • Reviewed personal objectives forms with HR to ensure link between Corporate Strategy and objectives are made.

Progress of the above actions was monitored during the year with quarterly reporting to Executive Leadership Team

Identified key improvement areas

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 2025-26.

Issue of concern	Key improvement	Lead officer	Action required
Internal Audit findings and management action progression	<ul style="list-style-type: none"> Internal Audit results and annual opinion Outstanding management actions 	Chief Finance Officer	<ul style="list-style-type: none"> Improvement in internal audit action planning Reduction in outstanding management actions Application of lessons learnt and findings, as part of a programme of continuous improvement.
Financial sustainability of the council	<ul style="list-style-type: none"> Establishment of savings and efficiency plan 	Chief Finance Officer	<ul style="list-style-type: none"> Programme in place to deliver savings and efficiencies Governance of programme with officer and member oversight Delivery of savings and applications of mitigations where an option does not secure the desired impact.
Corporate processes in particular around asset management, project management and contract management	<ul style="list-style-type: none"> Embedding across the organisation of corporate processes 	Executive Head of Commercial Executive Head of Internal Services	<ul style="list-style-type: none"> Monitor effectiveness of corporate process through Corporate Governance Board. Use of Management Information to ensure transparency and accountability.

Officer training and development	<ul style="list-style-type: none"> • Invest in top team training • Manager training 	<p>Chief Executive</p> <p>Chief HR Officer</p>	<ul style="list-style-type: none"> • Delivery of a leadership development programme • OLT development • Training plans in place for staff
Member training and development	<ul style="list-style-type: none"> • Training uptake of members • Targeted training 	Chief Legal Officer	<ul style="list-style-type: none"> • Governance Committee training as identified by External Audit • Annual report on member training produced • Commitment by Cabinet to encourage member development member survey undertaken
LGA Corporate Peer Challenge findings	<ul style="list-style-type: none"> • Production of action plan to address findings within the LGA Corporate Peer Challenge Report 	Chief Policy Officer	<ul style="list-style-type: none"> • Publication of Peer Challenge Feedback report • Completion of Action Plan as per timelines • Delivery of actions, with regular accounting to ELT and Cabinet.

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 above matters 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

INDEPENDENT AUDITOR’S REPORT

DRAFT

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.