



# **STATEMENT OF ACCOUNTS 2024/25**

DRAFT UNAPPROVED

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# NARRATIVE STATEMENT

This narrative statement provides a brief explanation of the Council's overall financial position and some key messages which aim to assist readers in the interpretation of the accounting statements.

## **The Borough of Test Valley**

Test Valley covers 62,758 hectares on the western side of Hampshire. The borough contains a mixture of urban, semi-urban and rural areas, with a large proportion of residents living in either Andover or Romsey and the surrounding areas, or in towns and villages scattered across the borough.

### **Key facts about Test Valley**

Population 137,000 (Small Area Population Forecast 2024 base)<sup>1</sup>

Average house price £383,200 March 2025 (£272,900 National Average)<sup>2</sup>

78.9% of 16 – 64 year olds in employment (78.7% National Average)<sup>3</sup>

Average gross weekly (full time) earnings £750.60 (£729.80 National Average)<sup>3</sup>

1,560 (2.0%) of working age residents claiming universal credit (4.1% National Average)<sup>3</sup>

5,850 Business Enterprises<sup>3</sup>

16,180 tonnes of waste recycled or composted in 2024/25

Source:

1. *Hampshire County Council*
2. [www.gov.uk](https://www.gov.uk) *House Price Index*
3. *NOMIS – Official Labour Market Statistics*

### **Governance**

During 2024/25, Test Valley Borough Council consisted of 43 elected Councillors representing 20 wards. The political structure at the end of the year was:

Conservative 26

Liberal Democrat 17

Further details of the governance arrangements in place at the Council are contained in the Annual Governance Statement accompanying these accounts.

## **Council Priorities, Corporate Plan and Performance**

In April 2023, the council launched its Corporate Plan, *A Place for Everyone – Supporting our Communities to Thrive*, which sets the authority's strategic direction from 2023 through to 2027. The plan includes the following strategic priorities:

- *Sustainability*, delivering lasting benefits for our communities.
- *Prosperity*, economic growth that impacts positively on our communities.
- *Connection*, building upon the identity, strengths and ambitions of our communities.

- *Inclusion*, working together to create opportunities for our communities.
- *Environment*, a greener borough for our communities.

The Corporate Plan is underpinned by a Corporate Action Plan (CAP) which runs for the lifetime of the plan and is updated annually which shows in detail how the council is making progress against these priority aims.

Each year, a review is undertaken to update the CAP to ensure it continues to highlight the significant projects that the council is taking forward in pursuit of its corporate priorities.

More information on our Corporate Plan can be found on our website:

[www.testvalley.gov.uk/corporateplan](http://www.testvalley.gov.uk/corporateplan)

### **Achievements against the Corporate Action Plan**

Given the scale and scope of the projects that form the CAP, it is expected that most projects that feature on the CAP will do so for multiple years.

Headline examples of progress in year two of the Corporate Plan include:

- Council approved £2.2M budget for the demolition of Unit 62, Chantry Centre. Demolition contractors, Erith, have been appointed and will be taking control of the site in early June. A planning application for the new theatre will be submitted in July, after Cabinet approval is sought. This will include designs for the new 'theatre square' space at the entrance of the theatre and Chantry Centre.
- Following a series of engagement events, the Western Avenue planning application has been submitted and is being considered. Consultants have been commissioned to investigate the feasibility of different options for the former Magistrates Court site and what mechanisms might be available to secure delivery.
- In Romsey, further work has been undertaken regarding community facilities. A feasibility study has been commissioned to review the options recommended by the Romsey Citizens' Assembly (held in September 2024). This study, along with other evidence base studies and mitigation requirements, will help inform the next steps for progressing the delivery of the Romsey masterplan. A report is due to be considered by Council in July.
- £100,000 of UK Shared Prosperity Funding funding has been allocated to support projects across the town, including updates to the Plaza Theatre, benches for the Romsey Abbey Wildflower meadow, equipment for Wilder Romsey to keep Romsey's waterways clean and educational materials for King John's House.
- The updated Climate Emergency Action Plan (CEAP) was approved by Cabinet in November 2024 and has been published. It provides the basis for focussing our attentions over the next three years. The council is now working on implementing the actions it contains.
- An initial borough wide study was undertaken to see where there would be potential for heat networks. This Test Valley heat zoning report was completed in September 2024. The findings of this have been fed into the feasibility study.

- The council directed nearly £250,000 of Rural England Prosperity Funding to 19 capital community projects throughout the rural areas, enhancing community facilities and green spaces, supporting the resilience and wellbeing of rural communities.
- The Net Zero Support Service was launched during the reporting period and is currently working well - Test Valley Rural Net Zero Programme; nearly 100 businesses supported, over 25 grants distributed and a regenerative farming pilot demonstrator delivered.
- The decarbonisation project at Bourne House has been completed. It included installing insulation, replacing a gas boiler with a low carbon heating system in the office area, and installing solar panels at the site.
- A number of the actions in the CEAP have been progressed or completed. This includes Cabinet approving the guide to making historic buildings more energy efficient, which has been published on our website. A study has been commissioned to explore the existing carbon sequestration of the council's parks, nature reserves and other green spaces as well as understand opportunities to do more on this. Council has approved £200,000 for a new community climate change grant.
- The council, in partnership with Andover Vision, Thinks Insight and Strategy, and local health partners ran deliberative health engagement sessions. The project brought together Andover residents to create a set of shared priorities for community health projects in Andover. The outcomes from the project have helped to inform the development of Community Wellbeing Worker posts which are to be deployed in an area of high deprivation and health inequality in Andover.
- Working in partnership with the Construction Industry Training Board to deliver Employment and Skills Plans for large scale residential and commercial developers, which link the sites to local schools and colleges. We also delivered job and employment fairs in Romsey and Andover.
- In preparation for new food waste collections, 10 food waste collection vehicles have been ordered, the Council's Operator Licence has been extended and Portway Depot has been expanded with work to be completed shortly at Bourne House Depot ready to accommodate the new vehicles. 65,000 kitchen caddies, 60,000 kerbside caddies and 1,000 communal bins have been procured, with some already delivered, and a caddy delivery contractor has been procured. Following the approval of including a 'starter pack' of liners when the caddies are delivered, 68,000 rolls of caddy liners are currently being procured.
- The Community Planning Toolkit has been expanded and updated and was launched at the Test Valley Association of Parish and Town Councils. The toolkit can now be used by our communities to have meaningful public consultation to identify their local issues and needs, set priorities in a Community Plan and establish projects to deliver them.
- The Preventing Homelessness and Rough Sleeping Strategy was adopted by the Council in April 2024. A new structure is in place within the Housing Needs Service to support upstream homelessness, focussed on the promotion of the Duty to Refer, as well as ensuring customers are provided prompt advice and support. The council held a Homelessness Forum to gather partner feedback on the early signs of

homelessness to develop a toolkit for professionals. We have a number of challenges to consider such as the withdrawal of social inclusion funding from County and the implementation of the Renters Rights Bill and Supported Accommodation Act.

- The Council has been delivering the Test & Learn Pilot, which uses data and trends in homelessness cases to identify those who could be at risk of homelessness in 6 months' time.
- The Council continues to prepare the new housing strategy. Customer engagement sessions took place in January/February 2025, and further engagement with stakeholders is currently ongoing. The two OSCOM housing panels continue to meet regularly, and will conclude in August 2025, with recommendations from those panels helping to identify our priorities for the new strategy.
- The Economic Development Strategy was adopted in April 2024. Key highlights include the delivery of three Manufactured in Andover group meetings, each hosted by Andover businesses and attended by Hampshire Growth Hub and Make UK; delivery of the Test Valley UK Net Zero programme with Inclusive, nearly 100 businesses engaged and over 25 small grants have been allocated and the full allocation of Rural England Prosperity Fund, with 15 projects allocated.
- The revised Regulation 18 Local Plan focuses solely on how the Council is seeking to address its significant increase in housing needs. Preparation of the revised Regulation 18 has been informed by engagement with members, stakeholders, infrastructure providers and representations made on the previous drafts of the Local Plan.
- The Test Valley Partnership met in October, and focused on how partners understand and build youth resilience, and why it matters. The focus over the next six months will be on further developing the strategic agenda and building the action and delivery plan, so that the Partnership can support greater joint working and coordination beyond the bi-annual meetings.
- Since April 2024 the Civilian Military Forum (CMF) has met three times. The purpose of the forum is to foster collaboration among armed forces partners and wider community organisations. Each meeting has consisted of information sharing, sign posting, and presentations from local charities and organisations. Additionally, the CMF has reviewed and approved a draft of a new Armed Forces Covenant

### **Financial Performance**

The Council monitors its budgets under two major headings: Revenue and Capital. Revenue spending relates to items consumed in the year and is financed from Council Tax, business rates, fees & charges, government grants and other income. Capital spending creates assets with a life of longer than one year and is financed from the sale of assets, government grants, developer contributions and transfers from the revenue account.

### **Revenue Outturn for 2024/25**

The initial forecast of General Fund revenue requirements began soon after the budget for 2023/24 was approved. A significant range of essential savings / improved income

opportunities were identified and included in the budget and this is likely to be required again in the medium term.

The detailed budget was approved by Council on 29<sup>th</sup> February 2024. The approved net expenditure forecast for 2024/25 totalled £19.227M.

The actual outturn for 2024/25 reported to Cabinet on 28<sup>th</sup> May 2025 was £162,000 better than expected. The main reasons for this variance were:

- £366,000 lower than budgeted employee costs
- £162,000 lower than budgeted transport costs
- £740,000 additional investment income
- £242,000 lower than budgeted income from services
- £91,000 higher than budgeted planning appeal and associated legal costs
- £262,000 higher than budgeted property maintenance costs
- £225,000 lower than budgeted benefit overpayment recovery
- £290,000 higher than budgeted homelessness (emergency accommodation) costs.

The surplus of £162,000 was transferred to the Asset Management Plan Reserve. This reserve is used to fund future repair and replacement of operational assets.

A summary of the approved budget and final outturn for revenue activities is shown in the following table.

	<b>Approved Budget 2024/25 £'000</b>	<b>Actual 2024/25 £'000</b>	<b>Variance £'000</b>
Service expenditure (including investment property income and expenditure)	20,325	18,315	2,010
<b>Corporate Items</b>			
Reversal of capital charges including depreciation	(5,864)	(5,950)	86
Investment income, borrowing and MRP	(3,829)	(4,569)	740
Non-service related grants	(8,582)	(8,993)	411
Business rates levy	3,876	3,613	263
Retention of business rates for renewable energy schemes	(984)	(973)	(11)
Transfers to earmarked / capital reserves	14,285	17,335	(3,050)
Transfers to earmarked reserves arising from surplus in year	0	162	(162)
Transfer to / (from) Pension Reserve	0	315	(315)
Other	0	(28)	28
<b>GENERAL FUND REQUIREMENTS</b>	<b>19,227</b>	<b>19,227</b>	<b>0</b>
<b>Met By</b>			
Locally retained business rates	6,987	6,987	0
Council Tax	8,877	8,877	0
Other Collection Fund	3,363	3,363	0
<b>TOTAL REVENUE RESOURCES</b>	<b>19,227</b>	<b>19,227</b>	<b>0</b>

### Accounting for Business Rates

Under the accounting arrangements for business rates, the Council retains 40% of the business rates collected; this was estimated in the original estimate to be £28.785M for 2024/25. From this amount the Council was required to pay the government a 'tariff' of

£21.798M, leaving net budgeted income from rates' growth in the year of £4.401M compared to a baseline of £2.586M.

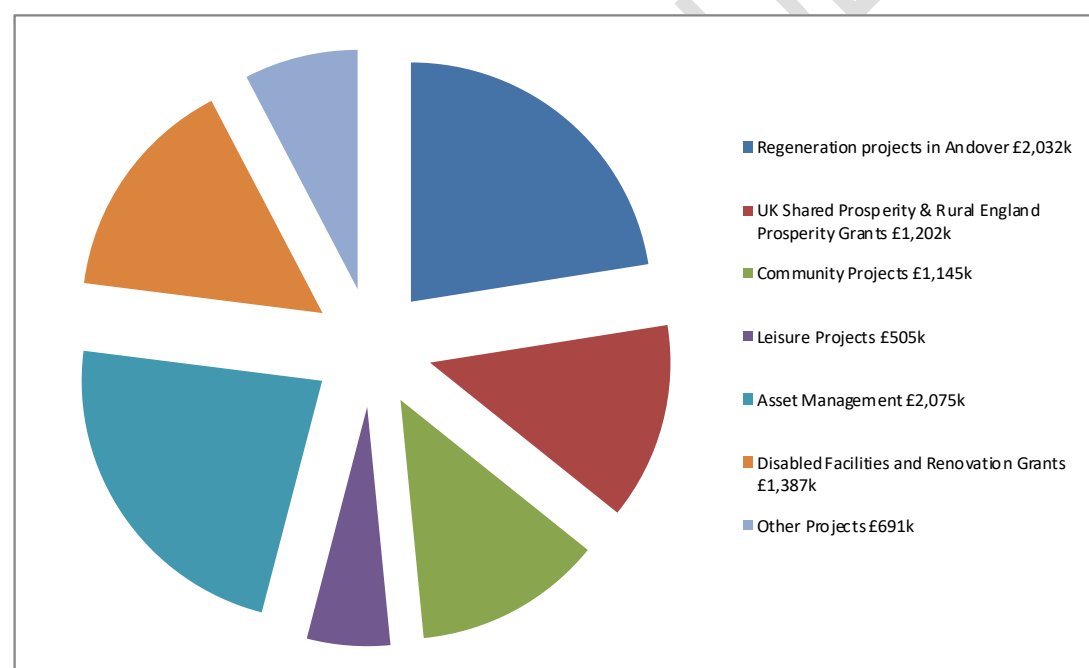
A complicated system of grants in respect of small business rates and other reliefs along with a levy for growth over the baseline figure is also in place. The budget assumed, after taking account of these reliefs and grants, a growth above the baseline of £7.752M resulting in a levy of £3.876M being payable. The actual retained income after taking account of the grants was £9.812M, a growth of £7.226M over the baseline figure. Of this, 50% is payable to the government as a levy on growth, after which the Council will retain a net surplus of £3.613M.

A summary of the position is shown in the following table.

	£'000
Total retained income from business rates	9,812
Baseline	(2,586)
<b>Net growth on business rates</b>	<b>7,226</b>
Levy @ 50% payable to government	(3,613)
<b>Income retained by Test Valley</b>	<b>3,613</b>

## Capital Programme

Capital spending for the year totalled £9.037M, as summarised in the following chart:



The Council has invested substantially in capital projects in the year. The most significant was expenditure on regeneration projects in Andover for works to the new riverside park and theatre development at a total of £2.032M.

The Council finances its capital expenditure from a mixture of usable capital receipts, capital grants and contributions, contributions from revenue and reserves and borrowing. In 2024/25, 49% came from revenue contributions and reserves (£4.390M). The remainder of the capital expenditure was funded from capital grants and contributions (£4.257M) and capital receipts (£390,000). The Council has set aside reserves for the future maintenance of its assets; budgeted asset management costs in 2025/26 and beyond will be funded from these reserves.

Approved capital investment over the next financial year is as follows:



	<b>2025/26 £'000</b>
Asset Management Projects	3,631
Disabled Facilities & Renovation Grants	2,199
Sports & Recreation	2,635
Community & Leisure Projects	611
Regeneration Projects	4,610
Investment Properties	3,068
External community projects funded from Community Infrastructure Levy	1,769
UK & Rural Prosperity Funds	343
Local Authority Housing Fund	1,080
Waste Service Changes	1,852
Other Capital Projects	747
<b>TOTAL</b>	<b>22,545</b>

### **Financial Position at the Year End**

General Fund reserves stood at £2.604M at 1<sup>st</sup> April 2024. A review of reserves was carried out during the year and following a reallocation the General Fund reserve was increased to £3.0M.

In addition to the General Fund balances mentioned above, the Council held earmarked reserves of £61.261M available for specific revenue purposes and capital reserves of £25.888M available to spend on capital schemes.

### **Valley Housing Limited**

On 30<sup>th</sup> April 2016, Valley Housing Limited, a Housing Development and Management Company which is a wholly owned subsidiary of Test Valley Borough Council was incorporated. Group accounts have not been prepared for the year ended 31<sup>st</sup> March 2025 as the value of transactions is not considered to be material.

### **Prior Period Adjustment to correct a Material Error**

A material error relating to property, plant and equipment assets that have not been included in the Statement of Accounts in previous years has been identified. £2.997M of land and buildings was not included in the balance sheet. The relevant balances have been restated for 2023/24 and are shown on page 15 and explained further in Note 2 to the accounts.

### **Conclusion**

The overall financial results for the year continue to show stability in the Council's overall financial position. Reserves remain at a sustainable level to ensure delivery of Corporate Plan objectives.

The biggest risk to the ongoing revenue budget remains the potential impact of a business rates reset, which is expected to be implemented from April 2026. The extent of the reset and any transitional arrangements will be a fundamental factor in setting future year budgets. Government decisions related to devolution and local government re-organisation, that were announced late in 2024, will also doubtless require significant resource over the medium term – the impacts of which will be covered in greater detail in next year's accounts.

I would like to extend my appreciation to all those that have contributed to the production of this year's Statement of Accounts.

**Carl Whatley FCCA**  
Head of Finance & Revenues

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# EXPLANATION OF THE ACCOUNTING STATEMENT

The purpose of the Council's Statement of Accounts is to give interested parties clear information about the Council's finances.

There have been one change in accounting policy in 2024/25 in relation to IFRS16 Leases.

The accounts for 2024/25 consist of the following key statements:

- **The Statement of Responsibilities** declares the respective responsibilities of the Council and the Head of Finance & Revenues for the production of the Statement of Accounts.
- **The Expenditure and Funding Analysis** is a note to the financial statements, rather than a key statement. It shows all income and expenditure incurred by the Council throughout the year under statutory funding provisions and the adjustments that are required to these figures to produce the Comprehensive Income & Expenditure Statement under generally accepted accounting practices.
- **The Comprehensive Income & Expenditure Statement** shows all income and expenditure incurred by the Council throughout the year; it includes day-to-day transactions from running the organisation as well as gains / losses on assets and pension liabilities. The total comprehensive income and expenditure shown represents the total movement in the Council's reserves during the year.
- **The Movement in Reserves Statement** summarises the changes in balances on the Council's reserves in the year. Reserves are classified as either usable or unusable. Usable reserves include the unallocated General Fund Balance, Earmarked Revenue Reserves and the Capital Receipts Reserve. These are the reserves that the Council can apply to future expenditure subject to statutory conditions (e.g. the Capital Receipts Reserve can only be used to finance capital expenditure). Unusable reserves such as the Capital Adjustment Account and Revaluation Reserve generally reflect the timing differences between the purchase and the consumption of economic benefits of assets.
- **The Balance Sheet** shows the financial position of the Council and discloses the assets and liabilities for all Council Services. At the balance sheet date the net worth of the Council was £385.1M.
- **The Cash Flow Statement** summarises the Council's cash transactions for the year.
- **The Collection Fund** records all income from Council Tax and business rates. Expenditure includes payments to central government, Hampshire County Council (HCC), Hampshire and Isle of Wight Fire & Rescue Service (HIWFRS) and the Council's General Fund in respect of business rates' income; and precepts to HCC, HIWFRS, Hampshire Police and Crime Commissioner, local parish/town councils and the Council's own demand on the Collection Fund in respect of Council Tax. The Collection Fund is not incorporated within the Comprehensive Income & Expenditure Statement as it reflects the statutory requirement for billing authorities to maintain a separate Collection Fund.

**The Independent Auditor's Report** explains how the Council's auditors, Ernst & Young, plan their audit and the basis on which they provide an opinion on the Council's Statement of Accounts. It also gives the auditor's opinion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources in the year.

**The Annual Governance Statement** accompanies the Statement of Accounts and explains how the Council ensures that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It is not covered by the auditor's opinion but is considered by the auditor and reported on by exception in the auditor's report if it is not compliant with proper practice.

The accounts are supported by the notes to the financial statements. These notes include a summary of significant accounting policies, further detail relating to matters in the main financial statements, assumptions made about the future and major estimations made.

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# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS 2024/25

## The Council's Responsibilities

The Council is required to:

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

## The Head of Finance & Revenues' Responsibilities

The Head of Finance & Revenues 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 Head of Finance & Revenues has:

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

The Head of Finance & Revenues has also:

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

## Certification of the Head of Finance & Revenues

I hereby certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March, 2025.

Signed ..... Date.....  
**Carl Whatley, FCCA, Head of Finance & Revenues**

Signed ..... Date.....  
**Cllr Susanne Hasselmann, Chairman of the Audit Committee**

## EXPENDITURE AND FUNDING ANALYSIS YEAR ENDED 31<sup>ST</sup> MARCH 2025

The Expenditure and Funding Analysis is a note to the financial statements, rather than a key statement. It shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 13.

2023/24			2024/25			Note
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£'000	£'000	£'000	£'000	£'000	£'000	
184	2,315	2,499	1,053	2,177	3,230	
4,657	1,349	6,006	4,520	1,327	5,847	
2,769	(4)	2,765	2,866	(12)	2,854	
1,827	3,003	4,830	1,736	1,536	3,272	
1,563	859	2,422	1,624	1,126	2,750	
1,655	55	1,710	1,609	1,197	2,806	
(8,950)	10,223	1,273	(9,331)	8,237	(1,094)	
(209)	36	(173)	137	(78)	59	
5,976	(119)	5,857	6,224	(120)	6,104	
3,173	(435)	2,738	3,843	(252)	3,591	
<b>12,645</b>	<b>17,282</b>	<b>29,927</b>	<b>14,281</b>	<b>15,138</b>	<b>29,419</b>	6
		<b>Net Cost of Services</b>				
(18,245)	(19,010)	(37,255)	(24,464)	(24,893)	(49,357)	6
<b>(5,600)</b>	<b>(1,728)</b>	<b>(7,328)</b>	<b>(10,183)</b>	<b>(9,755)</b>	<b>(19,938)</b>	6,9
		<b>Surplus</b>				
<b>(48,478)</b>		<b>Opening General Fund</b>	<b>(54,078)</b>			
<b>(5,600)</b>		<b>Surplus on General Fund in Year</b>	<b>(10,183)</b>			
<b>(54,078)</b>		<b>Closing General Fund</b>	<b>(64,261)</b>			

2023/24 £'000		2024/25 £'000
(2,604)	General Fund Balance	(3,000)
(51,474)	Earmarked Reserves Balance	(61,261)
<b>(54,078)</b>	<b>Total General Fund</b>	<b>(64,261)</b>

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT YEAR ENDED 31 MARCH 2025

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. The Council raises taxation to cover expenditure in accordance with regulations; this may be different to the accounting cost. The reconciliation to the Council Tax position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2023/24		Net Exp.	Services	2024/25		Net Exp.	Note
Exp.	Income £'000	2023/24 £'000		Exp. £'000	Income £'000	2024/25 £'000	
5,856	(3,357)	2,499	Community & Leisure	6,402	(3,172)	3,230	
8,393	(2,387)	6,006	Environmental Service	8,519	(2,672)	5,847	
3,714	(949)	2,765	Finance & Revenues	3,607	(753)	2,854	
7,029	(2,199)	4,830	Housing & Environmental Health	5,574	(2,302)	3,272	
4,102	(1,680)	2,422	Planning & Building	4,453	(1,703)	2,750	
1,917	(207)	1,710	Planning Policy & Economic Development	3,216	(410)	2,806	
6,546	(5,273)	1,273	Property & Asset Management	4,334	(5,428)	(1,094)	
18,960	(19,133)	(173)	Benefits	18,352	(18,293)	59	
6,744	(887)	5,857	Corporate & Support	7,509	(1,405)	6,104	
3,257	(519)	2,738	Central Costs	4,053	(462)	3,591	
<b>66,518</b>	<b>(36,591)</b>	<b>29,927</b>	<b>Net Cost of Services</b>	<b>66,019</b>	<b>(36,600)</b>	<b>29,419</b>	
			<b>Other Operating Income and Expenditure</b>				
0	(11)	(11)	Profit on disposal of Property, Plant & Equipment	0	(133)	(133)	21
1,983	(1,983)	0	Parish Precepts	2,136	(2,136)	0	
			<b>Financing and Investment Income and Expenditure</b>				
0	(4,483)	(4,483)	Interest Income	0	(4,920)	(4,920)	32
147	0	147	Interest Payable	142	0	142	32
134	0	134	Impairment Losses / (Gains)	285	0	285	
375	0	375	Loss on derecognition of financial instrument	0	0	0	32
6,975	(6,585)	390	Pension Fund Interest Costs	7,487	(7,250)	237	15
0	(869)	(869)	Changes in Fair Value of Investment Properties	0	(6,503)	(6,503)	18
150	0	150	Loss on Disposal of Investment Properties	404	0	404	21
400	(8,585)	(8,185)	Net Investment Property Income	462	(9,368)	(8,906)	18
<b>76,682</b>	<b>(59,107)</b>	<b>17,575</b>	<b>Net Operating Expenditure</b>	<b>76,935</b>	<b>(66,910)</b>	<b>10,025</b>	
			<b>Taxation and non-specific grant income</b>				
0	(8,635)	(8,635)	Council Tax Income	0	(8,963)	(8,963)	10
24,262	(27,262)	(3,000)	Business Rates Income & Expenditure	25,411	(28,312)	(2,901)	10
0	(8,013)	(8,013)	Non Ringfenced Government Grants	0	(8,993)	(8,993)	10
0	(5,255)	(5,255)	Capital Grants and Contributions	0	(9,106)	(9,106)	10,22
<b>100,944</b>	<b>(108,272)</b>	<b>(7,328)</b>	<b>Surplus on the provision of services</b>	<b>102,346</b>	<b>(122,284)</b>	<b>(19,938)</b>	
			<b>Other comprehensive income and expenditure</b>				
0	(1,735)	(1,735)	Net gains on revaluation of Property, Plant & Equipment	0	(622)	(622)	17
0	(6,391)	(6,391)	Re-measurement of the net defined benefit pension liability	0	(23,188)	(23,188)	15
0	0	0	Effect of the asset ceiling	20,269	0	20,269	15
<b>100,944</b>	<b>(116,398)</b>	<b>(15,454)</b>	<b>Total comprehensive income and expenditure</b>	<b>122,615</b>	<b>(146,094)</b>	<b>(23,479)</b>	

## MOVEMENT IN RESERVES STATEMENT YEAR ENDED 31 MARCH 2025

This 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 local taxation) and "unusable reserves".

The statement shows how the movements in the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Increase / (Decrease) in Year line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Note
<b><u>Movements during 2023/24</u></b>							
Balance as at 31st March 2023 restated	48,478	7,930	8,436	64,844	281,294	346,138	
Total Comprehensive Income & Expenditure	7,328	0	0	7,328	8,126	15,454	
Adjustments between accounting basis and funding basis under regulations	(1,728)	4,676	1,106	4,054	(4,054)	0	9
<b>Increase / (Decrease) in Year</b>	<b>5,600</b>	<b>4,676</b>	<b>1,106</b>	<b>11,382</b>	<b>4,072</b>	<b>15,454</b>	30,31
Balance as at 31st March 2024 restated	54,078	12,606	9,542	76,226	285,366	361,592	
<b><u>Movements during 2024/25</u></b>							
Total Comprehensive Income & Expenditure	19,938	0	0	19,938	3,541	23,479	
Adjustments between accounting basis and funding basis under regulations	(9,755)	2,235	1,505	(6,015)	6,015	0	9
<b>Increase / (Decrease) in Year</b>	<b>10,183</b>	<b>2,235</b>	<b>1,505</b>	<b>13,923</b>	<b>9,556</b>	<b>23,479</b>	30,31
Balance as at 31st March 2025	64,261	14,841	11,047	90,149	294,922	385,071	

2023/24 £'000		2024/25 £'000
2,604	General Fund Balance	3,000
51,474	Earmarked Reserves Balance	61,261
<b>54,078</b>	<b>Total General Fund</b>	<b>64,261</b>



## BALANCE SHEET AS AT 31 MARCH 2025

The Balance Sheet summarises the assets and liabilities recognised by the Council as at the Balance Sheet date. The net assets are matched by a combination of usable and unusable reserves. These are shown in more detail in notes 30 and 31.

2023/24 Opening Balance Restated £'000      £'000		2023/24 Restated £'000      £'000			2024/25 £'000      £'000		Note
112,799		111,431		Land & Buildings	114,563		17
3,822		3,368		Vehicles, Plant & Equipment	3,909		17
12,821		13,019		Community Assets	14,159		17
604		575		Infrastructure Assets	581		17
315		310		Surplus Assets	305		17
	130,361		128,703	<b>Property, Plant &amp; Equipment (PPE)</b>		133,517	
	166,245		166,965	<b>Investment Properties</b>		173,259	18
	92		76	<b>Intangible Assets</b>		75	19
674		578		Long-Term Debtors	533		32
25,496		12,840		Long-Term Investments	32,870		32
	26,170		13,418	<b>Long-Term Assets</b>		33,403	
16,299		7,963		Cash and Cash Equivalents	5,642		23
50,954		68,959		Short-Term Investments	53,151		32
1,695		1,954		Inventories	1,729		24
14,810		16,287		Debtors	21,669		25
(2,553)		(2,901)		Less: Impairment Allowance	(3,270)		25
	81,205		92,262	<b>Current Assets</b>		78,921	
(38,843)		(27,741)		Creditors	(24,822)		26
(272)		(278)		Short-Term Borrowing	(281)		32
(1,194)		(682)		Provisions	(1,120)		27
	(40,309)		(28,701)	<b>Current Liabilities</b>		(26,223)	
	<b>363,764</b>		<b>372,723</b>	<b>Total Assets less Current Liabilities</b>		<b>392,952</b>	
(6,299)		(6,047)		Long-Term Borrowing	(5,791)		32
(11,327)		(5,084)		Net Liability to Pension Fund	(2,090)		15
	(17,626)		(11,131)	<b>Long-Term Liabilities</b>		(7,881)	
	<b>346,138</b>		<b>361,592</b>	<b>Net Assets</b>		<b>385,071</b>	
				<b>Usable Reserves</b>			
2,604		2,604		General Fund Balance	3,000		30
45,874		51,474		Revenue and Earmarked Reserves	61,261		30
7,930		12,606		Capital Receipts Reserve	14,841		30
8,436		9,542		Capital Grants Unapplied	11,047		30
	<b>64,844</b>		<b>76,226</b>	<b>Total Usable Reserves</b>		<b>90,149</b>	
				<b>Unusable Reserves</b>			
37,088		38,089		Revaluation Reserve	38,021		31
254,420		252,335		Capital Adjustment Account	263,714		31
7		7		Deferred Credits	7		31
1,322		269		Collection Fund Adjustment Account	(4,453)		31
(216)		(250)		Accumulated Absences Account	(277)		31
(11,327)		(5,084)		Pension Fund Reserve	(2,090)		31
	<b>281,294</b>		<b>285,366</b>	<b>Total Unusable Reserves</b>		<b>294,922</b>	
	<b>346,138</b>		<b>361,592</b>	<b>Total Equity</b>		<b>385,071</b>	

## CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2025

This statement summarises the movements in the Council's cash transactions. It shows the volume of financial activity that takes place between the Council and its stakeholders.

The Cash Flow Statement is different to the other statements because it is on a cash basis and some of the figures may not agree with other figures in the accounts which are all on an accruals basis (i.e. based on amounts payable and receivable rather than actually paid or received). The bottom section of the statement shows a reconciliation of the movement in Cash and Cash Equivalents in the year to the figures shown in the Balance Sheet.

2023/24			2024/25		Note
£'000	£'000		£'000	£'000	
		<b><u>Revenue Activities</u></b>			
	7,328	Net surplus on the provision of services		19,938	
		<b><u>Adjustments for non-cash transactions</u></b>			
3,705		Depreciation of PPE / Amortisation of intangibles	3,661		17,19
(719)		Revaluation Gains on Investment Properties	(6,503)		18
1,077		Impairment & downward / (upward) Valuations of PPE & intangibles	(1,734)		17,19
375		Derecognition of financial instrument	0		
148		Pension Fund Transfers	(75)		15
(122)		Other non-cash items	(517)		29
	4,464			(5,168)	
	(5,266)	<b><u>Adjustments in respect of Investing Activities</u></b>		(7,283)	
		<b><u>Adjustments for items on an accruals basis</u></b>			
(1,784)		Increase in Debtors	(1,072)		
(259)		(Increase) / Decrease in Inventories	225		
(4,940)		Decrease in Creditors	(1,437)		
	(6,983)			(2,284)	
	(457)	<b>Net Cash Inflow / (Outflow) from Operating Activities</b>		<b>5,203</b>	
		<b><u>Investing Activities</u></b>			
(54,517)		Purchase of Short-term and Long-term Investments	(70,520)		
49,900		Proceeds from Short-term and Long-term Investments	67,000		
(4,046)		Purchase of Assets	(5,105)		
0		Sale of Assets	46		
4,694		Other Capital Cash Received	8,111		
	(3,969)	<b>Net Investing Activity Cashflow</b>		<b>(468)</b>	
		<b><u>Financing Activities</u></b>			
(246)		Cash payments to reduce outstanding borrowing	(251)		
(3,664)		Other payments for financing activities	(6,805)		29
	(3,910)	<b>Net Financing Activity Cashflow</b>		<b>(7,056)</b>	
	(8,336)	<b>Net Increase in Cash and Cash Equivalents</b>		<b>(2,321)</b>	
	16,299	<b>Cash and Cash Equivalents at the start of the reporting period</b>		<b>7,963</b>	
	7,963	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>5,642</b>	

# NOTES TO THE CORE FINANCIAL STATEMENTS

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# NOTES TO THE FINANCIAL STATEMENTS

## 1. **Accounting Policies**

- 1.1. This note sets out the accounting policies followed in compiling the Council's accounts. The aim of the note is to explain the basis of the figures in the accounts and to disclose policies that are significant and relevant to the Council.

### 1.2. **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) in accordance with proper accounting practices.

These practices primarily comprise; the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code') and the Service Reporting Code of Practice 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The Statement of Accounts has been prepared on a going concern basis. 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.

### 1.3. **Prior Period Adjustments**

Prior period adjustments may arise as a result of a change in accounting policy 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 performance.

### 1.4. **Accruals of Income & 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 contracts from service recipients, whether for services or the provision of goods, is accounted for when (or as) the goods or service are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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.
- Expenses in relation to services provided are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the

Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### 1.5. **Cash and Cash Equivalents**

Cash is represented by cash in hand.

Cash equivalents are deposits with financial institutions payable without penalty or notice, maturing in not more than one day and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement the 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.

#### 1.6. **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 and a reliable estimate of the potential liability can be reasonably calculated.

Provisions are charged as an expense to the Comprehensive Income & Expenditure Statement in the year that the Council recognises the obligation and are shown at the best estimate of the eventual outcome at the Balance Sheet date.

Payments to settle the obligation are charged against the provision. Any difference between the provision and the actual settlement figure are charged to the Comprehensive Income & Expenditure Statement when the obligation is settled.

##### 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 where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount 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.

## 1.7. Reserves

The Council sets aside specific and general amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to be included in the surplus / deficit on the provision of services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back in to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources to the Council. Transactions with these reserves are explained in the relevant accounting policies below.

## 1.8. 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 / contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income & Expenditure Statement until conditions attached to the grant / 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 / contribution are required to be consumed by the Council as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants / contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

When conditions are satisfied, the grant / contribution is credited to the relevant Service line or Taxation and Non-Specific Grant income in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. When the grant has been applied, it is posted to the Capital Adjustment Account.

### Business Improvement District

A business improvement district (BID) scheme applies across Andover Town Centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as an agent under this scheme. Only the following amounts are recognised in the Council's Comprehensive Income & Expenditure Statement:

- BID levy amounts payable on the Council's properties within the BID scheme area are shown as service expenditure under the relevant service.
- BID levy collection costs are shown in the net cost of services under the relevant service.

## Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges (5% for the Council) may be used to fund revenue expenditure.

### **1.9. Employee Benefits**

#### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within twelve 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 entitlement and accrued flexible working hours (based on an average per employee) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to the surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year that the absence occurs.

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the net cost of services in the Comprehensive Income & Expenditure Statement.

#### Post-Employment Benefits

The Council's employees are entitled to join the Local Government Pension Scheme administered by Hampshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Council.

The liabilities of the pension fund attributable to the Council are included in the Balance Sheet based on an actuarial valuation.

Full details of the valuation method are shown in the employee benefits note to the core financial statements.

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 standards. In the Movement in Reserves Statement, this means that there are

appropriations to and from the Pension Reserve to remove notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners. The negative balance that arises on the Pension 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.

#### **1.10. Events after the Balance Sheet Date**

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the end of 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.

#### **1.11. VAT**

Income and expenditure excludes any amounts related to VAT to the extent that it is recoverable from HM Revenue & Customs.

#### **1.12. Overheads and Support Services**

The cost of overheads and support services are accounted for under two separate headings, Corporate & Support and Central Costs, in the Expenditure & Funding Analysis and the Comprehensive Income & Expenditure Statement as part of the net cost of services. They are not charged to service segments.

#### **1.13. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences) is capitalised when it is expected that the future economic benefits will flow to the Council.

Intangible assets are measured initially at cost. The balance is amortised over the useful life of the asset to the relevant service line in the Comprehensive Income & Expenditure Statement to reflect the pattern of consumption of benefits.

Amortisation is not permitted to have an impact on the General Fund Balance. These charges are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

#### **1.14. Investment Property**

Investment properties are those that are used solely to earn rental income and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services.



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. Investment properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure section in the Comprehensive Income & Expenditure Statement. The same treatment is applied to gains / losses on disposal.

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

Rentals received in respect of leases on investment properties are credited to the financing and investment income section and result in a gain for the General Fund balance. However, revaluation and disposal gains / losses are not permitted to have an impact on the General Fund balance. The gains / 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 sale proceeds) the Capital Receipts Reserve.

#### **1.15. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes on a continuing basis are classified as property, plant and equipment (PPE).

##### Recognition

Expenditure on the acquisition, creation or enhancement of PPE 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 secures but does not add to an asset's potential to deliver future economic benefits (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de minimis level of £10,000 is applied to capital expenditure. Any expenditure on land, equipment or other chattels below this amount is not recognised as an asset.

##### Measurement

Assets are initially measured at cost, comprising:

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

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

- infrastructure and community assets – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value).

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

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

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

Where decreases in value are identified, they are accounted for as follows:

- 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 lines in the Comprehensive Income & Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for 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 lines in the Comprehensive Income & Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to relevant service lines in the Comprehensive Income & Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would be charged if the loss had not been recognised.

### Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income & Expenditure Statement also as part of the gain or loss on

disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Depreciation

Depreciation is provided for on all 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).

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

Componentisation of an asset will be considered where:

- The carrying value of an asset is greater than £1M and
- The component is at least 20% of the carrying value of the asset and
- The change in depreciation after componentisation is greater than £10,000 per annum.

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.

#### **1.16. Heritage Assets**

Heritage assets are assets held primarily for their *historical, artistic, scientific, technological, geophysical or environmental qualities and maintained for their contribution to knowledge and culture*.

The Council does not have a policy in respect of the purchase, preservation, management and disposal of Heritage Assets.

Heritage assets are either excluded from the Balance Sheet or included within Community Assets, valued at historic cost. The Code requires Heritage Assets to be classified separately on the Balance Sheet and to be valued at fair value. The Council has not re-stated Heritage Assets in accordance with the Code due to their immaterial overall value.

#### **1.17. Charges to Revenue for Non-Current Assets**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding 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 losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, impairment losses, revaluation or amortisation. Depreciation, impairment losses, revaluation and amortisation are therefore replaced in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserve Statement.

#### **1.18. Revenue Expenditure Funded From Capital Under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income & Expenditure Statement in the year. Where the Council has determined to meet the cost of these charges from existing capital resources, 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 there is no impact on the level of Council Tax.

#### **1.19. Leases**

##### **Council as Lessee**

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

##### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right of use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

#### Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter of the remaining lease term and the useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest rate method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is change in the Council's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

#### Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital

financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **Council as Lessor**

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

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

### **Criteria for determining whether a lease is finance or operating in nature**

A number of factors are considered in determining whether a lease should be classified as finance or operating. Three of these are over-riding, the remainder are considered holistically to assess the nature of a lease.

Leases of land will be considered operating leases unless the land will be permanently impaired as a result of the lease (e.g. the land is used for mining).

Where it is almost certain that the lessee will retain the asset in perpetuity or until the end of the asset's useful economic life, the lease will be classified as a finance lease.

Where the Council leases a building to a tenant, the building element of the lease will be considered to be operating in nature if the lessee is required to return the building in a repaired condition at the end of the lease.

Factors that indicate a lease might be a finance lease include:

- Where the net present value of lease payments is more than 80% of the asset's purchase price.
- Where the lease period is longer than 75% of the asset's useful life.
- Where there are options to extend the primary lease at rates substantially lower than market rents.
- Where ownership transfers to the lessor at the end of the lease or there are options to buy the asset at the end of the lease term on favourable conditions which are reasonably certain to be taken up.
- Terms included in the lease which penalise the lessee more than the lessor in the event that the lessee cancels the lease.

### **Finance Leases**

There are no leases that qualify as finance leases where the Council is the lessor.

### **Operating Leases**

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income & 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).

## 1.20. 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 are initially measured at their fair value and subsequently carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate is the rate that exactly discounts future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year according to the loan agreement.

### 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 cashflow characteristics. There are three main classes of financial assets measured at:

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

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

### 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 their fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For most of the financial assets held by the Council, 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 & Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Council makes a soft loan (i.e. at less than market rate or with an interest free period), the loan will be shown in the balance sheet at carrying value rather than amortised value unless the value of the advance is greater than £500,000 or there is significant discounting of interest rates.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the CIES.

### 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. Only lifetime losses are recognised for trade receivables.

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

### Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss 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 arise 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 price – 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 and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

#### **1.21. Inventories**

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

#### **1.22. Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties, and some of its financial instruments, such as equity share holdings, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either



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

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

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use it in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates and unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the Council can access at the measurement date.
- 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.

## **2. Prior Period Adjustment – Correction of a Material Error**

The Council has identified an error that affects the accounts for 2022/23 and earlier. A total of £2.997M in relation to land and buildings assets were not included in the accounts. This means that the value of Land and Buildings and the Capital Adjustment Account in the balance sheet were both understated by £2.997M.

In order to correct this error, the Council has restated the prior year information for 2022/23 in a third balance sheet.

### **Effect on opening and closing Balance Sheet in 2023/24**

The CIPFA Code requires that an authority present a Balance Sheet at the beginning of the preceding period when an authority makes a retrospective restatement. The following lines are the relevant lines that have been restated for the error of £2.997M relating to the period to the end of 2022/23. The Balance Sheet with the appropriate third Balance Sheet for the adjusted opening balance for 2023/24 can be found on page 15 of these accounts.

	Originally stated Closing Balance 2022/23 £'000s	Restated Opening Balance 2023/24 £'000s	Amount of restatement £'000s
Land and Buildings	109,802	112,799	2,997
Total Property, Plant and Equipment	127,364	130,361	2,997
<b>Net Assets</b>	<b>343,141</b>	<b>346,138</b>	<b>2,997</b>
Capital Adjustment Account	251,423	254,420	2,997
Total Unusable Reserves	278,297	281,294	2,997
<b>Total Equity</b>	<b>343,141</b>	<b>346,138</b>	<b>2,997</b>

### 3. **Accounting Standards that have been issued but have not yet been adopted**

The Code requires the Council to identify Accounting Standards that have been issued but have yet to be adopted. The Council is also required to assess the possible impact that application of the Standards will have when they are applied.

There are no Accounting Standards that have been issued but not yet adopted that would have a material effect on this year's Statement of Accounts were they in effect for the year ended 31st March 2025, nor are they expected to have a material effect on the Statement of Accounts for the year ended 31st March 2026.

### 4. **Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

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

**Asset classifications** – the Council has made judgements on whether assets are classified as Investment Property or PPE. 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 PPE assets whereas if full market rent is being charged this would indicate that the asset is an Investment Property. The classification determines how revalued amounts are shown in the accounts and whether depreciation is chargeable on the asset.

**Future funding for local government** - there is a high degree of uncertainty about future levels of funding for local government. The Council has determined that this uncertainty is not sufficient to provide an indication that its assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

**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 concerning future and past events and the Council's control over them.

## 5. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are explained in the following table.

Item	Uncertainties	Effect if actual results differ from assumptions
Impairment Allowance	The Council has made allowances for doubtful debts of £3.270M in 2024/25 (2023/24 £2.901M) based on what it believes to be a prudent but realistic level.	If collection rates were to deteriorate or improve, a 5% change would require an adjustment to the allowance of £163,500 (2023/24 £145,000).
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns from pension fund assets. A firm of actuaries is engaged by the pension fund administrator to provide expert advice about the assumptions to be applied.	More information can be found in Note 15 about the sensitivity to changes in assumptions in respect of: <ul style="list-style-type: none"> <li>• The discount rate used</li> <li>• Salary inflation</li> <li>• Rates of increase to pensions in payment</li> <li>• Mortality rates</li> </ul>
Provisions	The Council has made a provision of £1.120M in 2024/25 (2023/24 £682,000) in respect of its share of appeals made by ratepayers for past business rates' costs. It is not certain how many of the appeals will be upheld nor the amount by which rateable values will be reduced.	A 10% increase or decrease in the actual number of appeals upheld would result in a change to the provision of £112,000 (2023/24 £68,200).
Property, Plant & Equipment	The Council carries out a rolling programme of valuations for PPE required to be measured at current value. £114.6M of assets were valued at current value in 2024/25.	Every 1% change in the valuation of land and buildings would require an adjustment of £1.146M.
Investment Properties	The Council values its investment properties annually and the fair value at 31 <sup>st</sup> March 2025 was £173.3M.	Every 1% change in the valuation of investment properties would require an adjustment of £1.73M.

	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying value of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £365,000 if the useful lives were reduced by one year.
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## 6. **Note to the Expenditure and Funding Analysis**

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

### Transactions in 2024/25

<b>Adjustments between Funding and Accounting Basis</b>				
<b>2024/25</b>				
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes (Note a)</b>	<b>Net change for the Pensions Adjustments (Note b)</b>	<b>Other Differences (Note c)</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community & Leisure	1,810	(10)	377	2,177
Environmental Service	799	(25)	553	1,327
Finance & Revenues	0	(12)	0	(12)
Housing & Environmental Health	1,547	(11)	0	1,536
Planning & Building	1,138	(12)	0	1,126
Planning Policy & Economic Development	1,202	(5)	0	1,197
Property & Asset Management	(659)	(10)	8,906	8,237
Benefits	0	0	(78)	(78)
Corporate & Support	107	(227)	0	(120)
Central Costs	0	0	(252)	(252)
<b>Net Cost of Services</b>	<b>5,944</b>	<b>(312)</b>	<b>9,506</b>	<b>15,138</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(20,374)</b>	<b>237</b>	<b>(4,756)</b>	<b>(24,893)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(14,430)</b>	<b>(75)</b>	<b>4,750</b>	<b>(9,755)</b>

## Comparative Transactions for 2023/24

Adjustments between Funding and Accounting Basis 2023/24				
	Adjustments for Capital Purposes (Note a) £'000	Net change for the Pensions Adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000
Community & Leisure	1,936	(3)	382	2,315
Environmental Service	804	(8)	553	1,349
Finance & Revenues	0	(4)	0	(4)
Housing & Environmental Health	3,007	(4)	0	3,003
Planning & Building	863	(4)	0	859
Planning Policy & Economic Development	56	(1)	0	55
Property & Asset Management	2,041	(3)	8,185	10,223
Benefits	0	0	36	36
Corporate & Support	96	(215)	0	(119)
Central Costs	0	0	(435)	(435)
<b>Net Cost of Services</b>	<b>8,803</b>	<b>(242)</b>	<b>8,721</b>	<b>17,282</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(11,766)</b>	<b>390</b>	<b>(7,634)</b>	<b>(19,010)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(2,963)</b>	<b>148</b>	<b>1,087</b>	<b>(1,728)</b>

### a) Adjustments for Capital Purposes

This column adds in depreciation and impairment, revaluation gains and losses and revenue expenditure financed by capital under statute in the services lines, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amount written off for those assets
- **Financing and investment income and expenditure** – 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.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for conditions which were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### b) Net Change for the Pensions Adjustments

This column shows the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For **services** – this represents the removal of the employer pension contributions made by the authority under statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income & Expenditure Statement.

c) Other differences

Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- For **services** – this represents items not reported to management in the revenue outturn report, such as Section 106 commuted income and the movement in the untaken leave accrual, and amounts which were reported to management but are not included in the net cost of services in the Comprehensive Income & Expenditure Statement.

Committed income from Section 106 grants of £43,000 was received in the year from developers but not included in the report to management. This is transferred to earmarked reserves to pay for future maintenance of community facilities, parks and open spaces as required under the terms of those Section 106 agreements. The amount used to pay for maintenance in the year was £930,000.

- For **Financing and investment income and expenditure** – this column recognises adjustments to the General Fund for net investment property income of £8.906M which is reported in the General Fund in Net Cost of Services.
- For **Taxation and non-specific grant income and expenditure** - this column represents the difference of £4.722M between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the beginning of the year and the income recognised under generally accepted accounting practices in the Code of Practice. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

7. Segmental Income

Income received from external customers is analysed on a segmental basis in the following table:

<b>Service</b>	<b>2023/24 Revenues from external customers £'000</b>	<b>2024/25 Revenues from external customers £'000</b>
Community & Leisure	3,240	2,768
Environmental Service	2,387	2,399
Finance & Revenues	221	215
Housing & Environmental Health	461	561
Planning & Building	1,659	1,693
Planning Policy & Economic Development	13	5
Property & Asset Management	13,858	14,797
Benefits	357	435
Corporate & Support	744	1,329
Central	295	215
<b>Total income analysed on a segmental basis</b>	<b>23,235</b>	<b>24,417</b>

#### 8. **Expenditure and income analysed by nature**

The Council's expenditure and income is analysed in the following table:

<b>Expenditure / Income</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Expenditure</b>		
Employee costs and benefits expenses	23,489	24,401
Other service expenses	34,640	36,118
Depreciation, amortisation, impairment	5,158	1,928
Other capital charges	4,023	4,022
Interest payable	147	142
Precepts and levies	1,983	2,136
Pension fund interest costs	390	237
<b>Total expenditure</b>	<b>69,830</b>	<b>68,984</b>
<b>Income</b>		
Fees, charges and other service income	(23,235)	(24,417)
Interest and investment income	(4,483)	(4,920)
Changes in fair value of investment properties	(869)	(6,503)
Income from council tax and non-domestic rates	(13,618)	(14,000)
Government grants and contributions	(35,092)	(39,353)
Loss on the disposal of assets	139	271
<b>Total income</b>	<b>(77,158)</b>	<b>(88,922)</b>
<b>Surplus on the Provision of Services</b>	<b>(7,328)</b>	<b>(19,938)</b>

#### 9. **Adjustments between accounting basis and funding basis under regulation**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

## Transactions in 2024/25

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Note
	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
Depreciation of non-current assets	3,650	0	0	3,650	(3,650)	16
Amortisation of intangible assets	11	0	0	11	(11)	18
Impairment of non-current assets	(1,734)	0	0	(1,734)	1,734	16
Movement in the fair value of investment property	(6,503)	0	0	(6,503)	6,503	17
Profit on disposal of non-current assets	271	0	0	271	(271)	20
Profit on disposal of inventory	(6)	6	0	0	0	
Revenue expenditure funded from capital under statute	2,645	(1,281)	(1,364)	0	0	30
Impairment of capital loans	0	0	0	0	0	30
Statutory provision for the repayment of debt	(209)	0	0	(209)	209	30
Derecognition of financial instrument	0	0	0	0	0	30
Capital grants, contributions and income in relation to donated assets credited to the CI&ES	(1,552)	0	0	(1,552)	1,552	21
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Proceeds from disposal of non-current assets	0	384	0	384	(384)	29
Capital loan repayments	0	8	0	8	(8)	29
Financing of new capital expenditure	(7,386)	3,119	(748)	(5,015)	5,015	21
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>						
Capital grants credited to CIES for which expenditure has not yet been incurred	(3,617)	0	3,617	0	0	29
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits charged to the CI&ES	3,280	0	0	3,280	(3,280)	14
Employer's contribution to pension fund / directly to pensioners	(3,355)	0	0	(3,355)	3,355	14
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>						
Amount by which Council Tax and Business Rates income credited to the CI&ES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	4,722	0	0	4,722	(4,722)	30
<b>Adjustments primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	27	0	0	27	(27)	30
<b>Insertion of items not shown in the Comprehensive Income &amp; Expenditure Statement</b>						
Other adjustments	1	(1)	0	0	0	
	<b>(9,755)</b>	<b>2,235</b>	<b>1,505</b>	<b>(6,015)</b>	<b>6,015</b>	



## Comparative Transactions for 2023/24

	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Note</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
Depreciation of non-current assets	3,689	0	0	<b>3,689</b>	(3,689)	16
Amortisation of intangible assets	16	0	0	<b>16</b>	(16)	18
Impairment of non-current assets	1,077	0	0	<b>1,077</b>	(1,077)	16
Movement in the fair value of investment property	(869)	0	0	<b>(869)</b>	869	17
Loss on disposal of non-current assets	139	0	0	<b>139</b>	(139)	20
Profit on disposal of inventory	(4)	4	0	<b>0</b>	0	
Revenue expenditure funded from capital under statute	3,093	(353)	(2,740)	<b>0</b>	0	30
Statutory provision for the repayment of debt	(204)	0	0	<b>(204)</b>	204	30
Derecognition of financial instrument	375	0	0	<b>375</b>	(375)	30
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Proceeds from disposal of non-current assets	0	48	0	<b>48</b>	(48)	29
Financing of new capital expenditure	(6,429)	4,977	(1)	<b>(1,453)</b>	1,453	21
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>						
Capital grants credited to CIES for which expenditure has not yet been incurred	(3,846)	0	3,846	<b>0</b>	0	29
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits charged to the CI&ES	3,384	0	0	<b>3,384</b>	(3,384)	14
Employer's contribution to pension fund / directly to pensioners	(3,236)	0	0	<b>(3,236)</b>	3,236	14
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>						
Amount by which Council Tax and Business Rates income credited to the CI&ES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	1,053	0	0	<b>1,053</b>	(1,053)	30
<b>Adjustments primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	34	0	0	<b>34</b>	(34)	30
<b>Insertion of items not shown in the Comprehensive Income &amp; Expenditure Statement</b>						
Other adjustments	0	0	1	<b>1</b>	(1)	
	<b>(1,728)</b>	<b>4,676</b>	<b>1,106</b>	<b>4,054</b>	<b>(4,054)</b>	

### **10. Taxation and Non-Specific Grant Income**

The Council received income from Council Tax and revenue grants from various central government departments including the Ministry of Housing, Communities and Local Government (MHCLG), the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (DEFRA). These are summarised in the following tables.

<b>Taxation / Non-Ringfenced Grants</b>	<b>Awarding Body</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Council Tax Income	Council Taxpayers	8,635	8,963
New Homes' Bonus	MHCLG	1,200	230
Small Business Rate Relief	MHCLG	1,656	1,538
Other business rate reliefs	MHCLG	7	66
Expanded Retail Discount	MHCLG	1,931	1,943
Nursery Relief	MHCLG	(1)	0
Supporting Small Business Relief	MHCLG	425	328
Green Plant & Machinery Relief	MHCLG	66	35
Services Grant	MHCLG	96	17
Levy Account Surplus	MHCLG	20	20
Funding Guarantee Grant	MHCLG	1,352	2,647
Revenue Support Grant	MHCLG	236	252
Multiplier Cap	MHCLG	1,025	1,917
		<b>16,648</b>	<b>17,956</b>

The net income shown in the Comprehensive Income & Expenditure Statement for business rates is comprised of a number of transactions that are summarised in the table below.

<b>Business Rates Income &amp; Expenditure</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Share of income transferred from Collection Fund	25,270	25,076
Tariff paid to government	(20,825)	(21,798)
Share of surplus on Collection Fund in the year	1,992	3,236
Levy payable to government in respect of growth in the year	(3,437)	(3,613)
<b>Net Business Rates Income</b>	<b>3,000</b>	<b>2,901</b>

Capital grants and contributions were received in the year as shown in the following table. The figure for 2024/25 includes £912,000 in donated assets under section 106 agreements.

<b>Capital Grants and Contributions</b>	<b>Awarding Body</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Disabled Facilities Grant	MHCLG	1,496	1,707
Contributions to works on property	Tenants / Other developers	38	0
Rural England Prosperity Fund Grant	MHCLG	129	358
Public Sector Decarbonisation Scheme Grant	BEIS	91	0
UK Shared Prosperity Fund Grant	MHCLG	76	649
Local Authority Housing Fund Grant	MHCLG	1,298	0
Changing Places Toilet Grant	MHCLG	96	4
Local Authority Tree Fund Grant	DEFRA	93	0
Lawn Tennis Association Grant	LTA	20	19
Food Waste Collection Grant	DEFRA	1,331	2
Levelling Up Fund Grant	MHCLG	0	3,831
Recognition of right of use assets		0	640
Contributions under s106 and CIL agreements / capital grants	Developers	587	1,896
		<b>5,255</b>	<b>9,106</b>

Other grants received in the year and included in the Net Cost of Services are shown in the following table.

<b>Specific Grants included in the Net Cost of Services</b>		<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Housing Benefit Subsidy	DWP	18,655	17,761
Housing Benefit Administration	DWP	221	217
Discretionary Housing Payments	DWP	120	97
Business Rates Collection	MHCLG	194	197
Biodiversity Net Gain Grant	DEFRA	20	10
Redmond Review Implementation	MHCLG	21	21
Council Tax Support & New Burdens	MHCLG	133	124
Local Plan Funding	MHCLG	0	228
Food Waste New Burdens	DEFRA	0	273
Various New Burdens Grants	MHCLG / DWP / DEFRA	112	106
Various Election Funding Grants	Cabinet Office	54	9
Flexible Homelessness Support Grant	MHCLG	668	684
Household Support Fund	DWP	444	243
Ukraine Support Grant	MHCLG	538	449
Asylum Dispersal Grant	MHCLG	63	25
Domestic Abuse - Support to Victims	MHCLG	35	36
Rough Sleepers Initiative Grant	MHCLG	279	347
Heat Network Delivery	BEIS	97	10
UK Shared Prosperity Fund	MHCLG	56	147
Afgansistan Resettlement Programme	MHCLG	0	63
Transparency Code Set-Up	MHCLG	8	8
Neighbourhood Planning Grants	MHCLG	40	20
Levelling Up Fund - Capacity & Capability	MHCLG	66	44
Local Authority Tree Fund	DEFRA	0	91
Consolidated Hotspot Response	MHCLG	0	44
		<b>21,824</b>	<b>21,254</b>

#### 11. **Special Expenses**

Income from the special Council Tax Levy which applies in the Andover Town Council area was £343,600 in 2024/25 (£343,700 – 2023/24).

#### 12. **External Audit Costs**

The Council incurred the following fees in relation to external audit and inspection.

<b>Class of Work</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
External Audit Fees	137	166
Certification of Grants Claim and Returns	36	37
	<b>173</b>	<b>203</b>

#### 13. **Members' Allowances**

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

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Allowances	494	541
Expenses	7	7
<b>Total Members' Allowances</b>	<b>501</b>	<b>548</b>

#### 14. **Officers' Remuneration and Termination Benefits**

The number of employees whose remuneration, including termination benefits but excluding pension contributions, was £50,000 or more in bands of £5,000 in 2024/25 was:-

<b>Remuneration Band</b>	<b>2023/24 Number of Employees</b>	<b>2024/25 Number of Employees</b>
£50,000 - £54,999	15	18
£55,000 - £59,999	18	10
£60,000 - £64,999	3	17
£65,000 - £69,999	11	3
£70,000 - £74,999	0	8
£75,000 - £79,999	1	0
£80,000 - £84,999	2	0
£85,000 - £89,999	0	3
£90,000 - £94,999	3	0
£95,000 - £99,999	5	6
£100,000 - £105,000	0	1
£105,000 - £124,999	0	0
£125,000 - £129,999	0	1
£130,000 - £134,999	1	0
£135,000 - £149,999	0	0
£150,000 - £154,999	1	1

The following table sets out the remuneration of senior officers in the year. A senior officer is described as 'a person who has responsibility for the management of the Council to the extent that the person has power to direct or control the major activities of the body, whether solely or collectively with other persons.' For the purposes of these accounts, Test Valley Borough Council has determined that senior officers are those included in the Management Team, which comprises the Chief Executive, Deputy Chief Executive and Heads of Service.

The 'Total Remuneration excluding pension contributions' of the following officers is included in the pay bandings in the previous table.

Post	Salary (Including Fees and Allowances)		Car Allowance and Other Expenses		Total Remuneration Excluding Pension Contributions		Pension Contributions		Total Remuneration Including Pension Contributions	
	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000	23/24 £'000	24/25 £'000
Chief Executive	146	148	4	4	150	152	24	25	174	177
Deputy Chief Executive	129	124	4	4	133	128	21	22	154	150
Head of Community & Leisure	91	95	4	4	95	99	16	17	111	116
Head of Environmental Services	92	96	5	5	97	101	16	17	113	118
Head of Property & Asset Management - Note (a)	87	0	3	0	90	0	13	0	103	0
Head of Housing & Environmental Health - Note (b)	55	86	3	4	58	90	9	15	67	105
Head of Legal & Democratic	92	96	4	4	96	100	16	17	112	117
Head of Planning & Building	87	95	4	4	91	99	15	17	106	116
Head of Planning Policy & Economic Development	92	96	4	4	96	100	16	17	112	117
Head of Finance & Revenues	92	95	4	4	96	99	16	17	112	116
Head of Strategy & Innovation	92	96	4	4	96	100	16	17	112	117

Note (a) - the costs for 2023/24 are for part of the year only as the postholder left the Council during the year. The post was vacant throughout 2024/25.

Note (b) – The costs for 2023/24 are for part of the year only as the postholder started in post during the year.

The number of exit packages and total cost per band are set out in the following table.

Exit Package Band	Number of Redundancies		Number of Other Departures		Total Cost of Exit Packages by Band	
	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
£0 - £20,000	0	0	1	0	Note (c)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note (c) – The total value of exit packages in 2023/24 is not disclosed due to there being only one such package and the potential for linking the value to the individual concerned.

All the costs above were charged to the Comprehensive Income & Expenditure Statement in the year.

**15. Defined Benefit Pension Scheme**

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

The Council participates in the Local Government Pension Scheme, administered by Hampshire County Council – this is a funded defined benefit scheme with benefits up to 31<sup>st</sup> March 2014 being linked to final salary and benefits after this date based on a Career Average Revalued Earnings scheme, meaning that the Council and its employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

The accounts recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against the Council Tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement.

The following transactions have been included in the Comprehensive Income & Expenditure Statement and Movement in Reserves Statement during the year:

<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b><u>Cost of Services</u></b>		
Current Service Costs	2,994	3,037
Past Service Costs	0	6
<b><u>Financing &amp; Investment Income &amp; Expenditure</u></b>		
Interest Cost	6,975	7,487
Interest Income	(6,585)	(7,250)
<b>Total amount included in the Surplus on Provision of Services</b>	<b>3,384</b>	<b>3,280</b>
<b><u>Other Comprehensive Income &amp; Expenditure</u></b>		
Actuarial (gains) / losses due to change in financial assumptions	50	(23,960)
Actuarial gains due to demographic assumption changes	(3,009)	(274)
Experience (gains) / losses on liabilities	2,651	(1,717)
Remeasurement (gains) / losses on assets	(6,083)	2,763
Effect of the asset ceiling	0	20,269
<b>Total amount charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(3,007)</b>	<b>361</b>
<b><u>Movement In Reserves Statement</u></b>		
Reversal of net charges made to the deficit on the provision of services in accordance with the Code	(3,384)	(3,280)
Actual employer's contributions payable	3,236	3,355
<b>Total Amount included in the Movement in Reserves Statement (note 9)</b>	<b>(148)</b>	<b>75</b>

Prior to 2007, the Council awarded discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, meaning that no assets exist in the pension fund to meet the ongoing liabilities.

The Council contributes to the Pension Fund at a common rate applicable to a group of employees which is set having regard to the assets and liabilities of the group as a whole.

The Council pre-paid employer contributions to the Pension Fund relating to Scheme years 2023/24, 2024/25 and 2025/26 as a single lump sum payment in April 2023. The total prepayment was £7.820M of which £2.605M related to Scheme year 2024/25 with a contribution rate of 17.7%.

It is forecast that pension contributions payable by the employer in 2025/26 will amount to £2.579M.

The allowance for administration expenses included in the Current Service Cost is £49,800 (2023/24 £47,900).

#### **Assets & Liabilities in relation to retirement benefits**

The following tables show the Council's liabilities to the Pension Fund and its share of the Fund's assets at the year end. The net liability at 31<sup>st</sup> March 2025 was £2.090M (2023/24 - £5.084M).



<b>Net asset / (liability)</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Present value of funded liabilities	154,721	134,481
Fair value of plan assets	152,027	154,750
<b>Subtotal</b>	<b>(2,694)</b>	<b>20,269</b>
IFRIC 14 adjustment - effect of the asset ceiling	0	(20,269)
Present value of unfunded liabilities	(2,390)	(2,090)
<b>Net asset liability</b>	<b>(5,084)</b>	<b>(2,090)</b>

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total liability of £2.090M million has a material impact on the net worth of the Council as recorded in the Balance Sheet. Statutory arrangements require that finance is only required to be raised to cover discretionary (unfunded) benefits when the pensions are actually paid.

IAS19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC14. The economic benefits were calculated as £20.269M. Therefore, an adjustment to the defined benefit plan asset has been required in accordance with IAS19 and IFRIC14.

<b>Liabilities</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Opening present value of funded liabilities</b>	<b>149,803</b>	<b>154,721</b>
<b>Opening present value of unfunded liabilities</b>	<b>2,375</b>	<b>2,390</b>
Current Service Cost	2,994	3,037
Past Service Cost	0	6
Interest Cost	6,975	7,487
Contributions by Participants	1,116	1,160
Actuarial (gain) / loss on liabilities due to change in financial assumptions	50	(23,960)
Actuarial gain on liabilities due to change in demographic assumptions	(3,009)	(274)
Experience (gains) / losses on liabilities	2,651	(1,717)
Net benefits paid out	(5,635)	(6,064)
Unfunded benefits paid out	(209)	(215)
<b>Closing present value of funded liabilities</b>	<b>154,721</b>	<b>134,481</b>
<b>Closing present value of unfunded liabilities</b>	<b>2,390</b>	<b>2,090</b>
<b>Total present value of scheme liabilities</b>	<b>157,111</b>	<b>136,571</b>

<b>Assets</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Opening fair value of assets</b>	<b>140,851</b>	<b>152,027</b>
Interest income on assets	6,585	7,250
Actuarial (gain) / loss on assets	6,083	(2,763)
Contributions by the employer	3,027	3,140
Contributions by participants	1,116	1,160
Net benefits paid out	(5,635)	(6,064)
<b>Closing fair value of assets</b>	<b>152,027</b>	<b>154,750</b>
Effect of the asset ceiling	0	(20,269)
<b>Adjusted closing fair value of assets</b>	<b>152,027</b>	<b>134,481</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on assets in the year is shown in the following table.

<b>Assets</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Interest income on assets	6,585	7,250
Actuarial (gain) / loss on assets	6,083	(2,763)
<b>Actual return on assets</b>	<b>12,668</b>	<b>4,487</b>

#### 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 Fund's liabilities have been assessed by an independent firm of actuaries, based on the latest full valuation of the scheme carried out as at 31 March 2022 and a duration of liabilities of 17 years.

The principal assumptions used by the actuary were:

	<b>2023/24</b>	<b>2024/25</b>
Discount rate for liabilities	4.8%	5.8%
Rate of Inflation - CPI	2.8%	2.8%
Rate of increase in salaries	3.8%	3.8%
<b>Mortality Assumptions</b>		
Longevity at 65 for current pensioners (years)		
Men	22.1	22.0
Women	24.7	24.7
Longevity at 65 for future pensioners aged 45 at last formal valuation (years)		
Men	22.6	22.5
Women	25.7	25.6

It is assumed that each member will surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 70% of the permitted maximum.

The proportions of total assets held in each asset type, shown below, reflect the proportions held by the Fund as a whole at 31<sup>st</sup> March 2025.

	<b>2023/24</b>			<b>2024/25</b>		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equities	37.9%	7.9%	45.8%	33.3%	8.9%	42.2%
Bonds	24.6%	12.2%	36.8%	28.3%	7.3%	35.6%
Property	0.0%	7.5%	7.5%	0.0%	9.1%	9.1%
Other	0.8%	9.1%	9.9%	1.9%	11.2%	13.1%
<b>Total</b>	<b>63.3%</b>	<b>36.7%</b>	<b>100.0%</b>	<b>63.5%</b>	<b>36.5%</b>	<b>100.0%</b>

The figures in this note are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31<sup>st</sup> March 2025 and the projected service cost for the year ending 31<sup>st</sup> March 2026 is set out in the following table. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

<b>Discount rate</b>	
Adjustment to rate	-0.1%
% change in present value of total obligation	2%
Approximate monetary amount (£'M)	2.18
<b>Rate of increase in salaries</b>	
Adjustment to salary increase rate	+0.1%
% change in present value of obligation	0%
Approximate monetary amount (£'M)	0.05
<b>Rate of increase to pensions in payment</b>	
Adjustment to pension rate	+0.1%
% change in present value of obligation	2%
Approximate monetary amount (£'M)	2.20
<b>Post retirement mortality assumptions</b>	
Increase in life expectancy	+1 year
% change in present value of obligation	4%
Approximate monetary amount (£'M)	5.46

## 16. Leases

### **Council as Lessee**

The Council's lease contracts consist of nil consideration value leases for operational land and buildings, community assets and an investment property.

### Right of Use Assets

The following table shows the value of right of use assets held by the Council.

	<b>Land and Buildings £'000</b>	<b>Community £'000</b>	<b>Investment Properties £'000</b>	<b>Total £'000</b>
<b>Balance brought forward</b>	<b>0</b>	<b>0</b>	<b>1,325</b>	<b>1,325</b>
Recognition in year	583	57	0	640
<b>Balance carried forward</b>	<b>583</b>	<b>57</b>	<b>1,325</b>	<b>1,965</b>

## **Council as Lessor**

### Operating Leases

The Council leases out land and property under operating leases for a number of purposes. These include generation of income from investment properties and for the provision of recreational facilities.

The future minimum lease rentals receivable under non-cancellable leases in future years are shown in the table below.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Receivable within one year	9,563	9,737
Receivable within one to five years	33,048	34,656
Receivable after five years	414,429	415,802
<b>Total minimum lease rentals receivable</b>	<b>457,040</b>	<b>460,195</b>

The minimum lease payments receivable does not include rents that are contingent on performance or based on a percentage of turnover.

In 2024/25 the Council recognised income from contingent rents of £28,000 (2023/24 - £28,000).

## **17. Property, Plant & Equipment (PPE)**

These are tangible assets which are held or used in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

They are further classified into:

- Operational assets
  - Land & buildings (e.g. offices and car parks)
  - Vehicles, Plant & Equipment
  - Infrastructure assets (e.g. footpaths and cycle ways)
  - Community assets (e.g. parks and open spaces); and
- Non-Operational assets
  - Surplus assets (i.e. assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets held for sale)

The following table shows the movement in balances of items of property, plant and equipment in the year.

<b>2024/25</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra structure</b>	<b>Community</b>	<b>Surplus Assets</b>	<b>Total</b>
<b>Cost / Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Historic Cost b/f	83,118	9,714	904	15,856	528	<b>110,120</b>
Revaluation Increases shown in the Revaluation Reserve b/f	36,537	0	53	0	0	<b>36,590</b>
Revaluation Decreases shown in the CI&ES b/f	(7,506)	(36)	(16)	(1,016)	(203)	<b>(8,777)</b>
Additions	2,599	1,550	35	1,379	0	<b>5,563</b>
Recognition of right if use assets	583	0	0	57	0	<b>640</b>
Reclassification	156	0	0	0	0	<b>156</b>
Revaluations	622	0	0	0	0	<b>622</b>
Disposals - Historic Cost	(654)	(22)	0	0	0	<b>(676)</b>
Disposals - Impairment Costs	425					<b>425</b>
Reverse depreciation on disposed / revalued assets	(2,471)	(828)	0	0	0	<b>(3,299)</b>
Impairments in year	1,734	0	0	0	0	<b>1,734</b>
<b>Cost / Valuation at 31st March 2025</b>	<b>115,143</b>	<b>10,378</b>	<b>976</b>	<b>16,276</b>	<b>325</b>	<b>143,098</b>
<b>Depreciation</b>						
Historic Cost Depreciation b/f	(517)	(6,310)	(322)	(1,821)	(15)	<b>(8,985)</b>
Depreciation on Revaluations b/f	(201)	0	(44)	0	0	<b>(245)</b>
Charge in year - Historic Cost	(1,644)	(987)	(29)	(296)	(5)	<b>(2,961)</b>
Charge in year - Revalued Amounts	(689)	0				<b>(689)</b>
Reverse depreciation on disposed / revalued assets	2,471	828	0	0	0	<b>3,299</b>
<b>Depreciation at 31st March 2025</b>	<b>(580)</b>	<b>(6,469)</b>	<b>(395)</b>	<b>(2,117)</b>	<b>(20)</b>	<b>(9,581)</b>
<b>Net Book Value at 31st March 2025</b>	<b>114,563</b>	<b>3,909</b>	<b>581</b>	<b>14,159</b>	<b>305</b>	<b>133,517</b>
<b>Net Book Value at 31st March 2024</b>	<b>111,431</b>	<b>3,368</b>	<b>575</b>	<b>13,019</b>	<b>310</b>	<b>128,703</b>

## Comparative Information for 2023/24

<b>2023/24 restated</b>	<b>Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra structure</b>	<b>Community</b>	<b>Surplus Assets</b>	<b>Total</b>
<b>Cost / Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Historic Cost b/f restated	84,491	9,497	904	15,328	528	<b>110,748</b>
Revaluation Increases shown in the Revaluation Reserve b/f	35,871	0	53	0	0	<b>35,924</b>
Revaluation Decreases shown in the CI&ES b/f	(6,522)	(36)	(16)	(923)	(203)	<b>(7,700)</b>
Additions	290	508	0	612	0	<b>1,410</b>
Revaluations	1,735	0	0	0	0	<b>1,735</b>
Disposals - Historic Cost	0	0	0	(37)	0	<b>(37)</b>
Reverse depreciation on disposed / revalued assets	(2,732)	(291)	0	(47)	0	<b>(3,070)</b>
Impairments in year	(984)	0	0	(93)	0	<b>(1,077)</b>
<b>Cost / Valuation at 31st March 2024</b>	<b>112,149</b>	<b>9,678</b>	<b>941</b>	<b>14,840</b>	<b>325</b>	<b>137,933</b>
<b>Depreciation</b>						
Historic Cost Depreciation b/f	(504)	(5,639)	(294)	(1,584)	(10)	<b>(8,031)</b>
Depreciation on Revaluations b/f	(537)	0	(43)	0		<b>(580)</b>
Charge in year - Historic Cost	(1,676)	(962)	(28)	(284)	(5)	<b>(2,955)</b>
Charge in year - Revalued Amounts	(733)	0	(1)	0	0	<b>(734)</b>
Reverse depreciation on disposed / revalued assets	2,732	291	0	47	0	<b>3,070</b>
<b>Depreciation at 31st March 2024</b>	<b>(718)</b>	<b>(6,310)</b>	<b>(366)</b>	<b>(1,821)</b>	<b>(15)</b>	<b>(9,230)</b>
<b>Net Book Value at 31st March 2024</b>	<b>111,431</b>	<b>3,368</b>	<b>575</b>	<b>13,019</b>	<b>310</b>	<b>128,703</b>
<b>Net Book Value at 31st March 2023</b>	<b>112,799</b>	<b>3,822</b>	<b>604</b>	<b>12,821</b>	<b>315</b>	<b>130,361</b>

Depreciation is charged based on the following assumed useful economic lives

- Land – Not depreciated
- Buildings – 10 to 60 years
- Vehicles – 3 to 7 years
- Plant & Equipment – 3 to 15 years
- Infrastructure Assets – 10 to 30 years

The impairments shown above are due to changes in the market value of assets as a result of current market conditions or as a result of changes to lease or other conditions which have altered an asset's carrying value. No assets were materially impaired as a result of structural damage.

The following table shows, for each class of PPE asset, the value of assets based on their respective methods of valuation. Where assets are carried at revalued amounts, the value is shown based on the year of the most recent revaluation.

	<b>Cost</b>	<b>Depreciated Cost</b>	<b>Reval 2020/21</b>	<b>Reval 2023/24</b>	<b>Reval 2024/25</b>	<b>Total value of PPE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Land and Buildings	1,379	0	7,806	2,966	102,412	<b>114,563</b>
Vehicles, Plant & Equipment	1,550	2,359	0	0	0	<b>3,909</b>
Infrastructure	140	441	0	0	0	<b>581</b>
Community	10,518	3,242	0	0	399	<b>14,159</b>
Surplus Assets	0	0	305	0	0	<b>305</b>
<b>Total PPE Assets</b>	<b>13,587</b>	<b>6,042</b>	<b>8,111</b>	<b>2,966</b>	<b>102,811</b>	<b>133,517</b>

No assets are carried in the balance sheet based on valuations from 2021/22 or 2022/23. All assets revalued in those years were subsequently revalued in 2023/24 or 2024/25.

The Council carries out a rolling programme of valuations that ensures all land & buildings and surplus assets are valued at least once every five years. Vehicles, plant & equipment, infrastructure, and community assets are held at depreciated historic cost. Revaluations in 2024/25 were carried out by an external valuer, Carter Jonas. All revaluations were carried out as at 31<sup>st</sup> March 2025.

The majority of information for PPE valuations comes from assessing active markets for similar properties. However, there is still some need for estimation as no two properties can be treated the same. The Council's valuers make assumptions on certain areas including the asset's useful remaining life and degree of specialism in calculating the asset's value for the accounts.

Surplus assets are measured at fair value.

At the 31st March 2025 contractual commitments on existing capital schemes totalled £5.288M (2023/24 £3.411M). The most significant items are £1.769M of community projects that are funded from the Community Infrastructure Levy and £960,000 in relation to ten food waste vehicles which have been ordered but not delivered at 31<sup>st</sup> March 2025.

## 18. 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 & Expenditure Statement.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Rental income from Investment Property	8,585	9,368
Investment Property direct costs	(400)	(462)
<b>Net Investment Property income</b>	<b>8,185</b>	<b>8,906</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property portfolio or in the Council's right to the remittance of income and the proceeds of disposal.

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

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance at start of year</b>	<b>166,245</b>	<b>166,965</b>
Expenditure on existing property	1	351
Reclassification to Property, Plant & Equipment	0	(156)
Net changes in fair value of property	869	6,503
Disposals	(150)	(404)
<b>Balance at end of year</b>	<b>166,965</b>	<b>173,259</b>

### **Fair Value Hierarchy and Valuation Techniques**

The Council's investment property portfolio has been assessed as Level 2 for valuation purposes (see Note 1.22 for an explanation of Fair Value levels).

The fair value of the investment property portfolio has been measured using the investment method of valuation. Valuations have taken into account existing lease terms and rentals from the tenancy schedule, research into market evidence, market rentals and yields. Changes in yields have led to a material increase in the valuation of some of the Council's investment properties.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Investment property under construction is measured at cost.

There has been no change in the valuation techniques used during the year for investment properties.

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external valuer, Carter Jonas, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## **19. Intangible Assets**

Intangible Assets represent the value of development costs and software licences for computer programmes used and the Council's right to hold markets in Andover town centre.

Market rights are not amortised as they are considered to have a life longer than 50 years; however a periodic impairment review is carried out on this asset to ensure the carrying value is prudent.

Software licences are amortised over their estimated useful economic life on a straight line basis.

The following table summarises the movement in balances for intangible assets in the year.



	<b>Software Licences £'000</b>	<b>Market Rights £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>			
Cost / Fair Value b/f	530	57	587
Additions	10	0	10
<b>Cost / Valuation at 31st March 2025</b>	<b>540</b>	<b>57</b>	<b>597</b>
<b>Amortisation</b>			
Amortisation of Historic Cost b/f	(511)	0	(511)
Charge for the year	(11)	0	(11)
<b>Amortisation at 31st March 2025</b>	<b>(522)</b>	<b>0</b>	<b>(522)</b>
<b>Net Book Value as at 31st March 2025</b>	<b>18</b>	<b>57</b>	<b>75</b>
<b>Net Book Value as at 31st March 2024</b>	<b>19</b>	<b>57</b>	<b>76</b>

Comparative information for 2023/24

	<b>Software Licences £'000</b>	<b>Market Rights £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>			
Cost / Fair Value b/f	530	57	587
Reverse amortisation on disposed assets	0	0	0
<b>Cost / Valuation at 31st March 2024</b>	<b>530</b>	<b>57</b>	<b>587</b>
<b>Amortisation</b>			
Amortisation of Historic Cost b/f	(495)	0	(495)
Charge for the year	(16)	0	(16)
Reverse amortisation on disposed assets	0	0	0
<b>Amortisation at 31st March 2024</b>	<b>(511)</b>	<b>0</b>	<b>(511)</b>
<b>Net Book Value as at 31st March 2024</b>	<b>19</b>	<b>57</b>	<b>76</b>
<b>Net Book Value as at 31st March 2023</b>	<b>35</b>	<b>57</b>	<b>92</b>

**20. Heritage Assets**

The Council holds a number of heritage assets. Some of these are carried at historical cost and others are not included on the Balance Sheet. The total estimated value of Heritage Assets at the balance sheet date is shown in the table below split according to their treatment in the Balance Sheet.

	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>2023/24 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2024/25 £'000</b>
Included in Community Assets	634	809	782	957
Not included in the Balance Sheet	0	190	0	190
<b>Total</b>	<b>634</b>	<b>999</b>	<b>782</b>	<b>1,147</b>

The most significant Heritage Assets owned by the Council are the silver maces which form part of the Council's civic regalia. Other Heritage Assets include the war memorials in Andover and Romsey, a Japanese cannon in Romsey War Memorial Park and various pieces of public art.

FRS30 (Heritage Assets) requires that, where material, Heritage Assets be shown at valuation as a separate category of non-current asset on the Balance Sheet. The total estimated value of Heritage Assets is not material; therefore the Council has elected not to re-state the accounts to the extent required by the Standard.

## 21. Profit on Disposal of Assets

During the year, the Council made a net loss on the disposal of fixed assets of £271,000 (2023/24 net loss of £139,000). An analysis of this loss is shown in the following table.

	2023/24 £'000	2024/25 £'000
Right To Buy Contributions	48	338
Net profit / (loss) on disposal of property, plant & equipment	(37)	(205)
Loss on disposal of investment property	(150)	(404)
<b>Total Profit on Disposal of Assets</b>	<b>(139)</b>	<b>(271)</b>

## 22. Capital Expenditure and Financing

Total Capital Expenditure to be financed in 2024/25 amounted to £9.949M. This can be analysed as expenditure on new assets (£5.924M), revenue expenditure funded from capital under statute (£4.022M) and expenditure classed as financial instruments (£3,000).

	2023/24 £'000	2024/25 £'000
<b>Opening Capital Financing Requirement</b>	<b>5,999</b>	<b>6,095</b>
<b>Capital Expenditure</b>		
Property, Plant & Equipment	1,410	5,563
Investment Property	1	351
Intangible Assets	0	10
Revenue Expenditure Funded from Capital Under Statute	4,023	4,022
Capital loan	40	3
Inventory	300	0
<b>Sources of Finance</b>		
Capital Receipts	3,334	1,839
Government Grants and Other Contributions	(4,149)	(6,961)
Contributions from Revenue / Reserves	(4,659)	(4,827)
Movement in Minimum Revenue Provision	(204)	(209)
<b>Closing Capital Financing Requirement</b>	<b>6,095</b>	<b>5,886</b>

The movement in the Capital Financing Requirement represents the movement in the minimum revenue provision of £209,000.

The Property, Plant & Equipment line and the Government Grants and Other Contributions line above for 2024/25 include the assumed costs and contribution of donated assets valued at £912,000 which the Council did not purchase but which were adopted as part of a S106 agreement.

The Government Grants and Other Contributions line shown in the previous table represents the total 'Capital Grants and Contributions' figure per the Comprehensive

Income & Expenditure Statement less the movement in the Capital Grants Unapplied Reserve and the recognition of nil consideration value leases.

Total capital expenditure has been analysed on a service basis in the following table:

	<b>2024/25 Long-Term Assets</b>	<b>2024/25 Revenue Expenditure Funded From Capital</b>	<b>2024/25 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community & Leisure	1,368	1,411	<b>2,779</b>
Environmental Service	1,539	0	<b>1,539</b>
Housing & Env. Health	0	1,409	<b>1,409</b>
IT	24	0	<b>24</b>
Property & Asset Management	961	487	<b>1,448</b>
Planning Policy & Economic Development	2,032	715	<b>2,747</b>
<b>Total Expenditure</b>	<b>5,924</b>	<b>4,022</b>	<b>9,946</b>

The table above excludes the capital expenditure on financial instruments which are included in note 32.

### 23. **Cash and Cash Equivalents**

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Cash held by the Council	4	4
Bank Current Accounts	(90)	(1,020)
Short-term deposits	8,049	6,658
<b>Total Cash &amp; Cash Equivalents</b>	<b>7,963</b>	<b>5,642</b>

### 24. **Inventories**

The balance of inventories is as shown in the following table.

	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>
Stock held by services	275	194
Nitrate credits	1,679	1,535
<b>Total Inventories</b>	<b>1,954</b>	<b>1,729</b>

Following the Court of Justice of the European Union judgments, Natural England advised in June 2019 that in order to comply with the Habitats Regulations, all new residential and overnight accommodation development should be nutrient neutral.

The Council has, therefore, purchased credits to provide off site mitigation solutions in order to achieve nutrient neutral development. These credits will be sold to developers as part of S106 agreements as part of a nitrate mitigation solution. It is anticipated they

will be sold at cost plus indexation and are held as inventory at the lower of cost or net realisable value.

## 25. Analysis of Debtors

	2023/24 £'000	2024/25		
		Debtor £'000	Impairment Allowance £'000	Net £'000
Central Government Bodies	1,455	1,846	0	1,846
Sundry Debtors	5,766	9,539	(1,787)	7,752
Pension Fund Prepayment	5,185	2,579	0	2,579
Collection Fund	860	7,527	(1,483)	6,044
Car Leasing and Loans	120	178	0	178
<b>Total Debtors</b>	<b>13,386</b>	<b>21,669</b>	<b>(3,270)</b>	<b>18,399</b>

Included within car leasing and loans in the previous table are loans to employees for vehicle purchases. At 31<sup>st</sup> March 2025, £178,000 (2023/24 - £140,000) was outstanding.

The Collection Fund balances relate to Council Tax and Business Rates. There are two elements. The first represents the Council's share of amounts due from taxpayers in respect of 2024/25. The second is the balance of the cash that is owing from other preceptors on the Council Tax and Business Rates Collection Funds in respect of the movements on the Collection Fund in the year. The Business Rates element is £NIL for 2023/24 as there was a balance owing to other preceptors in that year. For more details on the Collection Fund, please see pages 73 to 76.

The Collection Fund balances are shown in the following table.

	2023/24 £'000	2024/25 £'000
Council's share of Council Tax debtors	745	830
Council's share of Business Rates' debtors	1,073	1,577
Other preceptors' share of Council Tax movement	320	574
Other preceptors' share of Business Rates movement	0	4,546
<b>Total Collection Fund balances</b>	<b>2,138</b>	<b>7,527</b>

## 26. Analysis of Creditors

	2023/24 £'000	2024/25 £'000
Sundry Creditors	4,276	3,657
Collection Fund	1,901	732
Central Government	4,580	3,840
Section 106 Balances	16,734	16,316
Compensated Absences Accrual	250	277
<b>Total Creditors</b>	<b>27,741</b>	<b>24,822</b>

The Collection Fund balances relate to Council Tax and Business Rates. There are two elements. The first is the Council's share of payments from taxpayers in respect of 2025/26 that have been received before the end of 2024/25. The second is the balance

of the cash that is owed to the other preceptors on the Business Rates Collection Fund in respect of the movements on the Collection Fund in the year. This element is £NIL in 2024/25 as there is a balance owing from the other preceptors. For more details on the Collection Fund, please see pages 73 to 76.

The Collection Fund balances are shown in the following table.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Council's share of Council Tax receipts in advance	139	179
Council's share of Business Rates' receipts in advance	346	553
Other preceptors' share of Business Rates movement	1,416	0
<b>Total Collection Fund balances</b>	<b>1,901</b>	<b>732</b>

The balances due to Central Government are shown in the following table.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
PAYE / NI / VAT	30	28
NDR levy	3,422	3,613
NDR S31 Grants	836	0
NDR Transitional Payment Protection	292	175
Discretionary Housing Payments Subsidy	0	24
<b>Total Central Government balances</b>	<b>4,580</b>	<b>3,840</b>

Section 106 balances relate to contributions made by developers as part of certain planning agreements. These sums are included as creditors because many contributions have time conditions within which expenditure must be made.

The section 106 balances are comprised of the following types of contribution.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Open Spaces / Recreation	6,178	6,691
Highways / Cycle Routes / Green Travel	2,903	1,577
Affordable Housing	2,797	3,539
Education & Skills' Development	171	167
Public Art	300	256
Community Facilities	3,528	2,971
Other	857	1,115
<b>Total Section 106 balances</b>	<b>16,734</b>	<b>16,316</b>

The major balances on the section 106 contributions relate to big housing developments at East Anton, Abbotswood, Picket Twenty and Picket Piece.

## 27. Provisions

The following table details the movement in the provisions.

	2023/24 £'000	2024/25 £'000
<b>Balance at start of year</b>	<b>1,194</b>	<b>682</b>
Amounts charged to the provision	(1,753)	(859)
Increase in provision	1,241	1,297
<b>Balance at end of year</b>	<b>682</b>	<b>1,120</b>

The Council's share of backdated business rates appeals that are expected to be awarded in future years was £1.12M at the end of the year (2023/24 £682,000). It is not possible to determine when appeals will be settled; therefore the whole balance is shown in current liabilities. This process is managed by the Valuation Office Agency (VOA) and is outside the control of the Council.

The provision relates to appeals based on the VOA's ratings lists from 2017 and 2023.

The calculation has been prepared on a similar basis to prior years, taking the weighted average change in the rateable value of determined cases and applying that percentage to outstanding cases.

An allowance has then been applied to reflect the likelihood of additional appeals being added to the VOA schedule. This could arise either because of 'Check' cases currently marked as closed being re-opened in the 'Challenge' stage in later years (this accounts for 90% of the rateable value for outstanding cases on the 2017 list) or from cases that are expected but which had not been lodged with the VOA by 31<sup>st</sup> March 2025 (2023 list only).

## 28. Trust Funds

The Council operates a number of trusts for civic purposes. The balances at the end of the year were £78,600 (2023/24 - £68,000). The most significant balance is in respect of the Romsey Walk and Pleasure Ground - £65,000 (2023/24 - £62,000).

## 29. Notes to the Cash Flow Statement

An analysis of items included in the Cash Flow Statement is shown in the following tables.

<b>Net Cash inflow from Operating Activities includes:</b>	2023/24 £'000	2024/25 £'000
Interest received	4,483	4,920
Interest paid	(147)	(142)

<b>Other Non-Cash items</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Movement in Bad Debt Allowance	348	369
Movement in provisions	(512)	438
Donated assets under s106 agreements	0	(912)
Recognition of right of use assets	0	(640)
Other non-cash items	42	228
<b>Other Non-Cash items</b>	<b>(122)</b>	<b>(517)</b>

<b>Other income / (payments) for financing activities</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Movement in Council Tax debtors	(107)	(85)
Movement in amounts owed to Council Tax preceptors	(1,464)	(254)
Movement in Business Rates debtors	209	(504)
Movement in amounts owed to Business Rates preceptors	(2,302)	(5,962)
<b>Other income / (payments) for financing activities</b>	<b>(3,664)</b>	<b>(6,805)</b>

### 30. Usable Reserves

The Council's usable reserves represent the level of funding the Council has at its disposal to allocate to future expenditure, subject to the requirement to retain prudent reserve levels for unforeseen future events.

The amounts making up the Council's usable reserves are summarised in the following table. More information on each reserve is given in the following paragraphs.

<b>Reserve</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
General Fund Balance	2,604	3,000
Revenue & Earmarked Reserves	51,474	61,261
Capital Receipts Reserve	12,606	14,841
Capital Grants Unapplied Reserve	9,542	11,047
<b>Total Usable Reserves</b>	<b>76,226</b>	<b>90,149</b>

#### General Fund Balance

This is a contingency fund – money set aside for emergencies or to cover any unexpected costs that may occur during the year.

#### Revenue & Earmarked Reserves

Earmarked reserves are held for specific purposes for costs which will be incurred in future years.

A breakdown of the movement in Earmarked Reserves is shown in the following table.

	Balance as at 31/03/2023	Transfers In 2023/24	Transfers Out 2023/24	Balance as at 31/03/2024	Transfers In 2024/25	Transfers Out 2024/25	Balance as at 31/03/2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income Equalisation Reserve	300	0	0	300	0	(300)	0
Budget Equalisation Reserve	1,345	0	(524)	821	0	(821)	0
Investment Equalisation Reserve	350	300	0	650	0	(650)	0
Pension Equalisation Reserve	500	245	0	745	0	(745)	0
Collection Fund Equalisation Reserve	2,798	5,480	(1,956)	6,322	8,600	(3,867)	11,055
<b>Total Equalisation Reserves</b>	<b>5,293</b>	<b>6,025</b>	<b>(2,480)</b>	<b>8,838</b>	<b>8,600</b>	<b>(6,383)</b>	<b>11,055</b>
Capacity Building Reserve	345	0	(55)	290	0	(270)	20
New Homes' Bonus Reserve	12,057	1,200	(764)	12,493	1,350	(544)	13,299
Enterprise and Innovation Reserve	315	0	0	315	0	(315)	0
Rejuvenation Projects Reserve	2,629	663	(204)	3,088	5,592	(260)	8,420
Special Projects Reserve	177	0	(88)	89	0	(89)	0
<b>Total Future Growth Reserves</b>	<b>15,523</b>	<b>1,863</b>	<b>(1,111)</b>	<b>16,275</b>	<b>6,942</b>	<b>(1,478)</b>	<b>21,739</b>
Asset Management Plan	2,728	2,398	(1,733)	3,393	3,490	(3,167)	3,716
Chantry Centre Planned Maintenance Reserve	1,916	476	(94)	2,298	104	(116)	2,286
Local Development Framework Reserve	592	24	(237)	379	812	(16)	1,175
Developer contribution for future years' maintenance costs	15,530	536	(935)	15,131	43	(930)	14,244
Housing Reserve	1,000	222	(2)	1,220	668	(33)	1,855
Environment Act Reserve	300	82	(34)	348	961	(251)	1,058
Community Support Reserve	1,463	507	0	1,970	216	0	2,186
Leisure Centre Equalisation Reserve	0	350	0	350	0	(195)	155
Transformation Reserve	0	0	0	0	996	0	996
Other Earmarked Reserves	688	0	(2)	686	0	(415)	271
Other Specific Reserves	841	117	(372)	586	155	(216)	525
<b>Total Specific Reserves</b>	<b>25,058</b>	<b>4,712</b>	<b>(3,409)</b>	<b>26,361</b>	<b>7,445</b>	<b>(5,339)</b>	<b>28,467</b>
<b>Total Earmarked Revenue Reserves</b>	<b>45,874</b>	<b>12,600</b>	<b>(7,000)</b>	<b>51,474</b>	<b>22,987</b>	<b>(13,200)</b>	<b>61,261</b>

#### Capital Receipts Reserve

The movement of the balance of the Capital Receipts Reserve reflects the transactions in the year in generating capital receipts and incurring capital expenditure. These transactions are summarised in the following table.



	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Balance at start of year</b>		<b>7,930</b>		<b>12,606</b>
Capital Receipts				
Sale of Assets	0		46	
Profit on sale of inventory	4		6	
Capital Loan Repayment	0		7	
Right to Buy Receipts	48		338	
		52		397
Capital Expenditure				
Purchase of Assets	4,977		3,119	
Revenue Expenditure funded from Capital Under Statute	(353)		(1,281)	
		4,624		1,838
<b>Balance at end of year</b>		<b>12,606</b>		<b>14,841</b>

#### Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require payment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied.

The movement in the balance of the Capital Grants Unapplied Reserve is shown in the following table.

	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b>Balance at start of year</b>		<b>8,436</b>		<b>9,542</b>
Capital Grants Received:				
Disabled Facilities Grants	565		330	
Community Infrastructure Levy	351		834	
Local Authority Housing Fund Grant	1,298		0	
Food Waste Collection Grant	1,331		2	
Levelling Up Fund Grant	0		2,451	
Other capital grants	300		0	
		3,845		3,617
Capital Expenditure				
Capital expenditure	1		(748)	
Revenue Expenditure funded from Capital Under Statute	(2,740)		(1,364)	
		(2,739)		(2,112)
<b>Balance at end of year</b>		<b>9,542</b>		<b>11,047</b>

### 31. Unusable Reserves

There are a number of unusable reserves that make up part of the Council's net worth. The balances on these accounts are calculated according to proper accounting practices but the balance cannot be used by the Council for future expenditure on delivering services.

The amounts making up the Council's unusable reserves are summarised in the following table. More information on each reserve is given in the following paragraphs.

<b>Reserve</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Revaluation Reserve	38,089	38,021
Capital Adjustment Account	252,335	263,714
Deferred Credits	7	7
Collection Fund Adjustment Account	269	(4,453)
Accumulated Absences Account	(250)	(277)
Pension Fund Reserve	(5,084)	(2,090)
<b>Total Unusable Reserves</b>	<b>285,366</b>	<b>294,922</b>

#### Revaluation Reserve

The balance on the Revaluation Reserve represents the unrealised gains made by the Council arising from increases in the value of its Property, Plant & 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
- disposed of and the gains realised
- reclassified as investment properties.

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance of the Capital Adjustment Account.

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance at start of year</b>	<b>37,088</b>	<b>38,089</b>
Upward revaluations of assets in the year	2,607	1,769
Downward revaluations of assets in the year	(872)	(1,147)
Depreciation of previous years' revaluation gains	(734)	(690)
	1,001	(68)
<b>Balance at end of year</b>	<b>38,089</b>	<b>38,021</b>

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the purchase, subsequent expenditure, depreciation and impairment of assets compared with the financing of those assets under statutory provisions.

	2023/24 restated		2024/25	
	£'000	£'000	£'000	£'000
<b>Balance at start of year</b>		<b>254,420</b>		<b>252,335</b>
Transfer from Revaluation Reserve	734		690	
Revaluation gains on Investment Property	869		6,503	
Assets purchased in the year	1,411		5,924	
Capital loan advanced in year	40		3	
Recognition of right of use assets	0		640	
Statutory provision for the repayment of debt	204		209	
Transfer from Capital Receipts Reserve	353		1,281	
Transfer from Capital Grants Unapplied Reserve	2,740		1,364	
		6,351		16,614
Disposal of assets	(186)		(655)	
Repayment of capital loan	0		(8)	
Impairment of financial instrument	(375)		0	
Depreciation of non-current assets	(3,689)		(3,650)	
Amortisation of intangible assets	(16)		(11)	
Impairments	(1,077)		1,734	
Revenue expenditure funded from capital	(3,093)		(2,645)	
		(8,436)		(5,235)
<b>Balance at end of year</b>		<b>252,335</b>		<b>263,714</b>

#### Deferred Credits

This represents the balance of the remaining mortgages given by the Council that will become usable capital receipts when they are repaid.

#### Collection Fund Adjustment Account

The Comprehensive Income and Expenditure Statement shows the Council's share of the income generated from Council Tax and Business Rates in the year. However, statutory accounting arrangements require that any variances from budget cannot be treated as income or expenditure by the Council until later years. To ensure the correct accounting treatment for this, a transfer is made to the Collection Fund Adjustment Account for the movement in the surplus or deficit in the year.

This account shows the Council's share of the accumulated difference between the estimated and actual returns in the Collection Fund (see pages 73 to 76).

The surplus on the Council Tax part of the Collection Fund at 31<sup>st</sup> March 2025 was £1.114M, of which the Council's share is £113,000. The deficit in respect of business rates was £10.344M of which the Council's share was £4.138M.

The Council is entitled to retain 100% of the business rates collected from Renewable Energy schemes within the Borough. However, any variance to the original budget cannot be treated as income until later years and is therefore transferred to the Collection Fund Adjustment Account. The amount retained at 31<sup>st</sup> March 2025 was £428,000 higher than the actual income from Renewable Energy Schemes and this will be returned to the General Fund in 2025/26.

	2023/24 £'000	2024/25 £'000
Share of Council Tax Surplus b/f	288	154
Movement in the year	(134)	(41)
<b>Share of Council Tax Surplus c/f</b>	<b>154</b>	<b>113</b>
Share of Business Rates' Surplus b/f	1,017	126
Movement in the year	(891)	(4,264)
<b>Share of Business Rates' Surplus / (Deficit) c/f</b>	<b>126</b>	<b>(4,138)</b>
Renewable Energy Business Rates retained b/f	17	(11)
Movement in year	(28)	(417)
<b>Renewable Energy Business Rates retained c/f</b>	<b>(11)</b>	<b>(428)</b>
<b>Balance at end of year</b>	<b>269</b>	<b>(4,453)</b>

#### Accumulated Absences Account

This represents the reversal of the accrual for compensated absences (annual leave not taken at the year-end). The accrual is required under the Code but under regulations is not allowed to count as expenditure against the General Fund and the subsequent level of Council Tax.

#### Pension Fund Reserve

The Pension Fund Reserve absorbs the timing differences arising from the different arrangements for accounting for retirement benefits and for funding those benefits under statutory provisions.

The Council accounts for retirement benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees; however, statutory arrangements require that benefits are financed as the Council makes contributions to the pension fund.

The debit balance on this reserve therefore shows a substantial shortfall between the benefits earned by past and current employees of the Council and the resources set aside to meet them. Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The transactions relating to the Council's pension liability are shown in more detail in note 15.

### **32. Financial Instruments**

Financial instruments are contractual arrangements that give rise to a financial asset in one entity and a financial liability in another. For the Council, this primarily relates to financial assets in the form of investments and debtors and financial liabilities in the form of creditors.

All investment funds were managed internally during the year.

#### **Financial Instrument Balances**

The following categories of financial instrument are carried in the Balance Sheet.

	31st March 2024		31st March 2025	
	Current £'000	Long-Term £'000	Current £'000	Long-Term £'000
<b>Financial Assets:</b>				
<u>Investments</u>				
Amortised Cost	68,959	12,840	53,151	32,870
<u>Debtors</u>				
Amortised cost - Sundry Debtors	6,923	578	8,977	533
Amortised cost - Car Leasing and Loans	140	0	178	0
<b>Financial Liabilities:</b>				
<u>Creditors</u>				
Amortised cost - Borrowings	(278)	(6,047)	(281)	(5,791)
Amortised cost - Sundry Creditors	(2,595)	0	(2,129)	0

### Fair Value of Financial Instruments that are not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial assets and liabilities held by the Council are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans receivable, prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or billed amount
- For loans from the PWLB, their prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.

The fair values are calculated as follows:

Financial assets	31st March 2024		31st March 2025	
	Carrying Value £'000	Fair Value £'000	Carrying Value £'000	Fair Value £'000
Cash	4	4	4	4
Cash Equivalents	7,959	7,959	5,638	5,638
Deposits with banks and building societies	21,112	21,112	562	562
Short term Loans and Receivables	47,847	47,847	52,589	52,589
Long term Loans and Receivables	12,840	13,041	32,870	33,113
<b>Total</b>	<b>89,762</b>	<b>89,963</b>	<b>91,663</b>	<b>91,906</b>

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31<sup>st</sup> March 2025) attributable to the commitment to receive interest above market rates.

Financial liabilities	31st March 2024		31st March 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
Borrowings - PWLB debt	(6,325)	(5,031)	(6,072)	(4,628)
<b>Total</b>	<b>(6,325)</b>	<b>(5,031)</b>	<b>(6,072)</b>	<b>(4,628)</b>

The fair value of the liabilities is lower than the carrying amount because the Council's loans are fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31<sup>st</sup> March 2025) arising from a commitment to pay interest to lenders below current market rates.

It is considered that the carrying value is equal to the fair value for all other financial assets and liabilities not included in the table above.

The valuation basis adopted uses Level 2 Inputs – i.e. inputs other than quoted process that are observable for the financial instruments.

### Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments measured at amortised cost are made up as follows:

	2023/24 £'000	2024/25 £'000
Interest received	4,483	4,920
Interest paid	(147)	(142)

### 33. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks. The key risks are:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates

#### Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management team, under policies approved by the Council prior to the commencement of each financial year in the Treasury Management Strategy and Annual Investment Strategy.

The Treasury Management Strategy and Annual Investment Strategy for the 2024/25 financial year was approved by Council in February 2024 and is available on the Council's website.

## Credit Risk

### **Treasury Investments**

Credit risk arises from deposits with banks and building societies, as well as credit exposures to the Council's customers.

The risk is minimised through the policy of the Council to place deposits only with a limited number of institutions that meet strict criteria as defined in the Council's Treasury Management Strategy and Annual Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any financial institution failing to make interest payments or repay the principal sum will be specific to each individual institution. With regard to deposits with banks and building societies, the Council has no recent experience of defaults. Although a risk of irrecoverability applies to all of the Council's deposits, there was no evidence at 31<sup>st</sup> March 2025 that this was likely to crystallise and the credit impairment losses have been assessed as nil.

The following table summarises the credit risk of the Council's investment portfolio at 31<sup>st</sup> March 2025 by credit rating.

<b>Credit rating</b>	<b>£'000s</b>
A+	408
A	154
A-	85,459
<b>Total</b>	<b>86,021</b>

### **Trade Receivables**

As per the requirements of the Code, Trade Receivables excludes balances arising from statutory functions (e.g. Council Tax and Non Domestic Rates) as they have not arisen from contractual trading activities.

Trade debtors are not subject to internal credit rating and are collectively assessed for the purposes of calculating expected credit losses using a provision matrix based on historical data.

The Council's maximum exposure to credit risk is shown on the following table.

	<b>Amount at 31st March 2025</b>	<b>Historical Experience of Default</b>	<b>Historical Experience Adjusted for Market Conditions</b>	<b>Estimated Maximum Exposure to Default</b>
	<b>£'000</b>	<b>%</b>	<b>%</b>	<b>£'000</b>
Long Term Debtors	533	0.00	0.00	0
Sundry Debtors	8,977	19.91	19.91	1,787
Other Debtors	178	0.00	0.00	0
<b>Total</b>	<b>9,688</b>			<b>1,787</b>

The Council does not allow credit for customers. The following table provides a breakdown of amounts past due but not impaired included in Sundry Debtors.

	<b>31st March 2024 £'000</b>	<b>31st March 2025 £'000</b>
Less than three months	888	1,237
Three months to one year	523	1,595
More than one year	897	1,226
<b>Total</b>	<b>2,308</b>	<b>4,058</b>

#### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed and has ready access to borrowing from the Public Works Loans Board (PWLB). There is a minimal risk that the Council will not be able to meet its commitments under financial instruments.

The Council has loans from the PWLB on a repayment basis. The maturity analysis is as follows:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Less than one year	251	257
Between one and five years	1,062	1,086
Between five and ten years	1,468	1,501
Between ten and fifteen years	1,641	1,678
Between fifteen and twenty years	1,834	1,524
Between twenty and twenty five years	40	0
<b>Total</b>	<b>6,296</b>	<b>6,046</b>

All trade and other payables are due to be paid in less than one year.

#### Market Risk

The Council is exposed to a small risk in terms of its exposure to interest rate movements on its deposits with banks and building societies. An interest rate rise / fall would result in the interest credited to the Surplus or Deficit on Provision of Services increasing / decreasing.

#### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

### **34. Related Party Transactions**

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

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council



operates, provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from Government departments are set out in more detail in note 10.

Members of the Council have direct control over the Council's financial and operating policies. The amount paid to Councillors is disclosed in note 13. At the date that the accounts were approved for audit, all Councillors, all non-Council members and all Heads of Service had confirmed that they have not had material transactions with the Council during the financial year.

During 2024/25 £257,000 (2023/24 £185,000) in grants was paid to voluntary organisations in which two Councillors were officially appointed. The grants were made with proper consideration of declarations of interest. The relevant Councillors did not take part in any discussion or decision relating to the grants. The most significant of these grants are reported annually to Cabinet prior to the start of the financial year.

During 2024/25 £170,000 (2023/24 £184,000) of income was received from Valley Housing Limited, a wholly owned subsidiary of Test Valley Borough Council. A loan of £40,000 to Valley Housing Limited was repaid during the financial year.

### **35. Group Accounts**

On 30th April 2016, Valley Housing Limited, a Housing Development and Management Company which is a wholly owned subsidiary of Test Valley Borough Council was incorporated.

Group accounts have not been prepared for the year ended 31st March 2025 as the value of transactions between Test Valley Borough Council and Valley Housing Limited is not considered to be material.

### **36. Contingent Assets**

As part of the Large Scale Voluntary Transfer Agreement (LSVT), the Council is entitled to receive income generated from Right-to-Buy sales of former Council properties. In 2024/25 the income generated from this source was £338,000 (2023/24 £48,000). The generation of this income is outside of the Council's control and is not quantifiable for future years.

### **37. Contingent Liabilities**

#### **Large Scale Voluntary Transfer (LSVT)**

As part of the LSVT the Council was required to provide environmental warranties to both Testway Housing and their lenders for a period of 36 years (to expire 19<sup>th</sup> March 2036). There was no local knowledge of serious problems in this regard, and considering the likely costs involved in obtaining insurance cover, it is currently not considered to be cost effective to purchase insurance against this risk.

#### **Municipal Mutual Insurance Ltd – Scheme of Arrangement**

In 1992 Municipal Mutual Insurance Ltd. (MMI), which the Council and many other local authorities had insured with, experienced trading difficulties. The Company's creditors agreed a "Scheme of Arrangement" which allowed the Company to work towards a solvent run-off (of the company) until all outstanding claims were settled.

On 28<sup>th</sup> March 2012, the Supreme Court ruled the Employers' Liability Policy Trigger Litigation relating to mesothelioma claims which found against MMI. The judges ruled

that the insurer who was on risk at the time of an employee's exposure to asbestos was liable to pay compensation for the employee's mesothelioma.

To date, the Council has paid two levies to the Scheme Administrator totalling £76,400, representing 25% of the maximum liability applicable to the Council; these costs were shown in non-distributed costs in the Comprehensive Income and Expenditure Statement.

No indications have been given as to whether future levies will be necessary. The Council's maximum remaining liability is £228,000.

**38. Events After the Balance Sheet Date**

There are no events after the balance sheet date which would have a material impact on the accounts for 2024/25.

**39. Going Concern**

The going concern assumption in the Accounting Code of Practice is based on the expectation that a local authority's services will continue to operate for the foreseeable future.

The Council's budget for 2025/26, reported to Council on 27<sup>th</sup> February 2025, was balanced.

In a worst case scenario where the Council's finances are severely impacted, then as a last resort, the Council has the General Fund reserve and the New Homes Bonus Reserve which are forecast to total £14.611M at the end of March 2026, providing the financial headroom to manage its affairs and resources effectively over the medium term.

A cash flow forecast has been undertaken, using all currently known or expected transactions that will take place over the next year to the end of March 2027. In summary, this forecast clearly establishes that:

- Over the going concern period the Council is predicted to have positive cash balances at all times.
- There is no expectation that external borrowing will be required.

Following the completion of the review of available reserves and the cash flow forecast for the next twelve months, the Council considers that there is no risk to the Council as a going concern.

**40. Date Accounts Authorised for Issue**

The pre-audited Statement of Accounts was authorised for issue by the Head of Finance & Revenues on 30<sup>th</sup> June 2025.

## THE COLLECTION FUND

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 the collection from taxpayers and distribution to local authorities and the government of Council Tax and Business Rates.

INCOME AND EXPENDITURE ACCOUNT				
	2023/24		2024/25	
	£'000	£'000	£'000	£'000
<b><u>COUNCIL TAX</u></b>				
<b>Opening Balance</b>		<b>2,798</b>		<b>1,510</b>
<u>Income</u> Council Tax		104,781		110,120
<u>Expenditure</u>				
Hampshire County Council	75,886		79,819	
Hampshire and Isle of Wight Fire & Rescue Service	4,180		4,312	
Hampshire Police and Crime Commissioner	13,068		13,611	
Test Valley Borough Council	8,612		8,877	
Parishes	1,973		2,136	
Payments to preceptors in respect of previous surpluses	1,556		1,242	
Increase in Bad Debt Allowance	794		519	
Total Expenditure		106,069		110,516
<b>Council Tax Surplus / (Deficit) For The Year</b>		<b>(1,288)</b>		<b>(396)</b>
<b>Closing Balance</b>		<b>1,510</b>		<b>1,114</b>
<b><u>BUSINESS RATES</u></b>				
<b>Opening Balance</b>		<b>2,543</b>		<b>316</b>
<u>Income</u> Business Ratepayers		59,758		69,684
<u>Expenditure</u>				
Central Government	32,084		35,981	
Hampshire County Council	5,775		6,477	
Hampshire and Isle of Wight Fire & Rescue Service	642		720	
Test Valley Borough Council	25,667		28,785	
Payments to preceptors in respect of forecast surplus	4,710		8,091	
Increase / (Reduction) in provision for backdated appeals	(1,279)		1,093	
Transitional Protection Payments from Central Govt	(6,982)		(2,044)	
Increase in Bad Debt Allowance	598		389	
Cost of Collection Allowance	194		197	
Interest on refunds	82		100	
Amount retained in respect of renewable energy schemes	494		555	
Total Expenditure		61,985		80,344
<b>Business Rates' Surplus / (Deficit) For The Year</b>		<b>(2,227)</b>		<b>(10,660)</b>
<b>Closing Balance</b>		<b>316</b>		<b>(10,344)</b>
<b><u>COLLECTION FUND SUMMARY</u></b>				
<b>Surplus / (deficit) for the year</b>		<b>(3,515)</b>		<b>(11,056)</b>
<b>Balance at the start of the year</b>		<b>5,341</b>		<b>1,826</b>
<b>Surplus at the end of year</b>		<b>1,826</b>		<b>(9,230)</b>

## NOTES TO THE COLLECTION FUND

### Business Rates

The starting point for the income from Business Ratepayers is the Rateable Value of each hereditament multiplied by the (national) Business Rating Multiplier for the year, which was 54.6p in 2024/25 or the Small Business Multiplier which was 49.9p.

Net income is derived following adjustments in respect of:

- Transitional Relief
- Mandatory and Discretionary Relief in respect of charities and kindred organisations
- Small Business Relief
- Rural Rate Relief
- Supporting Small Businesses Reliefs
- Retail, Hospitality and Leisure discount and
- Bad debts.

The total non-domestic rateable value at the 31st March 2025 was £171,323,239.

The Collection Fund balance on the 31st March 2025 in respect of Non Domestic Rates (NDR) was a deficit of £10.344M which is included within the Balance Sheet. Amounts in respect of Test Valley Borough Council are contained within the reserves section of the Balance Sheet; amounts due from the other major preceptors are shown within debtors.

This deficit will be shared amongst the major preceptors on a fixed apportionment basis (Central government 50%, Test Valley Borough Council 40%, Hampshire County Council 9% and Hampshire and Isle of Wight Fire and Rescue Authority 1%) in 2025/26 and 2026/27.

The payments to the major preceptors in 2024/25 are shown in the following table.

<b>Non Domestic Rates Collection Fund</b>				
<b>2023/24</b>	<b>2024/25</b>			
<b>Total</b>	<b>Major Preceptors</b>	<b>Precept</b>	<b>Share of 2023/24 Forecast Surplus</b>	<b>Total</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
34,439	Central Government	35,981	4,046	40,027
6,199	Hampshire County Council	6,477	728	7,205
689	Hampshire and Isle of Wight Fire & Rescue Service	720	81	801
27,551	Test Valley Borough Council	28,785	3,236	32,021
<b>68,878</b>	<b>Total</b>	<b>71,963</b>	<b>8,091</b>	<b>80,054</b>

### Council Tax

The income from Council Tax is directly linked to the banding of properties based on their valuations. The number of chargeable dwellings in each valuation band was converted to an equivalent number of Band D dwellings, which was used to calculate the Council Tax base of 52,059 for 2024/25.

The Collection Fund balance on the 31st March 2025 in respect of Council Tax was a surplus of £1.114M which is included within the Balance Sheet. Amounts in respect of Test Valley

Borough Council are contained within the reserves section of the Balance Sheet; amounts due from the other major preceptors are shown within debtors.

This surplus will be shared amongst the major preceptors in proportion to their respective precepts (Test Valley's share is 10.13% for 2024/25 and 10.17% for 2025/26) and will be included in the Council Tax calculations for 2025/26 and 2026/27.

The payments to the major preceptors in 2024/25 are shown in the following table.

<b>Council Tax Collection Fund</b>				
<b>2023/24</b>	<b>2024/25</b>			
	<b>Major Preceptors</b>	<b>Precept</b>	<b>Share of 2023/24 Surplus</b>	<b>Total</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
77,025	Hampshire County Council	79,819	909	80,728
4,242	Hampshire and Isle of Wight Fire & Rescue Service	4,312	50	4,362
13,262	Hampshire Police & Crime Commissioner	13,611	156	13,767
8,773	Test Valley Borough Council	8,877	127	9,004
<b>103,302</b>	<b>Total</b>	<b>106,619</b>	<b>1,242</b>	<b>107,861</b>

## **COUNCIL TAX BASE - ANALYSIS OF PROPERTIES**

<b>BAND</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>TOTAL</b>
Full Charge	0	1,295	4,856	10,306	8,249	6,997	4,395	3,361	488	<b>39,947</b>
10% Discount	0	0	0	0	0	0	0	0	0	<b>0</b>
25% Discount	2	1,508	5,053	5,191	3,085	1,740	843	559	51	<b>18,032</b>
50% Discount	0	217	22	22	11	18	21	17	6	<b>334</b>
100% Exempt	0	28	38	57	26	25	12	16	2	<b>204</b>
50% Premium	0	3	3	0	2	0	1	3	0	<b>12</b>
100% Premium	0	2	3	1	1	1	0	2	0	<b>10</b>
200% Premium	0	1	1	1	0	0	2	1	0	<b>6</b>
Net Adjustment for Properties Charged at a Lower Band	5	19	43	2	2	(43)	17	(33)	(12)	<b>0</b>
Total Number of Properties	7	3,073	10,019	15,580	11,376	8,738	5,291	3,926	535	<b>58,545</b>
Chargeable Number of Properties	5	2,887	9,872	14,977	11,083	8,550	5,216	3,818	521	<b>56,929</b>
Equivalent Number of Properties after discounts, exemptions, premiums and disabled relief	5	2,383	8,572	13,616	10,283	8,083	4,990	3,664	503	<b>52,099</b>
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D Equivalents	3	1,589	6,667	12,103	10,283	9,879	7,208	6,107	1,006	<b>54,845</b>
Provision for Council Tax Support										<b>(2,816)</b>
Provision for Bad Debts										<b>(639)</b>
Crown Contributions										<b>669</b>
<b>Total Band D Equivalents</b>										<b>52,059</b>

## GLOSSARY OF TERMS

<b>Accounting Period</b>	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 <sup>st</sup> April for local authority accounts.
<b>Accruals</b>	This is the accounting concept that income and expenditure are recorded as they are earned or incurred, rather than when money is received or paid.
<b>Actuarial Gains &amp; Losses</b>	Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because: <ul style="list-style-type: none"> <li>- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)</li> <li>- the actuarial assumptions have changed.</li> </ul>
<b>Assets</b>	Items of worth which are measurable in terms of value.
<b>Balances</b>	The reserves of the Council, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds.
<b>Business Rates</b>	Businesses pay Business Rates instead of Council Tax. Each year, the Government sets the charge based on a fixed percentage of the business's rateable value, and the charge is collected by the Council. Since 1 <sup>st</sup> April 2013, the Council retains a proportion of the rates collected.
<b>Capital Expenditure</b>	Expenditure on the acquisition or improvement of tangible assets which yield benefits to the Council for more than one year.
<b>Capital Receipts</b>	Monies received from the sale of non-current assets, which may be used to finance new capital expenditure.
<b>Cash and Cash Equivalents</b>	Cash and deposits held in banks that are readily convertible into known amounts of money without penalty or time delays.
<b>Collection Fund</b>	This is a statutory fund separate from the main accounts of the Council. It records all income due from Council Tax and Business Rates. It shows all precepts and statutory payments to other bodies.
<b>Contingent Assets</b>	Future income owed to the Council arising from a past event for which the amounts cannot be accurately quantified at the balance sheet date.
<b>Contingent Liabilities</b>	Amounts potentially payable to individuals or organisations which may arise in the future but which at this time cannot be determined accurately.
<b>Contingent Rent</b>	A rental income that is based on performance. This could be as a % of turnover of net profit.
<b>Creditors</b>	Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment was not made by the year end.
<b>Current assets</b>	Assets which may change in value on a day to day basis (e.g. stocks), or which are expected to be fully recovered within one year (e.g. short-term deposits with banks).
<b>Current Service Cost</b>	The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.
<b>Debtors</b>	Amounts owed for work or services rendered by the Council within the financial year which were not paid by the year end.
<b>Depreciated Replacement Cost</b>	A valuation method used as a proxy for market value of assets of a specialised nature where no market exists to gauge fair value. It is based on the estimated cost to replace the asset less an allowance for the age of the asset being valued.

<b>Depreciation</b>	The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.
<b>Effective Interest Rate</b>	The average rate of interest over the life of a loan. It takes into account known changes in interest rates over the period of a loan, e.g. discounted rates in early periods.
<b>Expenditure</b>	Amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.
<b>Fair Value</b>	The value an asset or liability could reasonably be transferred for in an arm's length transaction with another party who is properly informed about that item.
<b>Financial Instruments</b>	These represent any item that will cause the Council to receive or pay money. This ranges from sundry debtors and creditors to cash investments. The only items that are excluded from this are Council Tax and Business Rates.
<b>General Fund</b>	This is the main revenue fund of the Council includes the net cost of all services financed by local taxpayers and government grants.
<b>Heritage Assets</b>	Assets held primarily for their historical, artistic, scientific, technological, geophysical or environmental qualities and maintained for their contribution to knowledge and culture.
<b>IFRS</b>	International Financial Reporting Standards are the guidelines within which the Council's accounts have to be prepared.
<b>IFRIC</b>	International Reporting Standards Interpretations Committee reviews accounting issues that arise from the application of IFRS Standards and provides guidance on the accounting treatment.
<b>Impairment Allowance</b>	An allowance that is made against income that is due to the Council that it is considered is unlikely to be recovered.
<b>Impairment of Assets</b>	The reduction of the value of an asset through either market price changes or reduction in the asset's ability to deliver services e.g. if affected by fire or flood. Impairments as a result of market price changes from previous years may be reversed as market conditions change.
<b>Income</b>	Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received since income is deemed to have been earned once the goods or services have been supplied even if cash has not been received.
<b>Intangible Assets</b>	Assets that have no physical form but which provide economic benefits to the Council. Examples include software licences (that last over one year) and rights to hold markets in Andover High Street.
<b>Inventories</b>	Stocks and work-in-progress are included under this heading.
<b>Investment Property</b>	Properties owned by the Council which are held solely for income generation purposes or for appreciation in sale value.
<b>Leases</b>	Where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist. Under a Finance Lease the asset is treated as the property of the lessee. Under an Operating Lease the asset remains the property of the lessor and the lease costs are a revenue expense of the Council.
<b>Liabilities</b>	Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.



<b>Minimum Revenue Provision</b>	Amounts set aside as a statutory provision for the repayment of debt.
<b>Non-Current Assets</b>	Assets which are owned by the Council which have a useful life of more than one year.
<b>Past Service Cost</b>	Discretionary benefits awarded on early retirement are treated as past service costs.
<b>Precepts</b>	The method by which an authority obtains the income it requires by making a levy on an appropriate billing authority. The billing authority (this Council) must then charge for the precepted amount. For example, the Council Tax bills raised by the Council include the amounts precepted by Hampshire County Council, Fire and Police Authorities and Parish Councils.
<b>Present Value</b>	The current estimated value of future assets or liabilities taking into account the estimated effects of the time value of money.
<b>Property Plant and Equipment</b>	Tangible assets which yield benefit to the Council for a period of more than one year. They can be further classified into:
Land and Buildings	Property assets held and occupied, used or consumed by the Council in the direct delivery of services for which it has either statutory or discretionary responsibility e.g. Council offices.
Vehicles and Equipment	Items of plant and machinery used by the Council in the delivery of services e.g. refuse vehicles, grounds maintenance equipment.
Community assets	Assets that the Council intends to hold in perpetuity, which have no determinate finite useful life and may have restrictions on their disposal e.g. parks, works of art.
Infrastructure assets	These are inalienable assets, the benefit of which is received only by their continued use e.g. cycle routes, footpaths.
Surplus assets	These are assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets held for sale.
Asset under Construction	Assets that are not yet completed.
<b>Provision</b>	An amount set aside for expenditure in a future financial period as a result of an obligation arising from a past event. The obligation must be expected to result in a payment that can be reasonably estimated.
<b>Reserves</b>	
Usable	Amounts set aside for future purposes over which the Council has full discretion, subject to statutory regulations which require capital reserves to be used only to finance new capital expenditure.
Unusable	Amount included in the balance sheet that the Council is not able to apply to future expenditure.
<b>Revenue Contributions to Capital</b>	The method of financing capital expenditure directly from the General Fund.
<b>Revenue Expenditure</b>	Expenditure incurred on the day to day running of the Council. This mainly includes employee costs, general running expenses and contract payments.
<b>Revenue Expenditure Funded From Capital Under Statute</b>	Items of expenditure that are categorised as capital expenditure but do not generate new assets for the Council. The main examples of this are Disabled Facilities' Grants and grants to affordable housing projects.