



Dorset
Council

Financial Statements 2023 - 2024

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INTRODUCTION

The purpose of this publication is to provide the Statutory Financial Statements for Dorset Council for the period from 1 April 2023 to 31 March 2024.

The Council provides a wide range of services for the citizens of Dorset, including education, social services, housing, transport, planning, trading standards and libraries. Decisions relating to these services are made by the Elected Councillors of the Council, each Councillor representing a particular part of the County. Services in Bournemouth, Christchurch and Poole are administered by a separate, Unitary Authority serving that area.

The Council's formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet), which are supported by four outcome-focused overview and scrutiny committees (the People and Health Overview/Scrutiny Committees, and Place and Resources Overview/Scrutiny Committees), the Joint Overview Committee and Joint Scrutiny Committee. Their respective terms of reference directly support their focus and oversight of the Council's Corporate Plan and monitor achievement against the council's five strategic priorities of:

- Protecting our natural environment, climate and ecology
- Creating stronger, healthier communities
- Creating sustainable development and housing
- Driving economic prosperity
- Becoming a more responsive, customer focussed council

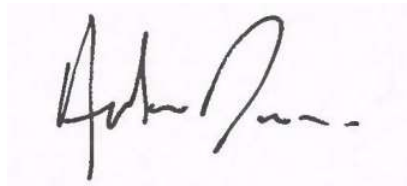
Each of these committees meet, formally on a quarterly basis to provide the necessary support and challenge and when necessary, have the powers to call additional meetings. In addition, the Audit and Governance Committee provides oversight of the Council's conduct, financial, risk, performance and constitutional issues. The Council's remaining statutory responsibilities also continue to be delivered through existing arrangements e.g. Planning Committees, School Appeals, etc.

Further details about the Council are available on the dorsetcouncil.gov.uk website.

Certification by Chief Financial Officer

I certify that these Financial Statements give a true and fair view of the financial position of Dorset Council and of its financial performance for the year ended 31 March 2024.

These Financial Statements for 2023/24 were authorised by the CFO for issue as a draft, subject to audit, on 5 July 2024.



Aidan Dunn
Executive Director (Corporate Development)
(Chief Financial Officer)

5 July 2024

Audit Opinion

Intentionally blank, until completion of audit and publication of the final Accounts.

Audit Opinion

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Introduction

The Council was established on 1 April 2019 as part of the reorganisation of local government in Dorset brought about by the Bournemouth, Dorset and Poole (Structural Changes) Order 2018 (2018/648).

The accounts summarise the Council's performance and financial position for the year ended 31 March 2024. The Council is required to prepare the annual statement of accounts in accordance with the Accounts and Audit Regulations 2015 (as amended), supported by International Financial Reporting Standards (IFRS), other statutory guidance and generally accepted accounting practices.

Council plan

Dorset Council area has a population of 386,725 residents, 29% of whom are aged 65 and older (compared to 19% in England and Wales). Dorset is an attractive place, and many people choose to retire here. It has a large population of older people, and relatively low birth rates. Currently there are over 7,000 people in Dorset living with dementia, and the number is increasing. Younger people often move away from the area. The population continues to grow slowly, driven by people moving into the county and longer life expectancy. The greatest part of population growth is among over 65s. Dorset's working age population is expected to see a marginal decline over the next 25 years. The Dorset rural idyll can conceal hidden deprivation however. There are significant areas of deprivation, mostly in urban areas (mainly Weymouth and Portland) and also in the east of Dorset, in Ferndown, Wimborne, and Verwood. There is also significant rural deprivation, due largely to isolation and difficulty accessing housing, transport and essential services. Crime is generally low in Dorset, although anti-social behaviour and rural crime are an ongoing problem.

The plan focuses on five key priorities:

- Protecting our natural environment, climate and ecology
- Creating stronger, healthier communities
- Creating sustainable development and housing
- Driving economic prosperity
- Becoming a more responsive, customer focused council

Protecting our natural environment, climate and ecology

We will improve access to, and use of, Dorset's environment in a sustainable way which protects it for future generations. Dorset Council declared a climate and ecological emergency at its first full council meeting and in July 2021 adopted a strategy and action plan setting out how the council will respond. This commits us to taking direct action across our operations to become a carbon-neutral council by 2040, and through our wide-ranging services and partnerships, to facilitate the changes required for the whole of Dorset to become carbon-neutral by 2050, and to protect and enhance biodiversity across Dorset. Our focus will be on the continued decarbonisation of our fleet, expanding electric vehicle (EV) infrastructure, reducing the emissions from our estate and increasing renewable energy generation. We will continue to redefine and shape our policies in key areas to ensure that the council plays its part in accelerating change throughout Dorset, and will accelerate our engagement with residents, businesses and government, including sourcing additional external funds. Dorset Council will also work with others to help improve Dorset's natural environment, working towards a collective goal of 30% of land in positive management by 2030 in line with government targets. This will involve developing a Local Nature Recovery strategy with partners, as well as taking action in areas such as reducing pollution, ensuring

wildlife thrives and increasing conservation work to protect habitats. The council will also start to develop a better approach, with partners, to the issue of adaptation to climate change. Dorset Council's focus in this priority is ensuring that the council meets its net-zero target by 2040 and continues to contribute towards its wider leadership role in delivering the 2050 carbon and 2030 nature ambitions.

Creating stronger, healthier communities

We will enable our residents, working with partners, to develop strong networks of support and maintain strong communities. We will focus on the most vulnerable in our communities to improve wellbeing and reduce inequality through collaboration between public services, community leaders, residents and voluntary groups. The pandemic has intensified the challenges many vulnerable adults and our children and young people face, and there are widespread concerns about the impact on babies and the very youngest from lost learning, families facing job losses and diminished income, and the impact of social distancing and lockdowns on mental health and wellbeing. One of the most positive things to have emerged from the pandemic has been the speed and determination of communities, voluntary and community groups, town and parish councils, local shops, and other organisations to support those who need it. Government funding to local councils has reduced every year for over a decade now and the reality is that we cannot continue to provide everything residents, businesses and visitors want and need, so it is more important than ever that we find the best way of working together. We will do more to support and enable voluntary and charitable organisations who are providing valuable help and support and making a positive difference to our communities. Whether by volunteering for a local group, standing for your local town or parish council, donating to a local food bank, offering your time and expertise to a local initiative, or simply learning more about your local community, everyone can do something. We will continue to support new community groups and initiatives to help make this happen.

Creating sustainable development and housing

We will work with government, registered housing providers, community land trusts and local housing partners to deliver affordable, suitable and decent housing. We will ask for their support to help us promote our climate and ecological priorities by providing sustainable services such as rainwater harvesting, solar panels and other such approaches. We will take a different approach to Local Plan preparation by being far more strategic, including a two-year extension for having an approved plan. We will continue to work with Homes England and the New Communities Team to deliver a sustainable new settlement within Dorset. The council will receive and consider an annual report of performance in Dorset from all registered provider housing associations that manage more than 250 homes so residents can access suitable homes. The pandemic has put enormous pressure on housing services alongside the pre-existing shortage of suitable land for housing development and problems with the supply chain in the construction industry. As we see more people moving to Dorset, changing work practices are putting additional pressure on the sales and rental housing market. Working with partners and private owners will be critical in the coming months and years to prevent homelessness and reduce reliance on short term or poor-quality temporary accommodation. We are committed to supporting providers and private landlords in the increased provision of local rental properties in the same way we remain focussed on the provision of affordable homes for purchase. We will continue to monitor the impact of local housing being used for tourism such as holiday home rentals. This is in addition to our response to the use of local housing for second homes and the impact this has on the local economy.

Driving economic prosperity

We will support sustainable economic growth across the county, enabling high-quality jobs through improvements to productivity, sustainability, and accessibility, creating great places to live, work and visit. We will drive forward a plan whereby Dorset Council is a catalyst for prosperity and growth, working with and supporting local businesses and partners. We will focus on supporting social mobility and protection of the environment. We will address Dorset's particular challenges related to its demographics and will be aware of Dorset's unique landscapes. We will also challenge low productivity and lower than average skills. We will create the right conditions to grow a highly skilled workforce matched to high-quality jobs, helping businesses stay, start, grow, and move to Dorset. The pandemic has had a significant impact on Dorset's economy, though precisely what those impacts are, and how long they will last, will take years to fully understand. The council has worked hard to ensure local businesses have received government grants, distributing over £250m in just 12 months. The pandemic has also accelerated flexible and remote working for many people, and this has the potential of supporting Dorset's low-carbon economy and promoting digital skills in future. We will work together to build on these opportunities, driving the roll out of 'gigabit-capable' coverage and 5G to enable people to travel less and access opportunities online so that Dorset's economy can become stronger and more environmentally sustainable.

Being a more responsive, customer focused council

We will continue to be responsive, fair, and efficient in how we deliver services to our customers by listening and learning from their experiences. We will strive to constantly improve with an emphasis on innovation and working with you in a collaborative approach. We refer to all the people we work with, support and work for as 'our customers'. This includes all individuals, families, groups, and businesses that interact with the council or one of its partners. We will continue to modernise the way we operate to ensure we are efficient, accessible for residents and achieve the best value for money. We will improve the way we respond to residents, businesses, partners, and visitors by simplifying and joining up the ways we work as much as we can, using data to help us make decisions. We will ensure residents, businesses, partners, and visitors are able to access the information and support they need quickly and easily, using new technology to provide a better online experience and join up their dealings with the council. Equally, we want to attract the most skilled people to work with us and will use opportunities that remote working has provided during the pandemic to do this. We will work closely with our communities to engage and involve them in decisions that impact them. We will pilot a place-based, community-led approach to improve social mobility and other outcomes in Weymouth & Portland through the Stronger Neighbourhoods project.

Budget and performance

The Council set the 2023/24 net budget at £347.6m, funded from general grants (£5.3m), business rates (£50.2m) and council tax (£292.1m) meaning a band D equivalent council tax charge of £1,905.93. An improvement in the financial settlement from Government and the release of resources from support services through reorganisation meant that considerable extra funding was added to budgets for front line services.

Table 1, below, shows the summary outturn for the Council compared with its budget. The analysis shows that overall, service budgets were overspent by £15.886m, whilst there were underspends and offsetting savings in financing and central budgets of £14.889m, meaning that overall, there was a net call on the general fund of £0.998m. The analysis of

Narrative Statement

performance against budget and how this feeds through to movements in the Council's general fund is shown in the expenditure and funding analysis (EFA).

Reconciling numbers is also a tricky business when so many of them are used for such varying purposes in this report. It might therefore help the reader to note that the *draft outturn* figures in table 1 can also be seen in the *reported in management accounts* line in the segmental analysis (note 8 to the accounts) which in turn reconciles to the *deficit on provision of services* disclosed in the comprehensive income and expenditure statement (the Children's Services figure is a combination of DSG and Council budget totals).

Table 1

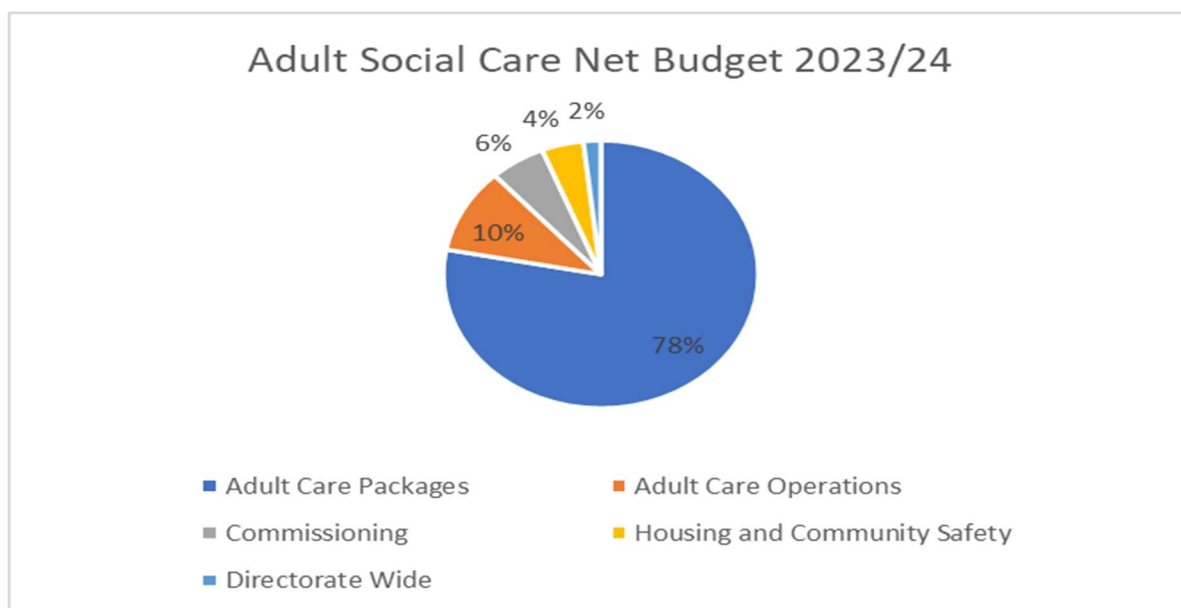
The general fund started the year at £34.75m and the impact of the activities was £0.998m. As part of the budget 2024/25, cabinet agreed to raise the level of the general fund to £37.6m and this was achieved through the repurposing of other reserves.

Directorate	Net Budget £'000	Outturn £'000	(Overspend)/ Underspend £'000	
People – Adults and Housing	151,184	154,292	(3,108)	(2.1%)
People - Children's	80,803	83,129	(2,326)	(2.9%)
Place	86,684	99,300	(12,616)	(14.6%)
Corporate Development	44,210	42,475	1,735	3.9%
Legal & Democratic Services	7,010	6,582	428	6.1%
Public Health	1,890	1,890	0	0.0%
Total Service Budgets	371,781	387,668	(15,886)	(4.3%)
Central Finance	(359,871)	(374,760)	14,889	4.1%
Whole Authority	11,910	12,908	(998)	
Dedicated Schools Grant budgets	941	24,597	(23,655)	

People - Adult and Housing

People - Adult and Housing is the largest spending directorate in the Council. The approved, net revenue budget for 2023/24 was £151.184m with a total outturn of £154.292m resulting in a £3.108m overspend for the Directorate. The largest element of the budget, £117.882m (78%) is for Adult Social Care (spend on packages of care) as shown in Chart 2 below.

Chart 2

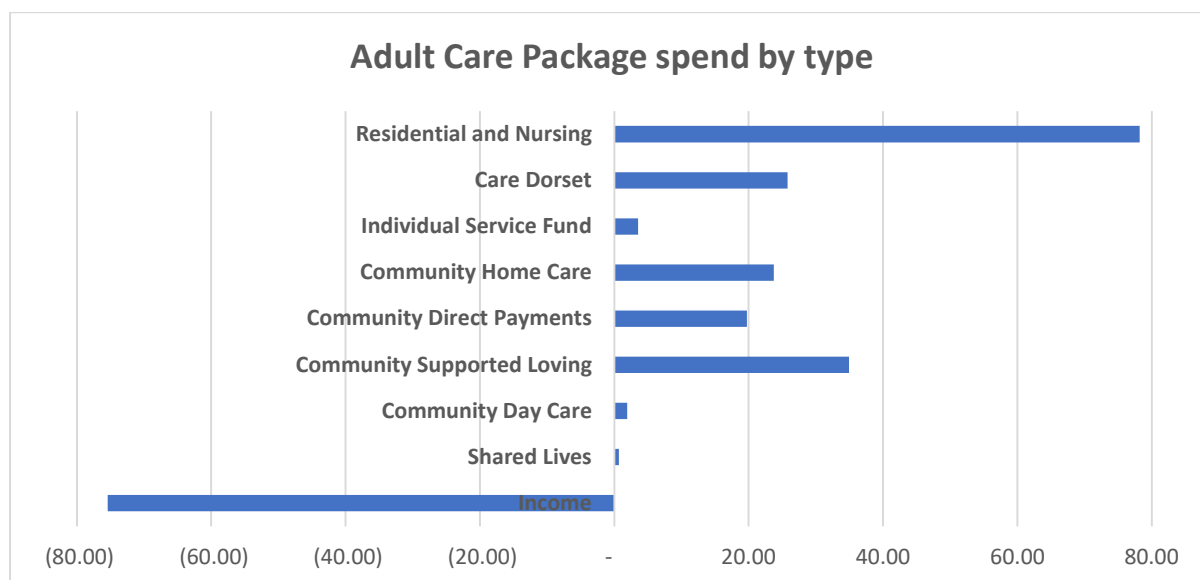


The Adult Social Care budget supports approximately 4,123 people on an annual basis an increase of 198 people since 2022/23.

In line with national trends, the cost of adult social care services in Dorset continues to rise. The spend relating to Adult Care Packages in year was overspent by £1.802m, the key factor being our working age cohort. This was caused through a mixture of increased complexity of packages as well as an increase in price.

Chart 3 shows where this was spent.

Chart 3



The overspend within Adult Care Packages was offset by underspends across the Directorate particularly within Adult Care Operations staffing budgets giving a net overspend on Adult Social Care of £988k (0.68%). This is a positive outcome for a demand-led service operating in an ever-changing environment.

The other area of pressure was Housing which had an overspend of £2.121m. This overspend is attributable to the Council needing to pick up the widened Housing Benefit

Narrative Statement

Subsidy shortfall on B&B accommodation used for homelessness. This is adverse because of the impact of increased demand and increased charges and rents for such accommodation. Front door homelessness demand is up by 28% from this time last year and this is expected to continue.

Performance in homelessness prevention is strong, but the increased demand means that Bed and Breakfast and other expensive nightly rate accommodation is still being required at charges which are punitively high. Charges are rising from the private landlord and B&B sector, whilst Local Housing Allowance remains frozen at 2011 rates (meaning that the cost of the shortfall is picked up by the Council). Due to the attractiveness of AirBnB and holiday lets, it is increasingly expensive to secure rented accommodation in the private rented sector. Housing Association lettings are at a good level (around 1000 a year) but are not sufficient to meet demand.

To meet the high increases in demand and costs, plans are being prepared to scale up and transform the work on prevention of homelessness and also to increase the supply of better priced non B&B accommodation (including proposals to make better use of Council assets and land, but to operate from several approaches, such as Government grants, leases with private providers and Housing Associations). Prevention of homelessness is the key result, but the financial mitigations are primarily linked to finding alternatives to the high net cost accommodation, such as B&Bs, which are delivered with a smaller subsidy gap.

Adults and Housing have delivered £9.073m of transformation tactical savings during the year with a total of £19.373m over the last three years.

Improved Better Care Fund (iBCF) monies totalling £12.451m were received in 2023/24. These formed a part of a system-wide BCF plan, developed by the Integrated Care Board (ICB) and the local authorities under the governance of the Dorset Health & Wellbeing Board.

The national guidance for the BCF requires the Integrated Care Systems and the County Council to set out how they will work together to invest, commission and, where required, deliver health and social care services in a joined-up way for the benefit of Dorset residents. The combined funds totalled £151.788m with Dorset Council contributing £76.648m as shown in table 2, below.

Table 2

Sum of Expenditure 23/24 (£)	Column Labels		
Row Labels	CCG	LA	Grand Total
Maintaining Independence	16,270,773	8,509,364	24,780,137
Moving on from Hospital Living	3,701,204	1,213,000	4,914,204
Strong and sustainable care markets	26,572,867	63,263,909	89,836,776
High Impact Changes/ Implementation	6,489,210	3,661,793	10,151,003
Carers	1,112,941		1,112,941
Integrated health and social care locality teams	20,993,761		20,993,761
Grand Total	75,140,756	76,648,066	151,788,822

The economic situation continues to be challenging. Budget constraints and the need to achieve efficiency targets mean the Directorate continues to face significant challenges in delivering its commitments to those in need of assistance. The Directorate is committed to further cost reductions in the future to balance the budget through transformation of services.

People - Children's Services

The Children's Services outturn was £83.129m compared with a net budget of £80.803m, an overspend of £2.326m (2.9%). A variance at this level can be seen as a positive outcome for a demand-led directorate operating in an ever-changing environment.

The Quarter 3 forecast indicated a £3.04m overspend, so there was an improvement of £0.718m between the last predictions reported to Cabinet. The narrative below considers major variances from budgets during the year as well as any risks or other factors that need to be considered in the next iteration of the MTFP.

The national overspending position for external placements is also true at Dorset Council. This area overspent by £3.4m, excluding £0.4m for Asylum Seeking children, despite numbers of children in care falling, excluding our unaccompanied asylum-seeking children:

	April 2023 £m	March 2024 £m	Change £m
Children in Care (excluding UASC)	404	396	-8
Unaccompanied Asylum-Seeking Children (UASC)	34	54	+20

Source: Monthly Financial Tracker

The external placement overspend has been offset by in-house fostering and in-house residential underspends by £1.9m. There are pressures within the Children with a Disability (CWAD) area for all services (£1.0m).

Some of the overspends have been offset by carefully managing vacancies and agency budgets, increases in grants, other funding, and underspending non-pay budgets.

The directorate also delivered £3.4m (90%) of targeted transformation and tactical savings during the year.

There are risks within the 2024/25 budget that will require careful monitoring and management. Risks include capital project delays and the subsequent impact on revenue budgets, inflation (particularly for placements and externally provided services), the Social Care reforms via Pathfinder and long-term funding, and the delivery of transformation savings.

Dedicated Schools Grant (DSG)

The DSG was overspent by £23.655m. The grant is split into four blocks, with the High Needs Block (HNB) overspending by £23.62m, and the Early Years Block (£0.092m) with an underspend in the Central Services to Schools Block (£0.06m). The Schools Block had no variance.

The cumulative deficit is now £59.57m The DSG is a ring-fenced grant handed out by the Department for Education (DfE) for local authorities' school budgets.

Any deficit associated with the DSG is kept off councils' balance sheets as a result of the statutory override set out in The Local Authorities Capital Finance and Accounting (England) Regulations. It was announced in December 2022 that this would apply for a one-off period of three years up to 31 March 2026.

Whilst the deficit is therefore held separately from the general fund, there is a cashflow pressure resulting from carrying a £59.57m deficit meaning that the Council has access to

Narrative Statement

£59.57m less cash than it would otherwise. As a result, interest foregone on the deficit equates to £3m of pressure met by the General Fund. This is £3m which could otherwise be spent on local service delivery.

As a result of the financial position in April 2023 the Dorset Council has been working with Department for Education (DfE) as part of the Enhanced Monitoring and Support programme. The Council is continuing negotiations with DfE SEN practice and financial advisors and developing a revised plan that has been both supported and scrutinised by external parties.

This work seeks to identify a future in-year HNB break-even point and therefore cumulative deficit position.

The DfE announced in March 2024 that Safety Valve payments towards funding the historic deficit would be temporarily paused until Ministerial agreement of a revised plan. Dorset Council has submitted revised draft plans for scrutiny during the course of the 2023/24 financial year and awaits recommendations from advisors. In the absence of feedback officers continue to deliver the improvement work outlined in the plan & have commissioned external expertise to support the continued improvement.

Whilst the financial contributions are paused Dorset Council has earmarked its own contributions agreed within the original Safety Valve agreement which will now be held in reserve pending the outcome of the revised agreement.

In January 2024, Dorset applied for additional £13.684m of SEND capital funding from the DfE which would deliver new assets to improve provision and in turn support the required outputs of the Safety Valve. Dorset have been awarded £10.6m, announced in April 2024.

The historical DSG deficit is a long and well-documented risk stemming from a change in government legislation in 2014. The number of children who require an Education Health and Care Place (EHCP) continues to rise and coupled with Dorset Special Schools reaching capacity, has seen an increase in the use of generally more expensive special school places.

This is a national issue. 'SEND provision and funding' was debated in parliament on the 11 January 2024. The below is an extract from the Local Government Association, published on the 9 January 2024 ahead of the debate:

Dedicated Schools Grant (DSG) and high needs funding pressures are one of the biggest challenges that councils with education responsibilities are currently facing. This is the result of an ever-increasing demand for SEND support and the growing number of children and young people who have an Education, Health and Care Plan (EHCP). Department for Education (DfE) statistics show that at January 2023 there were over 517,000 children with an EHCP, an increase of 9 per cent on 2022. The number of EHCPs has increased every year since they were introduced. We do not believe that the proposals set out in the Government's SEND and Alternative Provision improvement plan will result in this increase either slowing down or stopping.

Although the reforms will take time to implement, Dorset Council and partners continue to be ahead of the curve, especially regarding the Safety Valve and for our children and young people.

Members will be reassured that the financial position has not affected the quality of service delivery. In March 2024 Dorset had an inspection for local area arrangements for children and young people with special educational needs and/or disabilities (SEND). The report from that inspection was published in May 2024.

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The inspection report stated that:

‘the local area partnership’s special educational needs and/or disability (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND...Children and young people with SEND and their families are placed at the heart of all that leaders do.’

This is the best possible outcome from an inspection and Dorset Council is the first unitary authority to receive this outcome under the new SEND inspection framework. Testament to the hard work and dedication of the teams supporting children and young people with SEND and their families and the whole Council approach to supporting their work.

Place Directorate

Context for the Place Directorate services

The Place Directorate has many diverse services it delivers to the community.

- Approximately 1,800 staff work in the Directorate. The exact number fluctuates due to the need for some seasonal employment.
- The Waste team provides waste collection and disposal for over 200,000 properties, businesses and the local community in the Dorset Council area, plus street cleansing, commercial waste services and running Household Recycling Centres.
- Fleet Services are responsible for the procurement and maintenance of the councils vehicle and plant fleet at 5 workshop locations across the county.
- Highways is responsible for maintaining 3,798km of carriageway and 1,336 other structures including bridges. The team also manages 47,854 streetlights, illuminated signs and bollards. The Highways Team also manages all of the Council’s on-street and off-street car parking operations.
- Dorset Travel manages travel for over 8,000 passengers per day, on over 500 routes covered by almost 100 different suppliers. This includes home to school travel for children and young people (including those with SEND and those in care), and also transport for Adults to Day Care Centres. The team manages 9 socially necessary public transport routes and has the responsibility for bus stop infrastructure. It supports Community Transport schemes and manages the English National Concessionary Travel Scheme (ENCTS) that offers limited free bus travel for approximately 90,000 older and disabled people in Dorset.
- The Assets & Property service manages and maintains, for safety, compliance and operational continuity, an estate of over 1,400 property assets which include 450 commercial assets. We secure, very broadly, in excess of £10m income from our estate and commission and deliver capital projects/expenditure in excess of £20m each year.
- The Planning service would expect to receive approximately 5,000 planning applications per annum.
- Community & Public Protection provides a range of services including Registrations; Bereavement; Coroners; Trading Standards, Licensing & Community Safety; Environmental Protection & Food Safety and Port Health.
- For the year, Registrations registered 1,744 births and 3,785 deaths and conducted 1,066 marriages and 89 civil partnerships.

Narrative Statement

- Due to the pandemic and the need for Food Safety Service staff to deal with around 1,600 complaints, enquires regarding Covid and the investigations of Covid outbreaks with PHE, the food inspection programme was suspended by the FSA and the service was asked to prioritise new businesses/ high risk premises and official controls to ensure that food is safe to eat.
- The Economic Growth & Regeneration team assist many businesses within the Dorset Council area, and particularly so over the past year to assist recovery from the impact of the Pandemic through the delivery of business support grants and information.
- Leisure Services manage seven owned or operated Leisure Centres with over 6,000 members paying monthly.
- Is responsible for three harbours (Weymouth, West Bay and Lyme Regis) as well as coastal and flood defence assets and infrastructure.
- Greenspace is also responsible for maintaining almost 4,828km of Rights of Way and thousands of km of highway verge. The Service also manages four country parks (Moors Valley, Avon Heath, Durlston and Thorncombe Woods), and 1,418 square km of areas of outstanding natural beauty, covering 55% of its total land area, 141 sites of special scientific interest, covering 18,730 hectares, 14 national nature reserves – Local reserves such as Thorncombe Woods, 59 regionally important geological and geomorphological sites (with further sites under consideration), 1,294 sites of nature conservation interest, 95 km of heritage coast and 112 km of the Jurassic Coast World Heritage Site.
- 86% of British mammal species can be found in Dorset, along with 69% of our birds, 78% of our butterflies, 67% of our dragonflies and all of our native reptiles and amphibians.

During 2023/24, the Place Directorate saw Customer Services, Libraries and Archives leave the Directorate and move to Corporate Development. Other organisational changes include the transfer of the Digital Place team into Place from Corporate, and Assets and Property becoming Assets and Regeneration.

The final Place Directorate net budget for 2023/24, after in-year adjustments, was £86.7m, and the final net spend was £99.3m, an overspend of £12.6m (14.6%). Comparative spend (i.e. taking into account organisational changes) for the prior year was £80.6m, meaning that actual net expenditure for the Place Directorate increased by £18.7m from one year to the next.

Place	Net Budget £'000	Outturn £'000	(Overspend)/ Underspend £'000	
Assets and Regeneration	10,085	12,218	(2,133)	(21.2%)
Economic Growth and Infrastructure				
Highways	(1,675)	888	(2,563)	(153.0%)
Planning	5,336	6,543	(1,207)	(22.6%)
Travel	27,931	34,679	(6,748)	(24.2%)
Business Support	1,913	1,796	117	6.1%
Subtotal: EG&I	33,506	43,906	(10,400)	(31.0%)
Place Services				
Environment and Wellbeing	8,324	8,351	(27)	(0.3%)
Community and Public Protection	3,301	3,408	(107)	(3.2%)
Waste - Commercial & Strategy	14,696	14,537	159	1.1%
Waste - Operations	16,282	16,321	(39)	(0.2%)
Subtotal: Place Services	42,602	42,617	(14)	(0.0%)
Directors Office	492	559	(67)	(13.7%)
Total Directorate Budget	86,684	99,300	(12,616)	(14.6%)

A number of headline adverse factors have been flagged throughout the year and remain unmitigated; volatile income, escalating costs, car parking income falling short of the budget set, and notably the issues facing school transport and SEND transport.

Assets and Regeneration

The Assets and Regeneration budget ended the year with an overspend of £2.1m. Approximately £1.1m relates to savings targets that could not be achieved. In addition, income achieved fell short of budget, particularly around the 5% uplift (£355k), contributions to capital (£252k), car parking income at County Hall (£169k), Coombe House occupation (£87k) and County Farms.

Economic Growth and Infrastructure

Economic Growth and Infrastructure (EGI) consists of three services: Highways, Planning, and Dorset Travel. The cumulative overspend for EGI is £10.4m representing a 31% overspend against the net budget.

The Highways service ended the year at £2.563m overspent. The majority of this (£2.430m) relates to car parking income underachieving against the approved budget. The budget has been rebased accordingly in 2024/25.

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Outside of car parking, other Highways budgets saw various underspends and overspends with a net effect of £133k overspent.

The Planning Service ended the year at £1.2m overspent, broadly in line with the forecast and largely due to income levels underperforming against the budget. The table below reveals the highly volatile nature of the fees and charges income budget for Planning over the last five years:

	Outturn 2019/20	Outturn 2020/21	Outturn 2021/22	Outturn 2022/23	Outturn 2023/24
	£	£	£	£	£
Fees and Charges	-4,521,157	-4,003,881	-5,164,921	-4,038,113	-4,139,772

These Fees and Charges are broken down by service as follows:

	Outturn 2019/20	Outturn 2020/21	Outturn 2021/22	Outturn 2022/23	Outturn 2023/24
	£	£	£	£	£
Devt Management	-3,459,915	-2,801,899	-3,719,195	-3,058,816	-2,914,673
Spatial Planning	-188,567	-327,826	-292,538	-22,863	-275,332
Building Control	-872,675	-874,156	-1,153,188	-956,434	-949,767

Dorset Travel ended the year at £6.748m (circa 24%) overspent. The issues affecting all aspects of Dorset Travel (mainstream school transport, SEND transport, and public transport) reflect the same issues seen on a national level. The budget has been rebased for 2024/25 to address current and future demand. The 2023/24 final position by service is as follows:

Public Transport ended the year better than anticipated. This is due to unbudgeted grant money from central government, known as BSIP (Bus Service Improvement Plans) grant of £884k, and without which this contribution to service costs would have been significantly higher. The cost of public transport contracts, like many areas, has seen, and continues to see, significant price increases (with suppliers quoting driver shortages and general inflation/cost of living crisis as the main reasons).

Mainstream school transport contracts did not benefit from BSIP funding but faced the same contractual price hikes, and as a result overspent by £672k.

There has been a significant overspend in the SEND home to school transport budget. As well as the cost increases highlighted above, there is an increased demand on the service and more children with EHCPs (Education Health Care Plans) who require home to school transport. There is also limited supply in the local market and therefore a reduction in competition.

Place Services

Place Services consists of four services, which are Environment and Wellbeing, Community and Public Protection, Waste Operations and Waste – Strategy and Commercial. Place services has a £14k overspend (0.03%)

Environment and Wellbeing budgets ended the year at £27k overspent. As forecast all year, Leisure Centre budgets were under pressure with increased utility costs and volatile income, and ended at £215k overspent, although this was better than some earlier estimates. Largely offsetting this was an underspend in the Flood and Coastal Erosion budgets of £209k. A significant portion of this relates to delayed spend on the Flood Management information system.

Weymouth Harbour and Bridport Harbour have ringfenced accounts and fully self-financing. Weymouth Harbour added £1.068m to their reserve following improved parking and berthing income, whilst Bridport Harbour added £34k to their reserve.

Community and Public Protection (CPP) budgets ended the year at £107k overspent, slightly better than expected. This is partly due a late (unbudgeted and not forecast) third party contribution to a high-profile case in the Coroners service. Adverse services were Dorchester Market (£69k), Bereavement (£187k) and Licencing (£101k) offset by favourable positions in Trading Standards (£79k), Environmental Protection (£110k) and Registrars (£87k).

Waste – Commercial Waste and Strategy ended the year with an underspend of £159k. The forecast in the early part of the year was very gloomy, with the costs of recyclate being the highest on record and exceeding the budget well in excess of £1m. However, income earned for glass was favourable and played a major part in offsetting the cost of the general recyclate. In addition, income from trade waste and garden waste services made contributions in excess of the budget, and overall volumes of waste were lower than budgeted.

Waste Operations including Dorset Council fleet services ended the year at a £39k overspend on a £16.3m budget. There was an underspend of circa £400k on vehicle fuel. That budget line was increased following the spiralling fuel costs seen after the Ukraine war began. Prices have since stabilised, and £250k has been removed from the 2024/25 budget accordingly. Offsetting this, there were a number of adverse variances including: not meeting MOT income target (£160k)(adjusted in 2024/25 budget), contractual overtime £95k (adjusted in 2024/25 budget) and seasonal resorts cleaning £84k (adjusted in 2024/25 budget).

Corporate Services

Corporate Development

This includes Finance and Commercial (including Revenues and Benefits), Human Resources, ICT Operations, Strategy, Performance & Sustainability and Transformation, Customer & Cultural Services.

The net budget was £44.2m and the final outturn was an underspend of £1.7m. There were a number of variances across the services, but in the main the underspend was generated from pay savings from vacant posts and additional income.

Legal & Democratic Services

This service comprises of Legal Services, Assurance, Democratic and Electoral Services and Land Charges. The net budget was £7.0m and the final outturn position was an underspend of £0.4m.

During 2023/24 the Legal Service carried a number of staff vacancies due to difficulties in recruiting, so this generated the majority of the savings. Within Land Charges the downturn in the housing market caused a shortfall in income generated, however, this was partly offset by pay savings.

Central Finance

The central budgets include income from council tax and business rates, pension costs, interest payable and receivable, the contingency budget and capital financing costs.

The net budget was £374.8m and the final outturn position was a positive variance of £14.9m. The main contributing factors to this outcome were from the Collection Fund, there was a council tax budget surplus of £1.8m and a business rates budget surplus of £6.6m. In addition to this the Council has benefited from increased interest rates and has generated an additional £2.1m from investment interest.

Developing the 2024/25 budget

2024/25 was the sixth budget for Dorset Council. The improved settlement from Government and the resources released from support services through reorganisation meant that considerable extra funding could be added to budgets for front line services.

For 2024/25 Dorset Council set a net budget of £376.7m funded from general grants (£4.1m), business rates (£64m), revenue support grant (£0.7m) and council tax (£307.9m) meaning a band D equivalent council tax charge of £2,001.15.

Future funding prospects

Development of the next iteration of the MTFP will be extremely challenging, especially against the possible backdrop of a single-year spending review.

Borrowing, servicing of debt and liquidity

The Council's overall borrowing stood at £226m at the end of the year, a net increase of £26m during the year. The maturity profile of the Council's borrowing is within the limits set out in the treasury management strategy and includes £51m of borrowing repayable within the next 12 months from the balance sheet date. The average interest rates payable on borrowing were 4.33% on loans from the Public Works Loan Board (PWLB) and 4.40% on loans from other lenders.

Narrative Statement

Interest payable on external debt (including PFI and leases) during the year was £9.1m and interest receivable plus other investment income was £6.2m.

The prudential borrowing framework allows councils to borrow for capital investment without Government consent, providing they can afford to service the debt. Details of the Council's capital financing requirement is set out in note 25 to the accounts.

Liquidity was maintained at adequate levels during the year with no concerns over the ability to discharge creditors and other payments as they fell due.

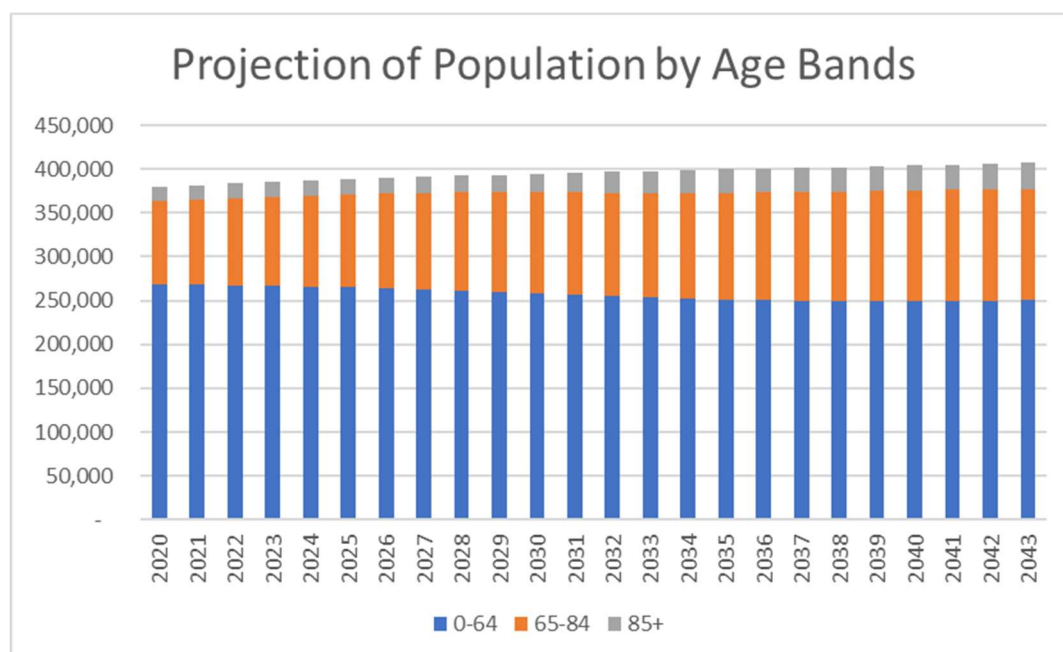
More information on debt and liquidity is routinely included in reports to the Council's Cabinet and Audit & Governance Committee available on the Council's website.

Population Data

The Council provides services to a total estimated population of 386,725 (2023 being 385,074), with the projection for 2025 being 388,291.

Projections summarised in chart 6 show the population of Dorset's residents with an estimated 27% being between 65 years of age and 84 years of age, and 4% being over 85 years of age in 2024. These numbers are steadily growing, with an estimated 31% being between 65 years of age and 84 years of age and 7% over 85 years of age by 2043.

Chart 6

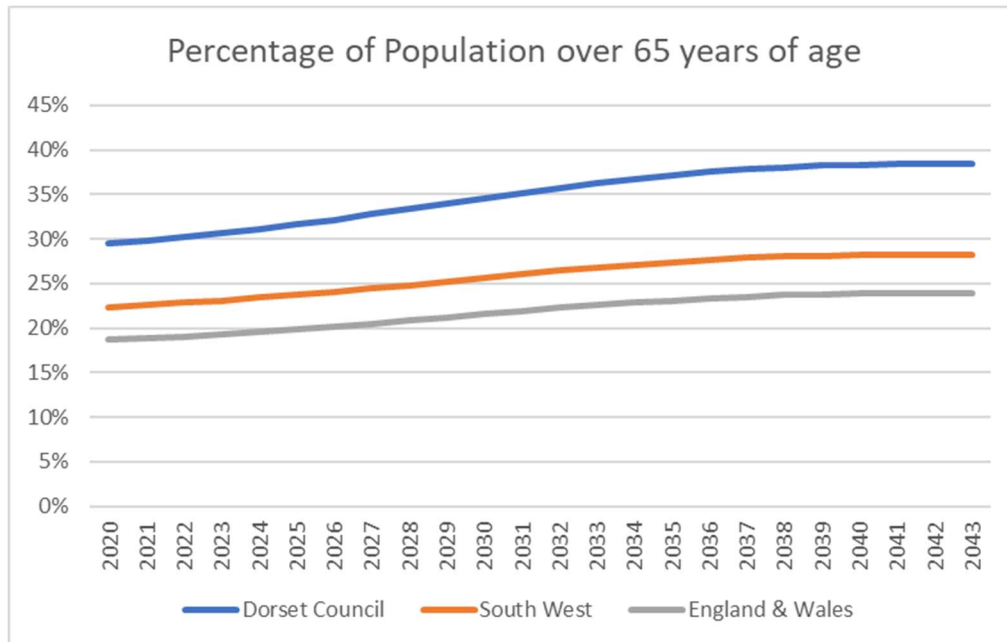


Source: 2018 Population Projections, Office for National Statistics (ONS)

Narrative Statement

The percentage of the population over 65 between 2020 and 2043 in the area served by Dorset Council is shown in chart 7. Compared with the South West as well as England & Wales, a larger proportion of the population served by Dorset Council is older.

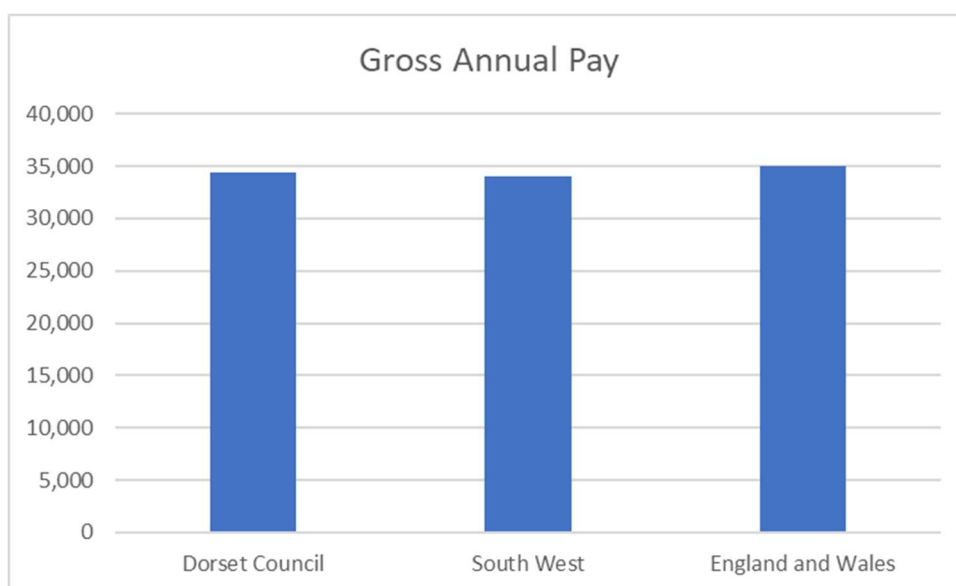
Chart 7



Source: 2018 Population Projections, Office for National Statistics (ONS)

The average, full-time earnings for the area served by the Council is shown in chart 8, below, compared with the South West and with England & Wales. The full-time earnings for Dorset are higher than for the South West, but lower than for England & Wales.

Chart 8

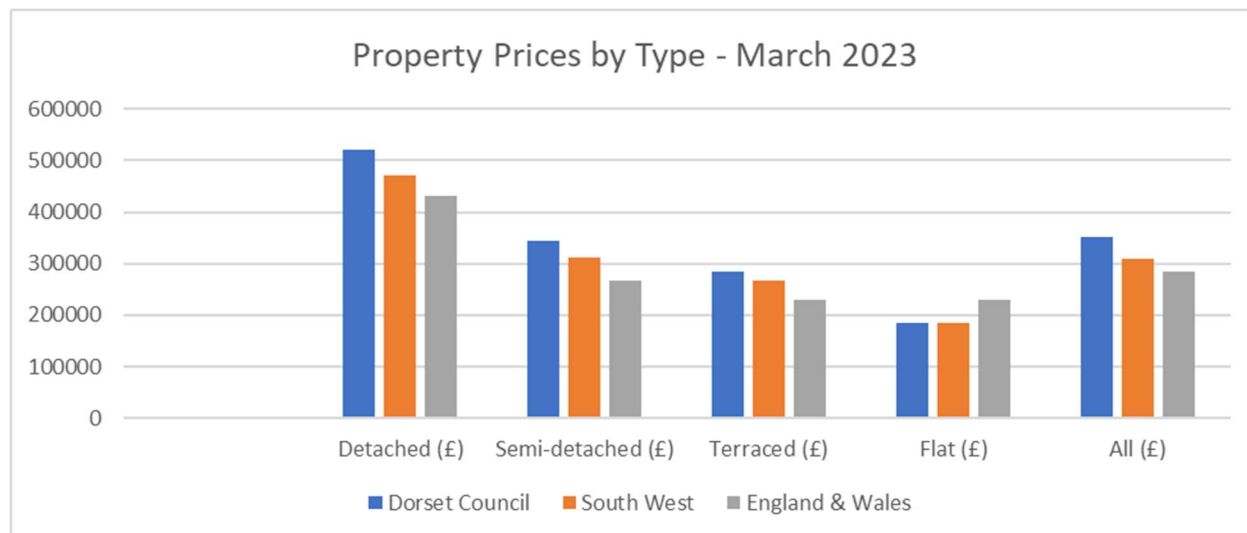


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Narrative Statement

The average price of properties in the area served by the Council is shown below, in chart 9, compared with the South West and with England & Wales. The average price of properties is higher than the South West region except for flats, and higher than for England & Wales except for flats.

Chart 9



Source: House Price Statistics for Small Areas (HPSSAs), Office for National Statistics

Reserves and balances

A full analysis of the Council's reserves is provided in the financial statements and in the notes to the accounts.

The Council closed the year with usable reserves of £289.5m.

The vast majority of the Council's reserves are already earmarked for specific purposes or can only be used for certain types of expenditure and is therefore not available for general use (despite the generic description *usable reserves*). Use of reserves would also be unsustainable for the Council as part of budget setting strategy and this is specifically mentioned in the reserves strategy statement.

The level of the Council's general balances (usable reserves which have not been specifically earmarked for a particular purpose) is set out in note 49 and amounts to £37.686m as agreed by Cabinet when the 2023/24 budget was agreed.

Provisions, contingencies and contingent assets

Movements in provisions, contingent and other long-term liabilities are disclosed in the notes to the financial statements. There have been no material changes to policy or to amounts during the Council's second year of operation.

Changes in statutory functions

There were no changes in statutory functions that require disclosure during the year.

Group financial statements

Having considered the relationships that exist between the Council and partners with whom it operates jointly/together, the chief Finance Officer has concluded there is no material requirement to prepare consolidated financial statements.

Events after the balance sheet date

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

Pension Fund

Dorset Council is the local administering authority for the Local Government Pension Scheme (LGPS), a contributory, defined benefit pension scheme that provides pensions and other benefits for employees of Dorset Council, other councils and a range of other bodies within Dorset.

Benefits for scheme members are calculated based on factors such as age, length of membership and salary, and are funded by contributions from scheme members and their employers and from returns on contributions invested prior to benefits becoming payable.

Contribution levels for scheme members are set nationally, and contribution levels for scheme employers are set locally by actuaries engaged by administering authorities.

Administering authorities are required to maintain a pension fund for the payment of benefits, and annual accounts for the pension fund are included as an appendix to these financial statements.

The Council is the scheme's largest employer in Dorset with 6,800 current employees contributing to the scheme, 11,000 former employees of the Council or its predecessor authorities receiving pensions and 12,800 'deferred pensioners' (former employees who will receive pensions in the future).

As at 31 March 2024, the pension fund's assets were valued at £3.9bn in total, with Dorset Council's 'share' available to fund benefits estimated by the actuary to be approximately £1.4bn.

Every three years, the actuary undertakes a full assessment of the funding position for all scheme employers to set their contribution rates for the next three years. The last such actuarial valuation was based on assets and liabilities as at 31 March 2022 and estimated Dorset Council's deficit (the difference between assets and liabilities) to be approximately £75m, recoverable through employer contributions over 13 years.

In addition, the actuary is required, every year, to undertake an indicative assessment of the funding position for disclosure in the accounts of scheme employers. Accounting standards require this assessment to assume that the return on the pension fund's investments is equal to the expected return from high quality corporate bonds which can vary significantly from the expected returns from the pension fund's actual portfolio of investments. This means that the deficit reported in the accounts can vary significantly from the triennial valuation used to set contribution rates and the Council's accounting deficit was estimated at £159m as at 31 March 2024.

Basis of preparation

The accounts for 2023/24 are prepared in accordance with:

- the Accounts and Audit Regulations 2015
- the CIPFA Code of Practice on Local Authority Accounting 2023/24

This narrative statement provides context for the financial performance of the Council for the financial year and its financial position as at 31 March 2024. This includes an interpretation of the financial statements, providing information on the major influences affecting the

Narrative Statement

Council's income and expenditure and cash flow, and on the financial needs and resources of the Council.

Dorset Council's primary financial statements comprise:

i) Comprehensive income and expenditure statement

This statement summarises the Council's total income and expenditure for the year, providing a segmental analysis to report performance on the basis that the Council is structured and how it operates, monitors and manages financial performance. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (GAAP), rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement. The difference between the accounting cost and costs chargeable to taxation are adjusted through the movement in reserves statement.

ii) Balance sheet (statement of financial position)

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category is usable reserves, i.e. those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the unapplied capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the movement in reserves statement line *adjustments between accounting basis and funding basis under regulations*.

iii) Movement in reserves statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into usable reserves and unusable reserves. The movement in reserves statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease line shows the movements in the general fund in the year following those adjustments.

iv) Cash flow statement

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

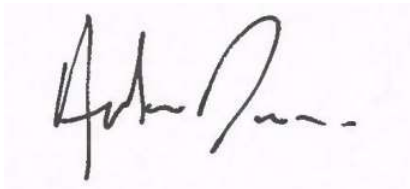
Narrative Statement

v) Notes to the financial statements

These give further information and explanations of the figures in the primary financial statements.

vi) Collection fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement 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 non-domestic rates.



Aidan Dunn

Executive Director, Corporate Development

Chief Financial Officer

05 July 2024

STATEMENT OF RESPONSIBILITIES

The following statement describes the respective responsibilities of the Council and the Chief Financial Officer for the Financial Statements.

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Further information about policies, procedures, publications and contact details for the Council and other relevant local authorities can be found on the dorsetcouncil.gov.uk website.

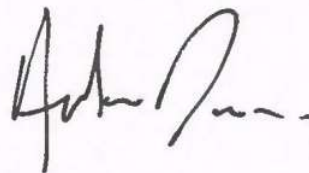
The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2024 and of its income and expenditure for the year then ended.



Aidan Dunn
Executive Director (Corporate Development)
(Chief Financial Officer)

Statement of Accounts

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement reports performance on the basis that the Council is structured and how it operates, monitors and manages financial performance.

2022/23			2023/24				
Gross Spending £'000	Gross Income £'000	Net Spending £'000		Note	Gross Spending £'000	Gross Income £'000	Net Spending £'000
181,595	56,535	125,060	Gross Spending, Gross Income, Grants & Net Expenditure on Continuing Operations		195,613	75,319	120,294
18,236	4,977	13,259	Adult Care Service User Related		18,394	4,531	13,863
13,503	7,896	5,607	Adult Care Operations		18,356	9,574	8,782
4,246	650	3,596	Commissioning		4,643	874	3,769
14,020	7,159	6,861	Director's Office		16,895	8,339	8,556
2,304	-	2,304	Housing		-	-	-
			Building Better Lives		-	-	-
233,904	77,217	156,687	People - Adults		253,901	98,637	155,264
84,693	76,178	8,515	Financial and Commercial		86,505	76,241	10,264
4,403	1,530	2,873	Human Resources		2,605	1,559	1,046
1,813	889	924	Digital & Change		2,372	82	2,290
10,135	1,062	9,073	ICT Operations		11,428	893	10,535
232	-	232	Director's Office		3,067	1,744	1,323
1,019	20	999	Business Intelligence and Performance		1,151	21	1,130
1,114	7	1,107	Communications and Engagement		1,176	56	1,120
1,604	38	1,566	Community Grants		2,908	425	2,483
6,442	(360)	6,802	Superfast Broadband		-	-	-
963	1	962	Chief Executive's Office		978	1	977
2,471	491	1,980	Dorset Care Record		-	-	-
1,756	250	1,506	Transformation		1,876	40	1,836
3,231	2,956	275	Climate & Ecological		531	43	488
-	-	-	Customer Services, Libraries and Archives		9,836	1,097	8,739
-	-	-	Organisational Development		2,078	30	2,048
119,876	83,062	36,814	Corporate Development		126,511	82,232	44,279
48,291	21,049	27,242	Highways		52,745	22,153	30,592
9,777	4,644	5,133	Planning		10,776	4,699	6,077
33,204	2,031	31,173	Dorset Travel		38,045	3,028	35,017
1,616	-	1,616	Business Support		1,687	-	1,687
21,263	13,288	7,975	Environment and Wellbeing		25,924	14,257	11,667
7,202	3,828	3,374	Environmental Protection & Public Health		7,257	4,116	3,141
22,202	6,604	15,598	Waste Services		26,057	7,479	18,578
15,679	434	15,245	Commercial Waste & Strategy		16,205	536	15,669
8,852	1,004	7,848	Customer Services, Libraries and Archives		-	-	-
3,745	9,403	(5,658)	Director's Office		2,231	1,201	1,030
24,561	7,677	16,884	Assets and Property		33,143	11,877	21,266
196,392	69,962	126,430	Place		214,070	69,346	144,724
61,162	3,220	57,942	Care & Protection		67,248	4,801	62,447
85,298	3,903	81,395	Education & Learning		-	-	-
2,868	387	2,481	Dedicated Support Grant (DSG) Services		3,160	414	2,746
15,927	9,329	6,598	Commissioning & Partnerships		18,447	10,301	8,146
2,116	2,213	(97)	Education & Learning		97,470	6,685	90,785
4,770	1,123	3,647	Director's Services		5,188	7,207	(2,019)
132,592	29,990	102,602	DSG Services		130,688	28,360	102,328
-	1,029	(1,029)	DSG Recharges		-	429	(429)
-	148,388	(148,388)	DSG - Funding		-	148,052	(148,052)
304,733	199,582	105,151	People - Children		322,201	206,249	115,952
1,408	40	1,368	Assurance		1,523	55	1,468
2,896	216	2,680	Democratic & Electoral Services		3,145	343	2,802
388	805	(417)	Land Charges		400	691	(291)
2,331	160	2,171	Legal Services		2,408	103	2,305
7,023	1,221	5,802	Legal & Democratic Services		7,476	1,192	6,284
4,412	1,715	2,697	Public Health Joint Partnership Funding		3,288	1,047	2,241
26,408	26,094	314	Public Health		27,089	27,659	(570)
30,820	27,809	3,011	Partnerships		30,377	28,706	1,671
8,025	102	7,924	Centrally Managed Costs		3,991	1,176	2,815
900,773	458,955	441,819	Deficit on Provision of Services		958,527	487,538	470,989
1,759	-	1,759	Other Operating Income & Expenditure				
37,180	19,568	17,612	Net loss/(gain) on disposal of non-current assets		(3,122)	-	(3,122)
			Levies and Precepts		18,587	100	18,487
6,876	-	6,876	Financing & Investment Income & Expenditure				
-	4,743	(4,743)	Interest Payable	21.	7,891	-	7,891
-	(7,315)	7,315	Interest and Investment Income	21.	-	6,155	(6,155)
20,609	-	20,609	Unrealised (gains)/losses on Investments	21.	-	685	(685)
10,022	-	10,022	Net loss on disposal of Academies		21,612	-	21,612
			Pensions Interest Cost & Expected Return on Assets	23.	10,068	-	10,068
977,219	475,951	501,269	Net Operating Expenditure		1,013,563	494,478	519,085
		(7)	Taxation & Non-Specific Grant Income				
		(57,850)	Revenue Support Grant				(654)
		(297,887)	Non-Domestic Rates				(66,657)
		(36,604)	Council Tax				(307,681)
		(61,516)	Other Central Grants				(34,583)
		(453,864)	Capital Grants				(53,626)
		47,405	Total Finance				(463,201)
			Deficit for the Year				55,884
		6,205	Items that will not be reclassified to the (surplus)/deficit on the provision of services				
		(598,156)	(Surplus) on the revaluation of Property, Plant & Equipment				(38,331)
		(544,546)	Actuarial loss/(gain) on Pension Fund Assets & Liabilities				(133,616)
			Net Comprehensive (Income)/Expenditure				(116,063)

Statement of Accounts

Statement of Movement in Reserves

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into usable reserves and unusable reserves.

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2022	42,592	157,794	4,597	94,408	299,391	(247,965)	51,426
Movement in reserves during 2022/23							
Surplus/(Deficit) for the year	(47,405)				(47,405)	-	(47,405)
Total Other Comprehensive Income & Expenditure	-	-	-	-	-	591,951	591,951
Total Comprehensive Income & Expenditure	(47,405)	-	-	-	(47,405)	591,951	544,546
Net Increase/(Decrease) before Transfers	(47,405)	-	-	-	(47,405)	591,951	544,546
Total adjustments between accounting basis and funding basis under regulations (note 10)	25,945	4,128	222	14,658	44,953	(44,953)	-
Total transfers	21,017	(21,017)	-	-	-	-	-
Balance as at 31 March 2023	42,149	140,905	4,819	109,066	296,939	299,033	595,972

Statement of Accounts

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Note	49	48	46	42			
Balance as at 31 March 2023	42,149	140,905	4,819	109,066	296,939	299,033	595,972
	42,149	140,905	4,819	109,066	296,939	299,033	595,972
Movement in reserves during 2023/24							
Surplus/(Deficit) for the year	(55,884)				(55,884)	-	(55,884)
Total Other Comprehensive Income/(Expenditure)	-	-	-	-	-	171,947	171,947
Total Comprehensive Income/(Expenditure)	(55,884)	-	-	-	(55,884)	171,947	116,063
Net Increase/(Decrease) before Transfers	(55,884)	-	-	-	(55,884)	171,947	116,063
Total Adjustments between accounting basis and funding basis under regulations (note 10)	33,227	6,250	4,911	4,027	48,415	(48,415)	-
Total transfers	25,283	(25,283)	-	-	-	-	-
Balance as at 31 March 2024	44,775	121,872	9,730	113,093	289,470	422,565	712,035

Statement of Accounts

Cash Flow Statement

The cash flow statement shows the changes in the Council's cash and cash equivalents in the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

As at 31 March 2023 £'000		Note	As at 31 March 2024 £'000
(47,405)	Net surplus or (deficit) on the provision of services		(55,884)
14,654	Adjustment to surplus or deficit on the provision of services for noncash movements	50	62,278
(372)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	50	(7,443)
<u>(33,123)</u>	Net Cash flows from operating activities		<u>(1,049)</u>
9,283	Net Cash flows from Investing Activities	51	(41,833)
19,097	Net Cash flows from Financing Activities	52	24,133
<u>(4,743)</u>	Net increase or (decrease) in cash and cash equivalents		<u>(18,749)</u>
45,879	Cash and cash equivalents at the beginning of the reporting period		41,136
41,136	Cash and cash equivalents at the end of the reporting period		22,387
<u>(4,743)</u>	Change in cash and cash equivalents during the reporting period		<u>(18,749)</u>

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1) Accounting standards that have been issued but not yet adopted

Appendix C of the CIPFA Code of Practice requires Local Authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) **IFRS 16 Leases** issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).

CIPFA has deferred the implementation of IFRS 16 (Leases) until 1 April 2024 (and therefore in the 2024/25 Code). However, the 2023/24 Code allows for early adoption should an authority consider that it is able to do so.

CIPFA had deferred the implementation of this leasing standard because of national concern in the late completion of local authority audits and whether the implementation of IFRS 16 would introduce further delays in audit reporting. The audit of the Council's 2019/20 accounts was completed in December 2023, and audit of the 2020/21 accounts was only completed February 2024. The 2021/22 audit is ongoing, and the 2022/23 audit hasn't started.

Consequently, at the time of preparing the Statement of Accounts for 2023/24 the Council did not consider early adoption of IFRS16 because:

- the audit work on previous year's accounts wasn't up to date before the end of 2023/24;
- CIPFA was still consulting on late changes to the Codes for 2023/24 and 2024/25 up to the end of March; and
- CIPFA could change its guidance on how the standard should be applied to the particular circumstances facing local authorities.

IFRS 16 removes the differentiation between finance leases (asset and liability on balance sheet) and operating leases (not on balance sheet and accounted for as an annual cost) for lessees. Lessees will have to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases).

This accounting change is likely to have a significant impact on the Council's balance sheet but this is not yet calculated and the implementation is subject to any future adaptations by the Code before 2024/25. A project plan is in place and the Council is in the process of determining all leases in place at 1 April 2024 (including embedded leases - where a contract with a third party may require the use of particular assets).

b) **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

c) **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

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d) **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

e) **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
- targeted disclosure requirements for affected entities.

f) **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Note that a) will only be applicable to local authorities that have not voluntarily implemented IFRS 16 in 2023/24. It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f).

2) Related party transactions

Local Authorities are required to disclose details of material transactions with related parties, including Central Government, Other Local Authorities, and Elected Members, Senior Officers & their close families.

Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides a significant proportion of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties.

Significant grants are received from the Department for Education, the Department for Levelling Up, Housing and Communities and the Department for Health and Social Care. Other Government Departments provide smaller levels of grant.

Specific Grants are set out in disclosure note 14 to the accounts.

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Other Local Authorities and Bodies levying demands on the council tax

Levies and precepts paid to other bodies during 2023/24 included the following material transactions:

2022/23 £'000		2023/24 £'000
565	Environment Agency	573
202	Southern Sea Fisheries Committee	202
16,948	Town & Parish Precepts	17,814

Dorset Council administers the Dorset County Pension Fund on behalf of its employees and those of other local authorities in the county and other admitted bodies (charities or former local authority bodies such as Housing Associations). Employers' Contributions to the Fund are shown in the pension fund accounts.

Transactions with Bournemouth, Christchurch and Poole Council, Primary Care and Hospital NHS Trusts in respect of the pooled budget scheme are detailed in Note 24.

Disclosure of interests in other entities

Care Dorset

Care Dorset was launched in October 2022 and is an adult care service provider offering Residential services, Day Opportunities, Reablement services and Supported Living Services. Care Dorset is an independent company that is wholly owned by Dorset Council, known as a Local Authority Trading Company.

Care Dorset's turnover for the year ended 30 September 2023 was £30.0m (£13.7m for October 2022 to March 2023).

Dorset Council is contracted to provide support services to Care Dorset; the value of this contract was £729k for April 2023 to March 2024 (£326k for October 2022 to March 2023).

The accounting year end for Care Dorset is 30th September.

Care Dorset have submitted their accounts to Companies House, and made a loss of £394k for the year ended 30 September 2023.

Transactions with Care Dorset for 2023/24, excluding VAT, were as follows:

2022/23 £'000		2023/24 £'000
3,545	Payments due from Care Dorset Ltd	3,913
3,526	Debtors as at 31 March (amounts owing from entity)	3,469
523	Payments made to Care Dorset Ltd	413
-	Creditors as at 31 March (amounts owed to entity)	-
14,844	Payments made to Care Dorset Holding Ltd	27,123
-	Creditors as at 31 March (amounts owed to entity)	-

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Dorset Centre of Excellence Ltd

The Dorset Centre of Excellence Ltd was established in April 2022, and operates Coombe House School to provide education for children with special education needs (SEND). The Dorset Centre of Excellence is a limited company, 100% owned by Dorset Council.

Turnover for the Dorset Centre of Excellence was £3.3m during 2023/24 (£1.9m for 2022/23). The Dorset Centre of Excellence received fees from Dorset Council of £2,989k for 2023/24 (£1,554k for 2022/23).

The Dorset Centre of Excellence made a loss of £686k for 2023/24 (£1.3m loss for 2022/23).

The accounting year end for the Dorset Centre of Excellence is 31st March.

Transactions with The Dorset Centre of Excellence for 2023/24, excluding VAT, were as follows:

2022/23 £'000		2023/24 £'000
357	Payments due from Dorset Centre of Excellence	594
47	Debtors as at 31 March (amounts owing from entity)	212
2,425	Payments made to Dorset Centre of Excellence	2,242
-	Creditors as at 31 March (amounts owed to entity)	-

South West Audit Partnership (SWAP)

SWAP is a company limited by guarantee; a local authority controlled company which started trading on 1 April 2013. The guarantors are all local authorities, Dorset Council being one of them. Dorset Council's influence in SWAP has significantly diminished over the years, given the expansion of the company. Theoretically, SWAP could fall to be treated as a joint venture but as the results of this treatment would not be material for Dorset Council, group accounts are not appropriate. SWAP's financial statements are available from the Company's website: [Audit services | SWAP Internal Audit Services \(swapaudit.co.uk\)](https://www.swapaudit.co.uk)

Dorset Council charged £432k to the 2023/24 accounts (£419k for 2022/23) for services received by SWAP.

The accounting year end for SWAP is 31st March.

Transactions with SWAP for 2023/24, excluding VAT, were as follows:

2022/23 £'000		2023/24 £'000
419	Payments made to SWAP	432
-	Creditors as at 31 March (amounts owed to entity)	-

TRICS Consortium Ltd.

TRICS Consortium Ltd. was incorporated on 14 October 2014 by Dorset County Council and five other local authorities. Each member owns £37.5k of fully-paid-up, ordinary shares in the company and appoints a director to the company's Board.

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Again, the Company could theoretically be treated as a joint venture, but the results would not have a material impact on Dorset Council's reported position, so they are not consolidated into group accounts. Financial statements for TRICS are available from the Company's website:

www.TRICS.org

During 2023/24 Dorset Council received a dividend of £95k from the Company (£90k for 2022/23) and was charged £4k to the accounts for services purchased from the Company (£3k for 2022/23).

The accounting year end for TRICS is 31st December.

Transactions with TRICS for 2023/24, excluding VAT, were as follows:

2022/23 £'000	2023/24 £'000
7 Payments made to TRICS	8
- Creditors as at 31 March (amounts owed to entity)	-

Dorset & Wiltshire Fire Authority

On 1 April 2016 Dorset Fire Authority merged with Wiltshire Fire Authority to become Dorset & Wiltshire Fire and Rescue Authority. The Corporate Director Legal & Democratic is now the Clerk to Dorset & Wiltshire Fire and Rescue Authority. The Council supplied services to related parties as detailed in the following table.

2022/23 £'000	2023/24 £'000
37 Dorset & Wiltshire Fire and Rescue Authority	46

At the end of the financial year, amounts owed by related parties were as follows:

2022/23 £'000	2023/24 £'000
17 Dorset & Wiltshire Fire and Rescue Authority	52

Elected Members, Staff and close families

All Councillors, Senior Officers and purchasing staff have been informed of the requirements and the need for disclosure. Some Councillors and Senior Officers have a role or are appointed by the Council to boards of voluntary bodies or charities in receipt of support from the Council.

Councillor Mark Roberts (term to May 2024) is a director of Daley Homecare Ltd. which has a contractual relationship with the Council to provide adult social and health care services. Daley Homecare Ltd was paid £96.0k by the Council during 2023/24 (£146.6k during 2022/23).

Councillor Robin Cook's wife is a trustee of The Museum of East Dorset, which received £70k during 2023/24 from Dorset Council under a service level agreement (£70k for 2022/23).

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3) Financial Instruments

IFRS 9 Financial Instruments was incorporated into the CIPFA Code with effect from 1 April 2018. It specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. It requires an entity to recognise a financial asset or a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

Under IFRS 9 financial instruments are accounted for at either amortised cost, fair value through profit and loss (FVTPL), or fair value through other comprehensive income (FVOCI).

Financial Instrument Balances

The financial assets and liabilities at 31 March include the following categories of financial instruments:

2022/23		Financial Assets	2023/24	
Long-Term £'000	Current £'000		Long-Term £'000	Current £'000
-	41,136	Cash and Cash Equivalents	-	22,387
10,846	76,908	Debtors	6,865	89,784
		Fair value through profit and loss (FVTPL):		
19,853	53,656	Investments in pooled funds	19,016	32,452
33	-	Equity investments	33	-
30,732	171,700	Total Financial Assets	25,914	144,623

2022/23		Financial Liabilities	2023/24	
Long-Term £'000	Current £'000		Long-Term £'000	Current £'000
		Borrowing (amortised cost)		
(61,816)	(49)	Public Works Loan Board (PWLB)	(78,446)	(12,611)
(96,600)	(41,137)	Other lenders	(96,600)	(38,530)
(158,416)	(41,186)	Total Borrowing	(175,046)	(51,141)
		Other Long-Term Liabilities (amortised cost)		
(18,645)	-	PFI Liability	(16,690)	-
(57)	-	Other Long Term Liabilities	(57)	-
(1,942)	-	Obligations Under Finance Leases	(1,864)	-
(20,644)	-	Total Other Long-Term Liabilities	(18,611)	-
		Current Liabilities (amortised cost)		
-	(78,847)	Creditors (payable within 12 months)	-	(74,102)
-	(78,847)	Total Current Liabilities	-	(74,102)
(179,060)	(120,033)	Total Financial Liabilities	(193,657)	(125,243)

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The amounts disclosed in the tables above for debtors and creditors exclude council tax and business rates, as these are statutory and not contractual arrangements, and also exclude payments in advance and receipts in advance which do not meet the criteria of a financial instrument. The following tables analyse the financial instruments into input levels for fair value measurement techniques:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset.

(The fair values of short-term financial instruments held at amortised cost are assumed to approximate to the carrying amount and are excluded from these tables.)

2022/23			Financial Assets	2023/24		
Level 1 £'000	Level 2 £'000	Level 3 £'000		Level 1 £'000	Level 2 £'000	Level 3 £'000
53,656	19,853	-	Investments in pooled funds	32,452	19,016	-
-	-	33	Equity investments	-	-	33
-	10,846	-	Long Term Debtors	-	6,865	-
53,656	30,699	33	Total	32,452	25,881	33

2022/23			Financial Liabilities	2023/24		
Level 1 £'000	Level 2 £'000	Level 3 £'000		Level 1 £'000	Level 2 £'000	Level 3 £'000
Borrowing						
-	(61,865)	-	Public Works Loan Board (PWLB)	-	(91,057)	-
-	(137,737)	-	Other lenders	-	(135,130)	-
-	(199,602)	-	Total Borrowing	-	(226,187)	-
Other Long Term Liabilities						
-	(18,645)	-	PFI Liability	-	(16,690)	-
-	(57)	-	Other Long Term Liabilities	-	(57)	-
-	(1,942)	-	Obligations Under Finance Leases	-	(1,864)	-
-	(20,644)	-	Total Other Long Term Liabilities	-	(18,611)	-
-	(220,246)	-	Total	-	(244,798)	-

Financial Instrument Gains and Losses

2022/23 £'000	Gains/(Losses)	2023/24 £'000
(6,876)	Interest payable	(7,891)
4,743	Interest and investment income	6,155
(7,315)	Gains/(losses) from changes in fair value	685
(9,448)	Net Gain/(Loss) for the Year	(1,051)

4) Disclosure of nature and extent of risk arising from financial instruments

In line with CIPFA's Code of Practice on Treasury Management, the Council approves a treasury management strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also maintains treasury management practices specifying the practical arrangements to be followed to manage these risks.

The main risks covered 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 and financial markets movements.

Credit risk

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality and by limiting the amounts that can be invested with any single counterparty as set out in the treasury management strategy.

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral as at 31 March 2024 was £11.5m.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council. Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% (2023: 112%), as estimated by Moody's credit ratings agency, to adjust for current and forecast economic conditions.

A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31 March 2024, £nil (2023: £nil) of loss allowances related to treasury investments.

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available when it is needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets, other local authorities and the Public Works Loan Board (PWLB). There is therefore no significant risk that the Council will be unable to raise finance to meet its commitments.

The Council is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed primarily by setting limits, agreed in the annual treasury management strategy, on the proportion of fixed rate borrowing that can mature during specified periods. A maturity analysis of the Council's external borrowing is shown in Note 35.

Market risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in

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variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise;
- investments at fixed rates – the fair value of the assets will fall.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance. As at 31 March 2024 the Council had no variable rate borrowing or investments.

If interest rates had been 1% higher at 31 March 2024, the 12 month revenue impact is estimated as follows (with the movements reversed for a 1% fall):

2022/23 £'000	Interest Rate Risk	2023/24 £'000
-	Increase in interest payable on variable rate borrowings	-
-	Increase in interest receivable on variable rate investments	-
(954)	Decrease in fair value of investments held at FVTPL	(867)
(954)	Impact on Surplus or Deficit on the Provision of Services	(867)
-	Decrease in fair value of investments held at FVOCI	-
(954)	Impact on Comprehensive Income and Expenditure	(867)
-	Decrease in fair value of loans and investments at amortised cost *	-
(20,472)	Decrease in fair value of fixed rate borrowing *	(21,663)
	*No impact on Comprehensive Income and Expenditure.	

Movements in the value of investments that have a quoted market price will be treated as fair value through profit or loss (FVTPL) unless the investments have been designated as fair value through other comprehensive income (FVOCI). As at 31 March 2024 the Council had no such investments designated as FVOCI.

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

The Council's investment in pooled property funds is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £20m per fund. A 5% fall in commercial property prices at 31 March 2024 would result in a £0.8m charge to the

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Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £20m per fund. A 5% fall in share prices at 31 March 2024 would result in a £0.7m charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

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

5) Events after the Balance Sheet date

There were no material events after the balance sheet date that require disclosure in these financial statements.

6) Prior period adjustments

6.1) Following issue of a revised IAS19 report for 2022/23 to include the effect of the Local Government Pension Scheme triennial valuation as at 31 March 2022, prior year adjustments arose to amounts reported for 2022/23 from the replacement journal and budget entries posted. The Comprehensive Income & Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cash Flow Statement were all affected, and resulting changes to note #23 Retirement Benefits are as follows.

23. Retirement benefits

Revised		As Reported
2022/23 £'000		2022/23 £'000
	Cost of services:	
38,445	Service Cost	41,071
9,022	Net interest on the defined liability (asset)	7,804
1,000	Administration expenses	994
48,467	Total post-employment benefits charged to the surplus or deficit on provision of services	49,869
	Remeasurement of the net defined benefit liability comprising:	
(118,154)	Return on assets less interest	(117,504)
-	Other actuarial gains/(losses) on assets	7,282
898,459	Actuarial gains and losses on changes in financial assumptions	899,304
-	Actuarial gains and losses on changes in demographic assumptions	59,382
(182,149)	Experience gain/(loss) on changes on defined benefit obligation	(266,711)
598,156	Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	581,753
	Movement in reserves statement:	
(48,467)	Total post-employment benefits charged to the surplus or deficit on provision of services	(49,869)
37,758	Employers' contributions payable to the scheme	37,758
(10,709)	Adjustments between accounting basis and funding basis under regulations for the Pensions Reserve	(12,111)
	Actual amount charged against the General Fund balance for pensions in the year	
37,758	Employers' contributions payable to the scheme	37,758

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Revised		Revised		As Reported		As Reported	
2022/23				2022/23			
% Assets	£'000			% Assets	£'000		
62%	792,249		Equities	62%	792,249		
1%	6,851		Gilts	1%	6,851		
2%	21,253		Cash	2%	21,253		
7%	82,798		Other Bonds	7%	82,798		
7%	85,474		Diversified Growth Fund	7%	85,474		
8%	102,290		Property	8%	102,290		
8%	96,315		Infrastructure	8%	96,315		
7%	84,011		Multi Asset Credit	7%	84,011		
0%	-		Secured Income Funds	0%	-		
	1,271,241		Estimated Assets in Council Fund		1,271,241		
	1,553,178		Present value of scheme liabilities		1,553,178		
	16,217		Present value of unfunded liabilities		16,217		
	1,569,395		Total value of liabilities		1,569,395		
	(298,154)		Net Pensions Asset/(Liability)		(298,154)		

No Change		No Change		As Reported		As Reported	
2022/23				2022/23			
% p.a.	Real			% p.a.	Real		
2.95%	0.00%		CPI inflation	2.95%	0.00%		
3.95%	1.00%		Rate of increase in salaries	3.95%	1.00%		
2.95%	0.00%		Rate of increase in pensions	2.95%	0.00%		
4.80%	1.85%		Rate for discounting scheme liabilities	4.80%	1.85%		

Revised		Revised		As Reported		As Reported	
2022/23				2022/23			
Male	Female		Years	Male	Female		
22.2	24.2		Retiring today	22.2	24.2		
23.5	25.6		Retiring in 20 years	23.5	25.6		

Revised				As Reported	
2022/23				2022/23	
£'000				£'000	
2,260,878			Opening defined benefit obligation	2,235,436	
41,696			Current service cost	45,100	
62,416			Interest cost	60,897	
(898,459)			Change in financial assumptions	(899,304)	
-			Change in demographic assumptions	(59,382)	
182,149			Experience loss/(gain) on defined benefit obligation	266,711	
(30,483)			Liabilities assumed/(extinguished) on settlements	(31,284)	
(57,005)			Estimated benefits paid (net of transfers in)	(57,005)	
-			Past service cost	-	
855			Past service costs including curtailments	878	
10,648			Contributions by scheme participants	10,648	
(3,300)			Unfunded pension payments	(3,300)	
1,569,395			Closing defined benefit obligation	1,569,395	

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Revised		As Reported
2022/23		2022/23
£'000		£'000
1,375,277	Opening fair value of scheme assets	1,367,640
53,394	Interest on assets	53,093
(118,154)	Return on assets less interest	(117,504)
-	Other actuarial gains/(losses)	7,282
(1,000)	Administration expenses	(994)
34,458	Contributions by employer (including unfunded)	34,458
3,300	Unfunded pension payments	3,300
10,648	Contributions by scheme participants	10,648
(57,005)	Estimated benefits paid (net of transfers in)	(57,005)
(3,300)	Unfunded pension payments	(3,300)
(26,377)	Settlement prices received/(paid)	(26,377)
1,271,241	Fair value of scheme assets at end of period	<u>1,271,241</u>

Revised		As Reported
2022/23		2022/23
£'000		£'000
(885,601)	Surplus / (Deficit) brought forward	(867,796)
(38,445)	Service Cost	(41,071)
34,458	Employer contributions	34,458
3,300	Unfunded pension payments	3,300
(1,000)	Administration expenses	(994)
(9,022)	Net interest on the defined liability/(asset)	(7,804)
598,156	Actuarial Gain/(Loss)	581,753
<u>(298,154)</u>	Surplus/(Deficit) as at 31 March	<u>(298,154)</u>

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7) Expenditure and Income analysed by Nature and Segmental Income

The Code requires local authorities to report segmentally on their income and expenditure in accordance with IFRS 8. The Code requires this to be presented in a format which is similar to the internal management accounts used by the authority and for this to be reconciled to the surplus/deficit on provision of services figure in the Comprehensive Income and Expenditure Statement.

	2023/24							2022/23	
	People Services, Adults & Housing	Corporate Development	Place	People Services, Children	Legal & Democratic	Public Health	Centrally Managed Costs	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Internal Charges/Trading	432	(1,939)	(1,164)	2,865	(125)	749	(332)	486	18
Authority (Democratic) Costs	-	-	-	-	1,818	-	-	1,818	1,766
Pay Related Costs	27,327	37,956	59,022	148,193	4,829	4,386	7,036	288,749	272,489
Premises Related Costs	3,081	1,850	22,051	8,676	12	20	-	35,690	31,996
Transport Related Costs	620	2,780	29,687	1,983	10	21	-	35,101	30,766
Supplies and Service	51,519	12,832	28,674	129,010	1,039	3,259	201	226,534	206,741
Transfer Payments	62,064	69,218	7	1,672	-	-	-	132,961	124,068
Levies & Precepts	-	-	-	-	-	-	-	-	-
Third Party Payments	107,974	2,010	30,152	19,443	191	22,161	-	181,931	163,066
Net Schools Budget adjs	-	-	-	1,121	-	-	-	1,121	1,399
Cost Centre Balances	(4)	-	-	619	-	-	-	615	1,048
Government Grants	(21,387)	(70,277)	(12,634)	(188,280)	(9)	(14,524)	(189)	(307,300)	(299,928)
Reimbursements and Contributions	(37,297)	(4,149)	(3,411)	(13,640)	(374)	(14,182)	(974)	(74,027)	(63,236)
Fees and Charges	(39,954)	(7,806)	(53,303)	(4,328)	(809)	-	(13)	(106,213)	(95,793)
Corporate Income & Expenditure	(83)	-	-	(117)	-	-	-	(200)	(170)
Funding	-	-	(68)	-	-	-	-	(68)	(1,801)
Transfers to/(from) Reserves	-	-	287	122	-	-	(416)	(7)	8
Reported in Management Accounts	154,292	42,475	99,300	107,339	6,582	1,890	5,313	417,191	372,437
IAS 19 Pension Adjustment	(1,639)	(2,265)	(3,725)	(4,743)	(300)	(219)	(2,498)	(15,389)	687
Capital Charges	2,611	4,069	49,149	13,356	2	-	-	69,187	68,695
Deficit on provision of services	155,264	44,279	144,724	115,952	6,284	1,671	2,815	470,989	441,819
Recharges (SERCOP)	13,668	(25,997)	(10,146)	25,330	(2,857)	-	2	-	-
Deficit on provision of services	168,932	18,282	134,578	141,282	3,427	1,671	2,817	470,989	441,819

The table above shows the deficit on provision of services, the same as reported on the corresponding line in the Comprehensive Income and Expenditure Statement. The line marked reported in management accounts reflects the figures that the County's Leadership Team reviews on a monthly basis to monitor the Authority's financial performance.

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8) Expenditure and Funding Analysis

Net Expenditure Chargeable to the General Fund Balance	2022/23		Net Expenditure in the Comprehensive Income and Expenditure Statement		2023/24		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between Funding and Accounting Basis				Adjustments between Funding and Accounting Basis		
£'000	£'000	£'000	£'000		£'000	£'000	£'000
152,552	4,135	156,687		People - Adults & Housing	154,269	995	155,264
28,189	8,625	36,814		Corporate Development	42,611	1,668	44,279
81,722	44,708	126,430		Place	99,565	45,159	144,724
94,263	10,888	105,151		People - Children	107,105	8,847	115,952
5,890	(88)	5,802		Legal & Democratic	6,581	(297)	6,284
3,030	(19)	3,011		Partnerships (DCC Leads)	1,898	(227)	1,671
932	6,992	7,924		Centrally Managed Costs	6,527	(3,712)	2,815
366,578	75,241	441,819		Deficit on Provision of Services	418,556	52,433	470,989
				Other Operating Income & Expenditure			
(47)	1,806	1,759		Net loss/(gain) on disposal of non-current assets	13	(3,135)	(3,122)
17,612	-	17,612		Levies and Precepts	18,487	-	18,487
				Financing & Investment Income & Expenditure			
-	20,609	20,609		Net loss on disposal of Academies	-	21,612	21,612
6,876	-	6,876		Interest Payable	7,891	-	7,891
(3,714)	(1,029)	(4,743)		Interest and Investment Income	(3,729)	(2,426)	(6,155)
7,315	-	7,315		Unrealised (gains)/ losses on investments	(685)	-	(685)
-	10,022	10,022		Pensions Interest Cost & Expected Return on Assets	-	10,068	10,068
16,253	(16,253)	-		CERA/MRP	16,577	(16,577)	-
(29,252)	29,252	-		Movements to/from reserves	(48,939)	48,939	-
				Taxation & Non-Specific Grant Income			
(7)	-	(7)		Revenue Support Grant	(654)	-	(654)
(46,262)	(11,588)	(57,850)		Non-Domestic Rates	(63,847)	(2,810)	(66,657)
-	-	-		Non-Domestic Rates top-up receipts from Central Government	-	-	-
(298,315)	428	(297,887)		Council Tax	(311,695)	4,014	(307,681)
(36,604)	-	(36,604)		Other Central Grants	(34,583)	-	(34,583)
10	(61,526)	(61,516)		Capital Grants	(18)	(53,608)	(53,626)
(366,135)	(28,279)	(394,414)		Total Other Income and Expenditure	(421,182)	6,077	(415,105)
443	46,962	47,405		(Surplus) / Deficit for the Year	(2,626)	58,510	55,884
(42,592)				Opening General Fund Balance as at 31 March 2023	(42,149)		
443				(Surplus) / Deficit on General Fund Balance	(2,626)		
(42,149)				Closing General Fund Balance as at 31 March 2024	(44,775)		

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9) Notes to the Expenditure and Funding Analysis: Adjustments between Funding and Accounting Basis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The statement also shows how this expenditure is allocated for decision making purposes between the Council's directorates, services or departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23		2023/24			
Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000		£'000	£'000	£'000	£'000
4,135	People - Adults	2,611	(1,640)	24	995
8,625	Corporate Development	4,069	(2,265)	(136)	1,668
44,708	Place	49,149	(3,724)	(266)	45,159
10,888	People - Children	13,356	(4,745)	236	8,847
(88)	Legal & Democratic	2	(300)	1	(297)
(19)	Partnerships (DC Leads)	-	(219)	(8)	(227)
6,992	Centrally Managed Costs	-	(2,496)	(1,216)	(3,712)
<u>75,241</u>	Deficit on Provision of Services	<u>69,187</u>	<u>(15,389)</u>	<u>(1,365)</u>	<u>52,433</u>
(28,279)	Other Income and Expenditure	(54,135)	10,068	50,144	6,077
<u>46,962</u>	Difference Between General Fund Surplus or Deficit	<u>15,052</u>	<u>(5,321)</u>	<u>48,779</u>	<u>58,510</u>

The adjustments between the funding and accounting basis above summarise detailed entries on the Movement in Reserves Statement, categorised by capital, pensions or other differences, that result in movements to the Comprehensive Income and Expenditure Statement to show the net expenditure chargeable to the general fund balance.

Other differences relate to items not included in management reporting, but are required to be reflected in the accounts. These include entries for the council tax and business rates Collection Fund Adjustment Accounts, and transfers to and from reserves.

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10) Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the Total Comprehensive Income & Expenditure figure 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 together with movements in reserves under statute.

Usable Reserves 2022/23	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Change in Total Unusable Reserves	Change in Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments between accounting basis and funding basis under regulations							
Charges for depreciation & Impairment of non-current assets	52,533				52,533	(52,533)	-
Revenue expenditure funded from capital under statute	16,161				16,161	(16,161)	-
Net (gains)/losses on disposal of non-current assets	1,805		372		2,177	(2,177)	-
Net (gains)/losses on disposal of Academies	20,609				20,609	(20,609)	-
Statutory provision for financing of capital investment	(15,801)				(15,801)	15,801	-
Capital Expenditure charged against the General Fund	(452)				(452)	452	-
Usable Capital Receipts funding revenue income from finance leases	13		(13)		-	-	-
Use of Capital Receipts to finance new capital expenditure			(137)		(137)	137	-
Transfer to Capital Grants Unapplied Reserves	(61,538)			61,538	-	-	-
Transfer from Capital Grants Unapplied to CAA				(43,781)	(43,781)	43,781	-
Reclassifications between balances and Reserves	-	4,128		(4,128)	-	-	-
Interest on Developer Contributions	(1,029)			1,029	-	-	-
Adjustments for Capital Purposes	12,301	4,128	222	14,658	31,309	(31,309)	-
Reversal of items relating to retirement benefits charged in the Comprehensive Income & Expenditure Statement	48,467				48,467	(48,467)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	(37,758)				(37,758)	37,758	-
Net Change for the Pensions Adjustments	10,709	-	-	-	10,709	(10,709)	-
Amounts by which the finance costs charged to the Comprehensive Income & Expenditure Statement differ from statutory requirements	(314)				(314)	314	-
Mandatory statutory override for changes in fair value of investments in pooled funds	7,315				7,315	(7,315)	-
Amount by which Council tax income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	428				428	(428)	-
Amount by which Non-Domestic Rates income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	(11,588)				(11,588)	11,588	-
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from statutory requirements	(1,140)				(1,140)	1,140	-
Net transfers to/from DSG Adjustment Account	8,234				8,234	(8,234)	-
Other Adjustments	2,935	-	-	-	2,935	(2,935)	-
Total Adjustments 2022/23	25,945	4,128	222	14,658	44,953	(44,953)	-

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Usable Reserves 2023/24	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Change in Total Usable Reserves	Change in Total Unusable Reserves	Change in Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments between accounting basis and funding basis under regulations							
Charges for depreciation & Impairment of non-current assets	55,999				55,999	(55,999)	-
Revenue expenditure funded from capital under statute	13,188				13,188	(13,188)	-
Net gains/(losses) on disposal of non-current assets	(3,136)		7,443		4,307	(4,307)	-
Net gains/(losses) on disposal of Academies	21,611				21,611	(21,611)	-
Statutory provision for financing of capital investment	(16,381)				(16,381)	16,381	-
Capital Expenditure charged against the General Fund	(195)				(195)	195	-
Usable Capital Receipts funding revenue income from finance leases	13		(13)		-	-	-
Use of Capital Receipts to finance new capital expenditure			(2,519)		(2,519)	2,519	-
Transfer to Capital Grants Unapplied Reserves	(53,620)			53,620	-	-	-
Transfer from Capital Grants Unapplied to CAA				(45,769)	(45,769)	45,769	-
Reclassifications between balances and Reserves	-	6,250		(6,250)	-	-	-
Interest on Developer Contributions	(2,426)			2,426	-	-	-
Adjustments for Capital Purposes	15,053	6,250	4,911	4,027	30,241	(30,241)	-
Reversal of items relating to retirement benefits charged in the Comprehensive Income & Expenditure Statement	35,306				35,306	(35,306)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	(40,626)				(40,626)	40,626	-
Net Change for the Pensions Adjustments	(5,320)	-	-	-	(5,320)	5,320	-
Amounts by which the finance costs charged to the Comprehensive Income & Expenditure Statement differ from statutory requirements	(181)				(181)	181	-
Mandatory statutory override for changes in fair value of investments in pooled funds	(685)				(685)	685	-
Amount by which Council tax income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	4,014				4,014	(4,014)	-
Amount by which Non-Domestic Rates income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	(2,810)				(2,810)	2,810	-
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from statutory requirements	(499)				(499)	499	-
Net transfers to/from DSG Adjustment Account	23,655				23,655	(23,655)	-
Other Adjustments	23,494	-	-	-	23,494	(23,494)	-
Total Adjustments 2023/24	33,227	6,250	4,911	4,027	48,415	(48,415)	-

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11) Long-term contracts (Private Finance Initiative)

In 1997 a contract was entered into for the replacement of Colfox School, Bridport, using the Government's Private Finance Initiative (PFI). The contract provides for fully serviced accommodation for the school including buildings, grounds maintenance, catering, caretaking, security, waste disposal, energy, utilities, IT equipment and renewal of furniture and equipment. Payments under the contract commenced in 1999 and continue for a 30-year period. The school became an Academy on 1 April 2015 but despite the change in status, the PFI arrangement will continue to be the responsibility of the Council.

In 2006, the Council entered into a PFI scheme for the provision and replacement of street lighting. This arrangement deals with a backlog of replacements and maintenance over 25 years.

Payments made and PFI Grants receivable to support the schemes were as follows:

Payments 2022/23 £'000	Grants Rcvd 2022/23 £'000		Payments 2023/24 £'000	Grants Rcvd 2023/24 £'000
5,813	(2,546)	Street lighting (provider)	6,573	(2,546)
-	-	Street lighting reimbursement	-	-
2,496	-	Street lighting (energy)	2,552	-
(850)	-	Contribution from Bournemouth, Christchurch and Poole	(874)	-
2,951	(1,559)	Colfox School (provider)	3,317	(1,559)

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Movements of PFI asset and liability balances are analysed as follows:

Assets	Street lighting £'000	Colfox School £'000
Opening balance	44,402	12,782
Additions/developments/lifecycle	3,306	-
Revaluations	-	2,508
Impairments	-	-
Depreciation	(2,169)	(360)
Closing balance	45,539	14,931

Liabilities	Street lighting £'000	Colfox School £'000
Opening balance	(11,636)	(7,009)
Additions/developments/lifecycle	(3,306)	(448)
Repayments	4,453	1,256
Closing balance	(10,489)	(6,201)

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Future PFI Repayments to be made and when they fall due as analysed in the table below.

	Payments due within one year £'000	Payments due between one and five years £'000	Payments due after five years £'000	Total future payments £'000
<u>Street lighting</u>				
Capital repayment	4,519	18,631	12,196	35,346
Interest charges	333	1,085	373	1,792
Service charges	2,997	12,949	11,114	27,060
Street Lighting Total	7,850	32,665	23,684	64,198
<u>Colfox</u>				
Capital repayment	1,344	6,028	898	8,271
Interest charges	666	1,637	37	2,340
Service charges	1,603	7,179	948	9,731
ColfoxTotal	3,613	14,845	1,884	20,342
Total future payments	11,463	47,509	25,568	84,540

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12) Leases

Dorset Council accounts for leases in accordance with the accounting policies set out in this document, specific information for leases is as follows:

Lessee Arrangements

Carrying amount of assets held under finance leases:

	Plant, equipment, vehicles £'000	Buildings £'000
Carrying amount as at 31/03/2022	148	1,236
New finance leases	-	-
Depreciation charge	(129)	(67)
Carrying amount as at 31/03/2023	19	1,169
New finance leases	-	-
Depreciation charge	(15)	(67)
Carrying amount as at 31/03/2024	4	1,102

Carrying amount of liabilities held under finance leases:

	Plant, equipment, vehicles £'000	Buildings £'000
Carrying amount as at 31/03/2022	(258)	(1,941)
Liabilities added	-	-
Capital repayment	203	54
Carrying amount as at 31/03/2023	(55)	(1,887)
Liabilities added	-	-
Capital repayment	19	59
Carrying amount as at 31/03/2024	(36)	(1,828)

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The following amounts were paid/are payable under lease agreements:

	2023/24 £'000	Leases payable within one year £'000	Leases payable after one year but less than five years £'000	Leases payable after more than five years £'000
Finance leases - property	274	274	1,096	3,243
Finance leases - plant, equipment, vehicles	24	7	26	19
All finance leases	298	281	1,122	3,262
Operating leases - property	760	718	2,301	9,421
Operating leases - plant, equipment, vehicles	1,775	519	1,924	1,405
All operating leases	2,535	1,237	4,225	10,826
All leases	2,833	1,518	5,347	14,088

Total future minimum lease payments (MLP) are as follows:

	MLP £'000	Net Present Value MLP £'000
Finance leases	4,664	2,489
Operating leases	16,286	9,962

It is the practice of Dorset Council in property lease accounting, to apply a 125 year term end date, reviewed each financial year, to leases out as lessor held on an in perpetuity basis.

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Lessor Arrangements

Future receipts from leases

	Leases receivable within one year £'000	Leases receivable after one year but less than five years £'000	Leases receivable after more than five years £'000
Finance leases - property	46	185	2,673
Operating leases - property	6,697	13,833	78,764

Operating leases above include the following arrangements with Care Dorset:

	Leases receivable within one year £'000	Leases receivable after one year but less than five years £'000	Leases receivable after more than five years £'000
Operating leases - property	3,064	1,532	-

Total future minimum lease receipts (MLR) are as follows:

	MLR £'000	Net Present Value MLR £'000
Finance leases - property	2,904	1,000
Operating leases - property	99,294	51,824

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13) Revenue from Contracts with Service Recipients

IFRS 15 Revenue from Contracts with Customers was incorporated into the CIPFA Code with effect from 1 April 2018. IFRS 15 established the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. Applying IFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Included in the Council's income as shown on the Comprehensive Income and Expenditure Statement are the following amounts from contracts with customers as defined by IFRS 15. The Council has contract receivables, but no contract assets or contract liabilities. It has been concluded that revenue will be recognised in the correct financial year by accounting practise applied during the year, and the processes for accruals and other year-end adjustments.

	2023/24			Revenue recognised for the year £'000
	Income from contracts with customers £'000	Other Income £'000	Service specific grants £'000	
People - Adults & Housing	65,671	11,580	21,386	98,637
Corporate Development; Legal and Democratic and Centrally Managed	3,422	10,702	70,476	84,600
People - Children	603	17,366	188,280	206,249
Place	17,924	38,788	12,634	69,346
Partnerships	12,676	1,506	14,524	28,706
Total	100,296	79,942	307,300	487,538

	2022/23			Revenue recognised for the year £'000
	Income from contracts with customers £'000	Other Income £'000	Service specific grants £'000	
People - Adults & Housing	56,633	5,605	14,979	77,217
Corporate Development; Legal and Democratic and Centrally Managed	3,649	9,342	71,394	84,385
People - Children	974	15,683	182,925	199,582
Place	16,476	37,015	16,471	69,962
Partnerships	12,278	1,373	14,158	27,809
Total	90,010	69,018	299,927	458,955

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14) Analysis of Government Grants

This table gives details of all grants received from central Government Departments.

2022/23 £'000		2023/24 £'000
170,848	Education	168,952
66,389	Levelling Up, Housing and Communities	60,990
21,519	Health	28,014
1,444	Transport	2,393
1,164	Environment, Food & Rural Affairs	3,224
(388)	Digital, Culture, Media & Sport	5
64,997	Work & Pensions	65,867
251	Business and Trade	255
10	Ministry of Justice	-
69	European Union	43
2,832	Home Office	5,501
1,163	Other	1,460
<u>330,298</u>		<u>336,704</u>

Agency Accounting

Energy Rebate Payments

We received £189k (£19.068m for 22-23) Government funding in Energy Grants, all of which will be administered on an agency basis and distributed in line with grant conditions. Grants for which the Council was the principal recipient have been included in the Comprehensive Income and Expenditure Statement.

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15) Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School and Early Years Finance (England) Regulations 2023.

The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2023/24 are as follows:

2022/23 £'000	Central Expenditure £'000	Individual Schools Budget (ISB) £'000	2023/24 £'000
291,855			309,205
(148,847)			(164,051)
143,008			145,154
11,412			3,177
(27,684)			(35,918)
126,736	35,557	76,856	112,413
6,140	(29)	3	(26)
132,876	35,527	76,859	112,386
(81,259)	(91,924)		(91,924)
(81,123)		(76,859)	(76,859)
5,000	-	-	-
(24,506)	(56,397)	-	(56,397)
27,683			35,918
3,177			-
(39,095)			(39,095)
-			(20,478)
(39,095)			(59,573)
(35,918)			(59,573)

16) Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Total capital expenditure reported by the Council includes expenditure referred to as Revenue Expenditure Funded from Capital Under Statute (REFCUS). This is principally capital expenditure on assets which the Council does not own, and which are not included on its asset register or Balance Sheet.

This expenditure is charged in the Comprehensive Income and Expenditure Statement with the necessary appropriations in the Statement of Movement in Reserves between the General Fund and the Capital Adjustment Account to reflect that although financing is from a capital source, it funds revenue expenditure in the Council's accounts. For 2023/24, the main areas of REFCUS expenditure financed in the year were: in children's services, across the SEND programme and schools Capital allocation (£5.1m), inclusion hubs (£1.7m) Public sector decarbonisation (£0.4m) and leisure & community space improvements (£0.34m).

2022/23 £'000	2023/24 £'000
16,161	13,188
Expenditure in Service Budgets funded from Capital Adjustment Account	

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17) Members' allowances

The total amount of Members' allowances paid in the year is shown in the following table.

2022/23 £'000		2023/24 £'000
1,730	Members' allowances	1,776
26	Members Travel	28
1	Members Subsistence	-

18) Remuneration of senior staff

The Accounts & Audit Regulations 2015 cover the requirement to disclose remuneration of senior employees. The requirement includes the duty to disclose details of the numbers of staff with remuneration and benefits, including redundancy, in excess of £50,000 per annum.

Non-schools	2022/23		Group	Non-schools	2023/24	
	LEA Schools	VAVC Schools			LEA Schools	VAVC Schools
131	51	30	£50,000 to £54,999	172	73	28
74	26	26	£55,000 to £59,999	91	31	31
27	13	9	£60,000 to £64,999	55	15	16
8	7	9	£65,000 to £69,999	9	9	6
4	9	1	£70,000 to £74,999	7	7	3
14	3	2	£75,000 to £79,999	12	7	1
8	4	5	£80,000 to £84,999	11	5	1
6	1	2	£85,000 to £89,999	4	1	5
4	4	-	£90,000 to £94,999	2	2	1
1	-	-	£95,000 to £99,999	3	-	1
1	-	-	£100,000 to £104,999	3	1	-
3	1	1	£105,000 to £109,999	2	-	-
1	1	-	£110,000 to £114,999	5	2	1
3	1	-	£115,000 to £119,999	-	-	-
2	1	1	£120,000 to £124,999	2	-	-
1	-	-	£125,000 to £129,999	-	2	1
1	-	-	£135,000 to £139,999	-	-	-
-	-	-	£140,000 to £144,999	1	-	-
4	-	-	£145,000 to £149,999	-	-	-
-	-	-	£150,000 to £154,999	2	-	-
-	-	-	£155,000 to £159,999	1	-	-
1	-	-	£170,000 to £174,999	-	-	-
-	-	-	£180,000 to £184,999	1	-	-
294	122	86		383	155	95

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Dorset Council follows Local Government salary scales and conditions of service, negotiated and agreed at national level. The Accounts & Audit Regulations 2015 require the disclosure of remuneration of senior officers whose salary was £150,000 or more per annum. In line with the Council's published pay policy, information on certain other senior posts is also disclosed.

Salary (can include redundancy) £'000	Additional emoluments (inc Elections Payments) £'000	Pension Contributions £'000	Total 2022/23 £'000	Post Holder Information	Name	Salary (can include redundancy) £'000	Additional emoluments (inc Elections Payments) £'000	Pension Contributions £'000	Total 2023/24 £'000
				Chief Executive					
174	-	29	203	Current Postholder	Matt Prosser	181	-	31	212
				Executive Director People, Adults					
146	-	26	172	Current Postholder	Vivienne Broadhurst	156	-	29	185
				Executive Director of Place					
146	-	26	172	Current Postholder	John Sellgren	115	-	22	137
				Interm Director of Place					
-	-	-	-	Current Postholder	Jan Britton	60	-	2	62
				Executive Director People, Children's					
146	-	26	172	Current Postholder	Theresa Leavy	151	-	29	180
				Executive Director Corporate Development					
146	-	26	172	Current Postholder	Aidan Dunn	151	-	29	180
				Director of Public Health*					
135	-	24	159	Current Postholder	Sam Crowe	140	-	27	167
				Director Legal & Democratic Services (Monitoring Officer)					
116	-	20	136	Current Postholder		124	-	22	146
			-						
1,009	-	177	1,186			1,078	-	191	1,269

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19) Exit packages and termination benefits

The revised Code requires the Authority to disclose details of the number and value of exit packages agreed in the bandings shown below in the table and to distinguish these by compulsory redundancies and other departures. Voluntary early retirement under the scheme rules is not a termination benefit and does not require disclosure.

2022/23			Value of exit package	2023/24		
Compulsory redundancies	Other	Total cost £		Compulsory redundancies	Other	Total cost £
Non-Schools						
5	7	91,457	Up to £20,000	37	9	235,443
-	1	23,582	£20,001 to £40,000	1	3	113,244
-	3	161,643	£40,001 to £60,000	1	3	188,074
1	-	108,005	£100,001 to £120,000	-	-	-
6	11	384,687		39	15	536,761
Schools						
-	6	65,385	Up to £20,000	2	1	30,281
-	6	65,385		2	1	30,281
6	17	450,072	Total	41	16	567,043

As at 31 March, the following exit packages (with estimated costs) had been approved but not yet paid by the Authority. These costs have been included in the Comprehensive Income and Expenditure Statement.

2022/23		Value of exit package	2023/24	
Redundancies Number	£		Redundancies Number	£
3	15,972	Up to £20,000	4	46,492
1	30,296	£20,001 to £40,000	2	53,412
2	104,763	£40,001 to £60,000	2	93,010
6	151,032		8	192,915

20) Audit fees

Fees payable by the Council relating to external audit and inspection are summarised in the table below.

2022/23 £'000		2023/24 £'000
189	External audit services as appointed auditor for the year	555
7	Teachers Pensions Audit	10
28	Housing Benefit audit fee	25
225		591

Statement of Accounts

21) **Financing & Investment Income and Expenditure**

Interest payable and receivable by the Authority is analysed as follows:

2022/23 £'000		2023/24 £'000
6,876	Interest payable on borrowings (as per I&E)	7,891
(4,743)	Interest receivable and investing income (as per I&E)	(6,155)
7,315	Unrealised (gains) / losses on investments (as per I&E)	(685)
1,195	Interest payable on service concessions (PFI schemes)	1,104
153	Interest payable on finance leases (property)	148
23	Interest payable on finance leases (plant & equipment)	5
(33)	Interest receivable on finance leases (property)	(33)
<u>10,786</u>	Total net interest paid / (investment income)	<u>2,275</u>

Interest payable and receivable on service concessions and finance leases is included within the appropriate lines of costs of services in the Comprehensive Income and Expenditure Statement. Revenue costs for leases are specifically calculated asset by asset and included in the deficit on provision of services line on the Comprehensive Income and Expenditure Statement.

There are other items on the Comprehensive Income and Expenditure Statement not included in this disclosure note.

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22) Property, plant and equipment

The following table shows the overall movements in property, plant and equipment during the year. Infrastructure assets include, for example, highways, and community assets include country parks. Intangible assets are computer software licences which have a useful economic life of more than one financial year. The table also shows the cost of assets under construction not yet in operational use, and those declared surplus awaiting disposal plans. Surplus assets continue to be depreciated but once a surplus property is being actively sold, it is transferred to the class referred to as assets held for sale. These assets are not depreciated.

Cost or valuation	Other land and buildings £'000	Vehicles, plant, furniture & equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total property, plant & equipment (excluding infrastructure assets) £'000
As at 31 March 2023	529,249	93,048	12,808	32,731	55,572	723,407
Additions	19,293	2,328	58	1,261	15,604	38,545
Revaluation increases/(decreases) recognised in the revaluation reserve	30,827	-	-	(29)	-	30,798
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(7,225)	-	-	(20)	-	(7,245)
Derecognition - disposals	(27,823)	(2,011)	-	(2,693)	-	(32,526)
Other movements in cost or valuation	18,307	22	17	(11,360)	(38,021)	(31,035)
As at 31 March 2024	562,628	93,387	12,884	19,890	33,155	721,944
Accumulated depreciation and impairment						
As at 31 March 2023	(81,059)	(66,039)	-	(13,653)	-	(160,751)
Depreciation charge	(11,062)	(7,506)	-	(33)	-	(18,601)
Depreciation written out to the revaluation reserve	7,519	-	-	15	-	7,534
Depreciation written out to the surplus/deficit on the provision of services	4,199	1,809	-	2,599	-	8,607
Other movements in depreciation and impairment	(7,975)	-	-	7,975	-	-
As at 31 March 2024	(88,377)	(71,736)	-	(3,098)	-	(163,211)
Net book value						
As at 31 March 2024	474,252	21,651	12,884	16,792	33,155	558,733
As at 31 March 2023	448,190	27,009	12,808	19,078	55,572	562,657

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Comparative movements for 2022/23 were as follows:

	Other land and buildings £'000	Vehicles, plant, furniture & equipment £'000	Community assets £'000	Surplus assets £'000	Assets under constructio n £'000	Total property, plant & equipment (excluding infrastructure assets) £'000
Cost or valuation						
As at 31 March 2022	522,261	86,808	11,919	32,479	76,696	730,163
Additions	22,933	7,853	889	41	11,872	43,588
Revaluation increases/(decreases) recognised in the revaluation reserve	(6,302)	-	-	(518)	-	(6,820)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(2,433)	-	-	(11)	-	(2,444)
Derecognition - disposals	(27,673)	(1,795)	-	-	-	(29,468)
Other movements in cost or valuation	18,313	310	-	729	(32,996)	(13,644)
As at 31 March 2023	527,099	93,176	12,808	32,720	55,572	721,374
Accumulated depreciation and impairment						
As at 31 March 2022	(70,339)	(61,032)	-	(13,603)	-	(144,974)
Depreciation charge	(15,712)	(6,829)	-	(49)	-	(22,590)
Depreciation written out to the revaluation reserve	605	-	-	10	-	615
Depreciation written out to the surplus/deficit on the provision of services	6,538	1,694	-	-	-	8,232
Other movements in depreciation and impairment	-	-	-	-	-	-
As at 31 March 2023	(78,908)	(66,167)	-	(13,642)	-	(158,717)
Net book value						
As at 31 March 2023	448,190	27,009	12,808	19,078	55,572	562,657
As at 31 March 2022	451,922	25,776	11,919	18,876	76,696	585,188

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The Council maintains a rolling programme of revaluations that ensures all PPE required to be measured at fair value is revalued at least every five years. All valuations are carried out by our external professional RICS Accredited Scheme Valuers:

- Avison Young
- Hartnell Taylor Cook
- Lambert Smith Hampton
- Rural Solutions
- Savills

All valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). Note 54 to the accounts, on sources of estimation uncertainty, discloses sources on which there is the potential for material valuation uncertainty. The effective date for all valuations is 1 January 2024 for the financial year 2023/24, and the basis of valuation is explained in the Statement of Accounting Policies.

	2023/24					
	Other land and buildings £'000	Vehicles, plant, furniture & equipment £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total £'000
Valued at Historic cost		93,387	12,884		33,155	139,425
Values at current value	562,628			19,890		582,519
Total	562,628	93,387	12,884	19,890	33,155	721,944

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Infrastructure Assets

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Financial Year End 31 March 2024		£'000
Net Book Value (Modified Historic Cost) as at 31 March 2023		436,468
Additions		33,435
Derecognition		-
Depreciation		(29,002)
Depreciation on disposals		-
Other Movements		28,158
Net Book Value as at 31 March 2024		469,059
Financial Year End 31 March 2023		£'000
Net Book Value (Modified Historic Cost) as at 31 March 2022		431,284
Additions		19,367
Derecognition		(14,214)
Depreciation		(26,278)
Depreciation on disposals		12,664
Other Movements		13,645
Net Book Value as at 31 March 2023		436,468

Statement of Accounts

23) Retirement benefits

Dorset Council participates in four different pension schemes that meet the needs of employees in particular services. Three are defined benefit schemes providing members with benefits related to pay and length of service, and one is a defined contribution scheme providing members with benefits related to the investment returns on contributions. The schemes are as follows:

- A) The Local Government Pension Scheme for employees other than teachers is administered by the Council. This is a funded scheme, meaning that the Council and the employees pay contributions into a fund, calculated at a level intended to balance over time the pension liabilities with investment assets.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when they are eventually paid as pensions. However, the charge against council tax has to be based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Statement of Movement in Reserves (General Fund Balance).

Service costs are included within the 'Net Cost of Services'. The net interest on the defined liability and administration expenses is included in 'Net Operating Expenditure' in the Comprehensive Income and Expenditure Statement. Remeasurement gains and losses arising are recognised in the Statement of Movement in Reserves. The independent actuary has determined these amounts in accordance with IFRS and Government regulations.

2022/23 £'000		2023/24 £'000
	Cost of services:	
38,445	Service Cost	25,238
9,022	Net interest on the defined liability (asset)	9,018
1,000	Administration expenses	1,050
<u>48,467</u>	deficit on provision of services	<u>35,306</u>
	Remeasurement of the net defined benefit liability comprising:	
(118,154)	Return on assets less interest	82,661
-	Other actuarial gains/(losses) on assets	-
898,459	Actuarial gains and losses on changes in financial assumptions	33,767
-	Actuarial gains and losses on changes in demographic assumptions	21,423
(182,149)	Experience gain/(loss) on changes on defined benefit obligation	(4,235)
<u>598,156</u>	Income and Expenditure Statement	<u>133,616</u>
	Movement in reserves statement:	
(48,467)	Total post-employment benefits charged to the surplus or deficit on provision of services	(35,306)
37,758	Employers' contributions payable to the scheme	40,626
(10,709)	Adjustments between accounting basis and funding basis under regulations for the Pensions Reserve	5,320
	Actual amount charged against the General Fund balance for pensions in the year	
<u>37,758</u>	Employers' contributions payable to the scheme	<u>40,626</u>

The costs of 'added years' awarded to ex-staff are charged centrally as non-distributed costs.

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The underlying assets and liabilities for retirement benefits attributable to the Council as at 31 March are shown in the following table, which also shows the distribution of assets by proportion of the total and the expected long-term return. The assets are valued at fair value, principally market value for investments, and consist of the following categories:

2022/23			2023/24		
% Assets	£'000		% Assets	£'000	
62%	792,249	Equities	63%	878,969	
1%	6,851	Gilts	0%	10	
2%	21,253	Cash	2%	29,617	
7%	82,798	Other Bonds	7%	91,890	
7%	85,474	Diversified Growth Fund	7%	92,970	
8%	102,290	Property	8%	110,117	
8%	96,315	Infrastructure	7%	104,116	
7%	84,011	Multi Asset Credit	7%	96,689	
	<u>1,271,241</u>	Estimated Assets in Council Fund		<u>1,404,378</u>	
	1,553,178	Present value of scheme liabilities		1,550,587	
	16,217	Present value of unfunded liabilities		13,009	
	<u>1,569,395</u>	Total value of liabilities		<u>1,563,596</u>	
	<u>(298,154)</u>	Net Pensions Asset/(Liability)		<u>(159,218)</u>	

Liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimates are based on the latest full valuation of the scheme as at 31 March 2022, as updated for changes in numbers of staff and pensioners. The next full valuation will be carried out by the Actuary as at 31 March 2025.

The main assumptions used in their calculations are:

2022/23			2023/24		
% p.a.	Real		% p.a.	Real	
2.95%	0.00%	CPI inflation	2.90%	0.00%	
3.95%	1.00%	Rate of increase in salaries	3.90%	1.00%	
2.95%	0.00%	Rate of increase in pensions	2.90%	0.00%	
4.80%	1.85%	Rate for discounting scheme liabilities	4.90%	2.00%	

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme.

The assumed life expectations from age 65 are as follows:

2022/23			2023/24		
Male	Female	Years	Male	Female	
22.2	24.2	Retiring today	21.8	23.9	
23.5	25.6	Retiring in 20 years	23.1	25.4	

Statement of Accounts

The Authority is required to provide the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

2022/23 £'000		2023/24 £'000
2,260,878	Opening defined benefit obligation	1,569,395
41,696	Current service cost	26,816
62,416	Interest cost	75,056
(898,459)	Change in financial assumptions	(33,767)
-	Change in demographic assumptions	(21,423)
182,149	Experience loss/(gain) on defined benefit obligation	4,235
(30,483)	Liabilities assumed/(extinguished) on settlements	(3,875)
(57,005)	Estimated benefits paid (net of transfers in)	(61,809)
855	Past service costs including curtailments	234
10,648	Contributions by scheme participants	12,264
(3,300)	Unfunded pension payments	(3,530)
<u>1,569,395</u>	Closing defined benefit obligation	<u>1,563,596</u>

The Authority is also required to provide a reconciliation between the opening and closing balances of the fair value of the scheme assets.

2022/23 £'000		2023/24 £'000
1,375,277	Opening fair value of scheme assets	1,271,241
53,394	Interest on assets	66,038
(118,154)	Return on assets less interest	82,661
(1,000)	Administration expenses	(1,050)
34,458	Contributions by employer (including unfunded)	37,096
3,300	Unfunded pension payments	3,530
10,648	Contributions by scheme participants	12,264
(57,005)	Estimated benefits paid (net of transfers in)	(61,809)
(3,300)	Unfunded pension payments	(3,530)
(26,377)	Settlement prices received/(paid)	(2,063)
<u>1,271,241</u>	Fair value of scheme assets at end of period	<u>1,404,378</u>

Analysis of the attributable movements in the surplus / (deficit) in the scheme during the year:

2022/23 £'000		2023/24 £'000
(885,601)	Surplus / (Deficit) brought forward	(298,154)
(38,445)	Service Cost	(25,238)
34,458	Employer contributions	37,096
3,300	Unfunded pension payments	3,530
(1,000)	Administration expenses	(1,050)
(9,022)	Net interest on the defined liability/(asset)	(9,018)
598,156	Actuarial Gain/(Loss)	133,616
<u>(298,154)</u>	Surplus/(Deficit) as at 31 March	<u>(159,218)</u>

Statement of Accounts

The estimated employer contribution to the scheme for the period 1 April 2024 to 31 March 2025 is £37.215m. This excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2024.

- B) Teachers are members of the Teachers' Pension Scheme, administered by the Teachers' Pension Agency (TPA). The Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2023/24 the Council paid £11.7m to the TPA at 23.68% of pensionable pay. The figures for 2022/23 was £11.8m at 23.68% of pensionable pay. The cost of added years payments to ex-staff was £1.5m (£1.4m in 2022/23). There were no contributions remaining payable at the year-end.

The Teachers' Pension Scheme is a defined benefit scheme, which is unfunded. The Teachers' Pension Agency uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. It is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' scheme. The benefits are fully accrued in the pension's liability detailed above.

- C) Public Health professionals who have transferred employment from the National Health Service (NHS) to Local Authorities may retain membership of the NHS Pension Scheme (NHSPS). The NHSPS is a defined benefit scheme, which is unfunded. Local Authorities contribute towards the costs by making contributions based on a percentage of members' pensionable salaries. The NHSPS uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. It is not possible for a Local Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. In 2023/24 the Council paid contributions of £100k to the NHSPS, being 14.38% of pensionable pay.
- D) Employees can also opt to become members of the National Employment Savings Trust (NEST), the pension scheme set up by the government and run by its trustee, NEST Corporation. NEST is a defined contribution scheme. Local Authorities Local Authorities contribute by making contributions based on a percentage of members' pensionable salaries. In 2023/24 the Council paid contributions of £6.9k to NEST at 3.0% of pensionable pay.

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ICES

Within the Better Care Fund (BCF) the authority has entered into a pooled budget arrangement with BCP and NHS Dorset for Equipment for Living Service (ICES). The authorities and NHS Dorset have an agreement in place with the partners contributing funds to the agreed budget equal to 18% BCP, 15% Dorset Council and 67% NHS Dorset ICB. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year.

The pooled budget is hosted by BCP on behalf of the 3 partners to the agreement.

2022/23			2023/24	
£'000	£'000		£'000	£'000
		Funding provided to the pooled budget:		
1,230		BCP Council	1,562	
1,076		Dorset Council	1,239	
5,721		NHS Dorset Integrated Care Board	5,647	
1,329		HDP Contribution	1,506	
	9,357			9,953
		Expenditure met from the pooled budget:		
1,428		BCP Council	1,683	
1,146		Dorset Council	1,152	
6,783		NHS Dorset Integrated Care Board	7,118	
	9,357			9,953
	<u>0</u>	during the year		<u>0</u>
	<u>-</u>	Authority share 15% of the net surplus		<u>-</u>

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25) Capital financing requirement

The total amount of capital expenditure incurred during the year is shown in note 26, together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed as:

2022/23 £000s		2023/24 £000s
1,005,311	Property, Plant & Equipment, Heritage Assets and Intangible Assets	1,036,206
4,157	Assets held for sale	2,067
1,009,468	Total Assets to be funded	1,038,273
(200,897)	Revaluation Reserve	(222,489)
(441,122)	Capital Adjustment Reserve	(427,620)
367,449	Capital Financing Requirement 31 March	388,164
(18,645)	Less Long Term PFI Liability	(16,690)
(1,942)	Less Obligations under Finance Leases	(1,864)
346,862	Underlying Borrowing Requirement 31 March	369,610

2022/23 £'000		2023/24 £'000
21,476	Increase/(Decrease) on the underlying need to borrow	22,748
21,476		22,748

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26) Summary of capital expenditure and financing

This table gives details of capital spending by service, and how that spending was financed. The analysis above includes expenditure referred to as Revenue Expenditure Funded from Capital Under Statute (REFCUS) set out in note 16.

2022/23			2023/24	
£'000	£'000		£'000	£'000
		Adults and Housing		
3,234		New Construction & Improvements (including REFCUS)	8,662	
1,278		Capital Repairs & Maintenance	166	
21		ICT	-	
	4,533			8,828
		Cabinet/Whole Authority		
5,518		New Construction & Improvements (including REFCUS)	349	
543		Capital Repairs & Maintenance	-	
5,497		Corporate Fleet Vehicle Replacements	2,572	
2,638		ICT	1,624	
	14,196			4,545
		Children's Services		
8,960		New Construction & Improvements (including REFCUS)	9,964	
3,175		Capital Repairs & Maintenance	2,369	
24		ICT	103	
	12,159			12,436
		Place		
44,008		Infrastructure Improvements (including REFCUS)	54,516	
855		Capital Repairs & Maintenance	1,301	
140		ICT	257	
	45,003			56,074
	<u>75,891</u>	Total Capital Expenditure		<u>81,883</u>
		Sources of Finance		
31,521		Borrowing (internal & external)	33,400	
43,781		Grants	45,769	
452		Revenue Contributions	195	
137		Use of Capital Receipts	2,519	
-		Use of Reserves and Balances	-	
	<u>75,891</u>	Total Financing		<u>81,883</u>

Legislation requires REFCUS expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried in the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on Council Tax payers. These items are generally expenditure on property not owned by the Authority. The capital financing requirement note above includes provision for this expenditure.

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27) Future capital commitments

The Council has entered into contracts for a number of capital projects in 2023/24 and earlier years, which were not completed by 31 March 2024. Details of further expenditure on such major schemes which will be incurred in later years are set out below.

Figures quoted for the previous year are the commitments on incomplete schemes as at that Balance Sheet date and not an analysis of cumulative expenditure against those projects at that date.

2022/23 £'000	Commitments	2023/24 £'000
	Children's Services	
344	Pimperne Primary School replacement	100
584	Twynham Primary	150
759	Wimborne First	647
1,319	Ferndown First School	105
2,150	Woodroffe School	100
3,917	Beaucroft 6th Form accommodation	152
4,500	Dorset Centre of Excellence	137
2,872	Residential Sufficiency	155
	Adults and Housing	
310	8 The Plocks Blandford	-
	Whole Authority	
248	Superfast Phase 3 Broadband	248
	Place Directorate	
3,442	Dorset Innovation - MOD	3,604
3,500	Dorset Innovation Park - Infrastructure	-

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28) **Heritage Assets**

Archive Material

Dorset History Centre (DHC) is the home of the Joint Archives Service for Bournemouth, Christchurch & Poole Council and Dorset Council. The building is owned and maintained by Dorset Council but the revenue costs for the service are shared.

DHC holds the corporate archives of the two authorities along with a wide range of other public bodies and private institutions and individuals. Collection size varies from single items like a letter or title deed to several thousand boxes. In total we estimate the holdings to amount to over 1,070 cubic metres. Ownership of the collections is split between DC (its own archive but also all 'gifted' collections) and a wide range of corporate bodies and individuals.

The archive collections housed within the repository date back to 965, number over 9,700, and are made up of millions of individual items of paper, parchment, photographic (and other) images, maps, plans, volumes, digital and magnetic storage devices. The vast majority of material held by DHC is unique, i.e., no other copy exists and is therefore irreplaceable.

The Joint Archive Service also holds on behalf of Dorset Council many of the original historic title deeds for the Council's property holdings. Most of these deeds have been superseded by registration of the land titles with HM Land Registry but some of the deeds are of historical interest and it is important that they should continue to be held in controlled conditions within the Dorset History Centre.

The three repositories in which the collections are stored meet the requirements of the standard BS4971 (Conservation and Care of Archive and Library Collections). Temperature and humidity are regulated to tight parameters and a gas-based fire suppressant is installed. The repositories are secured with electronic swipe card access. Only JAS staff and limited numbers of Registration staff can access them.

Placing a value on the collections is very difficult. In financial terms there are certainly items held here which would fetch many thousands, if not hundreds of thousands of pounds. However, the informational value and legal proof of millions of transactions is also huge, e.g., DC's corporate memory. Quantifying a monetary value would be extremely hard to do (and would come at a significant cost to the Council).

There is no insurance held for the archive collections. This is quite standard for archive services where the security and integrity of the building itself, is the de facto insurance. Our Terms of Deposit state that the DHC does not insure collections and that insurance is the responsibility, if desired, of the owner of the records.

Old Crown Court & Cells

These are contained within the former Council's main office building in Dorchester, Stratton House. These are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. The Council does not consider that reliable cost or valuation information can be obtained for the historic fittings within the courtroom. This is because of the diverse nature of the assets held and the lack of comparable market values.

The Chairman's Chain of office

This has some historical interest being the chain of office of the former County Council. The chain is an operational asset in that it is worn by the Chairman of Council at meetings of the Full Council and at civic and ceremonial events when they represent the Council.

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The Council's Seal

This is an operational asset but is of historic interest. As the seal is applied and witnessed to execute deeds on behalf of the Council its value is in the ability to create documents that are legally binding on the Council. The seal is therefore kept in the custody of the Monitoring Officer and must not leave the Council's offices.

Sandsfoot Castle

This Castle dates from the 1540s and was part of a chain of forts built by King Henry VIII to protect England's south coast from invasion. It was specifically intended to protect Portland harbour. This costs quite a lot of money to maintain. It is an ancient monument SM33198 – HA1020062. Retained by the Council for its historic significance, and because it is slowly crumbling into the sea and needs to be managed in partnership with Historic England.

Roman Road in Thorncombe Woods

The Roman Road network in Britain included one that ran between Dorchester and Old Sarum near Salisbury. A well-preserved section of this road, a little over 2km in length, within Thorncombe Wood Country Park and eastwards across Puddletown Forest is protected as a Scheduled Monument (no. 1004562).

King George III and Queen Victoria Statues

These are at opposite ends of Weymouth Seafront – the King George III statue is at the Southern end near the Bus stops, and the Queen Victoria statue is at the Northern end near St John's Church.

Boundary Stones

There are numerous boundary stones around the County which denote the boundaries of old parishes. The Council owns these stones which are maintained solely for heritage purposes.

Chiswell Cottage at Brandy Row on Portland

This is a small cottage at the South-western end of Brandy Row, included due to its archaeological, architectural and historical illustrative values, it would likely be considered a non-designated heritage asset, should any applications come forward which directly (or indirectly) affect it. The building is difficult to date precisely given the lack of observable historic fabric, but the arched passage doorway and lintel chamfers are certainly consistent with an early- to mid-17th-century date.

The building occupies the S end of Brandy Row, which branches off Chiswell toward Chesil Beach and is shown by the early 19th century (at least) as having a row of what were likely fishermen's cottages along its E side and extending by the mid-19th century along the S side of Brandy Lane.

The direct association between Brandy Row and Chesil Beach has been diminished somewhat by the late 20th-century esplanade and flood wall which has been constructed between them, but the relationship nonetheless remains understandable and appreciable.

Contents of Weymouth Museum

Within the museum there is a large collection of various historically significant items for the town of Weymouth, ranging from King George III's bathing cap to air raid sirens. It is planned that once the renovation of Brewer's Quay is complete, the collection of items will be handed over to the trust who run the museum for no cost.

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There is also a very active “Local History Centre” holding a wide range of research materials including original documents, maps, old photographs and postcards, cinema and theatre posters and programmes, electoral registers, and local history reference books. Microfilms of old records of the town, and local newspapers are also available in the Centre.

Progress towards the desired outcome of returning to Brewer’s Quay has been made. A bid to support fit-out work within the BQ site is due to be made to the National Lottery Heritage Fund later in 2024.

High-Angle Battery

High Angle Battery is a late Victorian gun battery constructed as part of the defences of Portland Harbour (the only suitable harbour for large naval vessels between the major bases of Portsmouth and Plymouth). It operated on the principle of firing shells at a high angle onto the vulnerable upper sections of enemy warships, with the added advantage that its location behind the clifftops made it difficult for those warships to find with their own guns.

29) Long-term debtors

An analysis of amounts due to the Council at 31 March 2024, repayable over a period of more than 12 months, is shown below. The amount for Other Local Authorities relates to the Home Office system of capital financing for Police expenditure prior to 1990, and is repayable by Dorset Police in annual instalments. The majority of the remainder relates to similar capital financing arrangement for colleges, deferred debt for residents in care homes and private street works.

2022/23 £'000		2023/24 £'000
350	Other Local Authorities	282
5,048	Interest in Finance Leases	1,296
289	Interest in Operating Leases	289
5,159	Other	4,998
10,846		6,865

30) Inventories

The Council holds a number of stocks and stores. Levels are regularly reviewed to ensure that only necessary stocks are held. Equipment for disabled people issued under the pooled budget arrangement (detailed in Note 24 earlier in this document) has been included.

2022/23 £'000		2023/24 £'000
823	Highways and Transportation	930
77	Fuel Scheme	63
174	Dorset Waste Inventories	164
657	Community Equipment Store	702
69	Moors Valley Country Park	70
8	Avon Heath Country Park Shop	6
10	Leisure Services	7
40	Bridport Harbour Shop	41
13	Lyme Regis Harbour Shop	14
1,871		1,997

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31) Debtors and payments in advance

An analysis of amounts due to the Council or paid in advance at 31 March 2024 is shown below:

2022/23			2023/24	
Debtors £'000	Payments £'000		Debtors £'000	Payments £'000
31,352	28	Central Government Departments	39,044	-
4,531	23	Other Local Authorities	5,054	27
705	-	Health	475	-
25,318	-	Collection Fund	17,935	-
40,320	15,386	Other	45,211	16,233
<u>102,226</u>	<u>15,437</u>		<u>107,719</u>	<u>16,260</u>

32) Contingent Assets

In addition to the amounts included above, further sums estimated to amount to £83m may fall due to Dorset Council in respect of Section 106 (of the Town and Country Planning Act 1990) planning and CIL (Community Infrastructure Levy) agreements.

These amounts are not due, yet, but will accrue in future in line with the progress made on the developments covered by individual agreements.

33) Assets held for sale

As set out in the Accounting Policies section of this document, assets that meet the criteria are required to be accounted for and reported as being held for sale. Dorset Council had the following properties which met these criteria at the Balance Sheet date:

	2023/24 £'000
Property	
9 High Street, Fortuneswell	28
Land at Chafeys Roundabout and adjacent first sect	250
Bridport Social and Education Centre - Land	1,650
Fairfield Day Centre	139
	<u>2,067</u>

34) Cash and cash equivalents

Cash and cash equivalents comprises balances held in bank current accounts, plus same-day notice interest-earning deposit accounts and same-day notice low volatility money market funds.

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35) Borrowing

An analysis of the Council's outstanding debt as at 31 March 2024 is shown below, analysed between the government's Public Works Loans Board (PWLB) and other lenders.

2022/23		Analysis of Loans by maturity	2023/24	
PWLB £'000	Other £'000		PWLB £'000	Other £'000
49	41,137	Short Term Borrowing (less than 1 year)	12,611	38,530
10,000	-	Between 1 and 2 years	2,536	-
-	-	Between 2 and 5 years	7,609	-
10,000	-	Between 5 and 10 years	22,681	-
-	-	Between 10 and 20 years	3,804	-
31,816	-	Between 20 and 30 years	41,816	-
10,000	15,000	Between 30 and 40 years	-	15,000
-	45,000	Between 40 and 50 years	-	45,000
-	36,600	More than 50 years	-	36,600
61,816	96,600	Long Term Borrowing	78,446	96,600
56,085	126,869	Fair Value of Borrowing	86,226	124,549
4.12%	4.04%	Average rate of interest	4.33%	4.40%

Actual borrowing shown here is less than the Capital Financing Requirement because of unfinanced capital expenditure carried forward, shown in Note 26, or decisions when to take out borrowing to finance the capital programme. These decisions are taken in consultation with advisers, taking into account interest rate movements and other factors.

Financial liabilities and financial assets represented by loans and receivables are carried on 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. For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.

Other lenders include banks, building societies and local authorities that meet the criteria for borrowing in the approved treasury management strategy.

36) Creditors and receipts in advance

An analysis of amounts owed by the Council or received in advance at 31 March 2024 is shown below. Receipts in advance do not include grants or contributions held in respect of future spending where conditions attached to the grant have been met.

2022/23			2023/24	
Creditors £'000	Receipts £'000		Creditors £'000	Receipts £'000
10,470	2,277	Central Government Departments	5,374	2,343
4,501	1,026	Other Local Authorities	3,074	896
3,720	-	Health	560	-
27,526	7,458	Collection Fund	22,470	7,354
60,156	10,451	Other	65,094	11,598
106,373	21,212		96,572	22,191

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37) Provisions

The Council self-insures most of its insurance claims, funding these internally. The insurance provision also covers potential liabilities arising from the performance of building and civil engineering contracts in excess of £750k. Balances for specific provisions at 31 March 2024 are as follows:

	1 April 2023 £'000	Transfers In £'000	Transfers Out Transfers £'000	31 March 2024 £'000
Misc Provisions	189	140	(149)	180
NNDR appeals provision	10,243	(3,763)	(308)	6,172
General Insurance Provision	2,137	3,399	(1,700)	3,836
	<u>12,569</u>	<u>(224)</u>	<u>(2,157)</u>	<u>10,188</u>

NNDR Appeals Provision

When the new arrangements for the retention of business rates came into effect on 1 April 2013, local authorities assumed the liability for refunding rate payers who have successfully appealed against the rateable value of their properties on the rating list.

Insurance Provision

The insurance provision of £3.836m as at 31st March 2024 is for to the Council's liabilities in respect of outstanding claims already reported.

It is expected that some insurance claims will be settled within the next financial year and others over the longer period, but it is not possible to say on a claim-by-claim basis when or if a particular claim will be settled due to their varied nature and changing legislation.

Municipal Mutual Insurance (MMI) was the insurer of all of the predecessor Councils prior to ceasing its underwriting operations in September 1992 having suffered substantial losses. The predecessor Councils elected to participate in the "Scheme of Arrangement", effectively becoming a "Scheme Creditor". Since LGR in 2019 Dorset Council is now the sole administrator for the scheme and is responsible for the liabilities of the 6 Councils which merged to form Dorset Council. The Council contributes to the settlement of any claim payments made at the rate of the levy set at the time of the payment. It continues to receive historic claims and has paid back part of the claims for which it has received settlements since 1993 as the "Scheme of Arrangement" has been triggered.

38) Contingent Liabilities

Provision has been made in the accounts for known claims against the Council at the level of the Council's own estimation. There are potential claims against the Council, which are at this stage unquantifiable, and no provision has been made for these. There are various other minor claims against the Council, where the validity is disputed, and the Council has made no provision for these in the accounts.

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39) Trust funds and bequests

The Council administers a number of funds which have been established by gift or bequest. The bequests are for the benefit of certain Social Care or Library service users. These funds are held by the Council as trustees and are summarised below.

	Balance 1 April 2023 £'000	Income £'000	Expenditure £'000	Balance 31 March 2024 £'000	Capital 31 March 2024 £'000
B Norwood Bequest	4	3	(1)	6	63
T Elliott Bequest	2	7	(2)	7	55
M Dorling Bequest	3	6	(7)	2	64
	<u>9</u>	<u>16</u>	<u>(10)</u>	<u>15</u>	<u>182</u>

40) Capital Adjustment Account

This account provides a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital control system.

2022/23 £'000		2023/24 £'000
462,236	Balance brought forward	441,122
(45,616)	Depreciation & Impairment	(51,518)
(16,161)	REFCUS	(13,188)
(2,177)	Net gains/(losses) on disposal of non-current assets	(1,186)
(17,331)	Net gains/(losses) on disposal of Academy assets	(12,474)
15,801	Minimum Revenue Provision	16,381
452	Capital Expenditure Charged to the General Fund	195
43,781	Release of Government Grant	45,769
137	Use of Capital Receipts	2,519
<u>441,122</u>	Balance carried forward	<u>427,620</u>

41) Accumulated Absences Account

The IFRS-based Code requires Local Authorities to account for benefits payable during employment in accordance with IAS 19 (Employee Benefits). One aspect of this is that accruals must be made at 31 March for any "accumulating, compensated absences", or untaken leave, time-off-in-lieu etc.

The balance on this account at the end of the year is mirrored by a creditor in the Balance Sheet. As with other changes in creditors, the change in the balance between the start and the end of the year is charged in the Comprehensive Income and Expenditure Statement within individual costs of services.

2022/23 £'000			2023/24 £'000	
£'000	£'000		£'000	£'000
	(6,768)	Opening balance		(5,628)
6,768		Reverse previous year provision	5,628	
(5,628)		Current year provision	(5,129)	
	<u>1,140</u>	(Charge)/credit to I&E		<u>499</u>
	<u>(5,628)</u>	Closing balance		<u>(5,129)</u>

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42) Capital Grants Unapplied Account

Where the acquisition of a non-current asset is financed wholly or partly by a capital grant or other contribution, the amount of the grant is credited initially to a capital grants unapplied account. Once the appropriate expenditure has been incurred, the funding is transferred from the capital grant unapplied account to the Capital Adjustment Account.

2022/23 £'000		2023/24 £'000
94,408	Balance brought forward	109,066
61,538	Receipts	53,620
1,029	Notional Interest	2,426
(43,781)	Transferred to Capital Adjustment Account	(45,769)
(4,128)	Adjusted to revenue earmarked reserves	(6,250)
109,066	Balance carried forward	113,093

43) Revaluation Reserve

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

- A) Revalued downwards or impaired and the gains are lost;
- B) Used in the provision of services and the gains are consumed through depreciation; or
- C) Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date on which it was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23 £'000		2023/24 £'000
217,297	Balance brought forward	200,897
(6,205)	Revaluation gains on property, plant & equipment	38,331
(6,917)	Charges for depreciation & Impairment of non-current assets	(4,481)
-	Net (gains)/losses on reversing out historic upward revaluation on disposal of non-current assets	(3,121)
(3,278)	Net (gains)/losses on disposal of Academies	(9,137)
200,897	Balance carried forward	222,489

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44) Pooled Funds Adjustment Account

The Pooled Funds Adjustment Account comprises the accumulated unrealised gains or losses made by the Council arising from changes in the fair value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is increased when investments are revalued upwards, and the balance is reduced when investments are revalued downwards or disposed of and the gains are realised.

2022/23 £'000	2023/24 £'000
7,921 Balance brought forward	606
(7,315) Gains/(Losses) on revaluation of investments	685
606 Balance carried forward	1,291

45) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2022/23 £'000	2023/24 £'000
(12,867) Balance brought forward	(12,553)
322 Release of deferred premia	322
(8) Soft Loan Interest Adjustment	(141)
(12,553) Balance carried forward	(12,372)

46) Usable Capital Receipts Reserve

Capital Receipts from the sale of surplus assets are used to finance the capital expenditure programme.

2022/23 £'000	2023/24 £'000
4,597 Balance brought forward	4,819
372 Net (gains)/losses on disposal of non-current assets	7,443
(13) Usable Capital Receipts funding revenue income from finance leases	(13)
(137) Use of Capital Receipts to finance new capital expenditure	(2,519)
4,819 Balance carried forward	9,730

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47) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Business Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £'000	2023/24 £'000
(3,639) Balance brought forward	7,521
11,160 Movement in year	(1,205)
7,521 Balance carried forward	6,317

48) Earmarked Reserves

The Council has established a number of reserves, earmarked for capital and revenue purposes, which are reviewed at least twice yearly, as follows:

	Balance 1 April 2023 £'000	Income and / or Transfers £'000	Payments and / or Transfers £'000	Balance 31 March 2024 £'000
General Fund				
(a) Financial strategy	5,689	12,933	-	18,622
(b) PFI Reserves	6,977	376	(1,377)	5,976
(c) Insurance Reserve	4,648	3,547	(5,870)	2,325
(d) Trading Account Reserves	303	46	(17)	332
(e) Transformation Fund	6,103	31	(2,820)	3,314
(f) Other Reserves	9,543	2,749	(548)	11,744
(g) Repairs & maintenance	142	748	(136)	754
(h) Unused Grant Funds	41,399	13,837	(18,614)	36,622
(i) Infrastructure related	10,859	557	(1,669)	9,747
(j) Innovation	722	216	(702)	236
Sub-total	86,385	35,040	(31,753)	89,672
(k) Section 31 Grant Reserve	41,360	1,900	(26,623)	16,637
(l) Public Health inc Covid funding	4,442	598	(2,377)	2,663
(m) DSG recovery plan funding	8,500	4,400	-	12,900
(n) Covid	217	-	(217)	-
Total Revenue Reserves	140,904	41,938	(60,970)	121,872

A) Financial strategy

This reserve provides support for any possible changes in the spending review (£10m) and also underwrites the Our Future Council savings target of £8.622m for the financial year 2024/25.

B) PFI reserves

These reserves are sinking funds held for replacement furniture and equipment, and to cover additional costs of any future legislative changes.

C) Insurance reserve

This is in addition to the provision referred to above, to cater for any claims not covered by that sum.

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- D) Trading Account reserves
The balance held in this reserve represents retained surpluses from traded services which are reinvested in future services.
- E) Transformation fund
This reserve was set up to fund investment expenditure that would generate reductions in revenue costs.
- F) Other reserves
Various reserves to cover partnership working, one-off activities or smooth future cost pressures or activities that may be required where a grant or budget may not be available. The reserve also covers the risks of cost overruns on projects, costs that are contingent upon project outcomes and potential conversion of schools to sponsored academies.
- G) Repairs & maintenance
This is a reserve to provide short-term support for the revenue budget for repairs and maintenance.
- H) Unused grant funds
Various reserves to fund future expenditure where the received grant for the work or service has not been fully utilised in the year.
- I) Infrastructure
Various reserves to cover infrastructure development in the area.
- J) Innovation
Associated reserves linking to Enterprise Zone and related business park developments.
- K) Section 31 Grant Reserve
This reserve holds unapplied Section 31 grant.
- L) Public Health
Reserved underspends from the Public Health grant, to cover any future related Public Health activity or budget pressures that may arise and associated Covid related grants (Containment Outbreak Management).
- M) DSG recovery plan funding
Reserves specific for the Dedicated Schools Grant recovery plan. Currently payments from DfE have been paused pending work to be undertaken with DfE, but now includes an additional council contribution of £4.4m, which was approved by cabinet on 11th June for 2024/25.
- N) Covid
Reserve specific for Covid related Council activities, excludes Public Health related activity, captured under (I).

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49) Movement in General Fund balances

Total balances increased by £2.6m during the year to £44.8m. There is more information on reserves and balances in the Narrative Statement.

2022/23 Total £'000		2023/24 General £'000	2023/24 LMS* £'000	2023/24 Total £'000
42,592	Brought forward	34,753	7,396	42,149
(9,550)	Use in year	-	(7,396)	(7,396)
9,107	Additions/outturn	2,933	7,089	10,022
<u>42,149</u>	Carried Forward	<u>37,686</u>	<u>7,089</u>	<u>44,775</u>

* LMS - balances held on behalf of schools under the scheme for Local Management of Schools.

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Notes to the Cash Flow Statement

50) Net Cash flows from operating activities

As at 31 March 2023 £'000		As at 31 March 2024 £'000
(5,356)	Interest received	(5,881)
6,809	Interest paid	7,472
<u>1,453</u>		<u>1,591</u>
<hr/>		
As at 31 March 2023 £'000		As at 31 March 2024 £'000
28,027	Depreciation	37,979
2,444	Impairment	7,245
803	Amortisation	706
1,206	Increase/(decrease) in impairment for bad debts	(1,279)
(45,918)	Increase/(decrease) in creditors	(8,822)
(25,860)	(Increase)/decrease in debtors	(1,056)
(266)	(Increase)/decrease in inventories	(126)
10,709	Movement in pension liability	(5,320)
43,682	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	35,601
(173)	Other non-cash items charged to the net surplus or deficit on the provision of services	(2,650)
<u>14,654</u>		<u>62,278</u>
<hr/>		
As at 31 March 2023 £'000		As at 31 March 2024 £'000
(372)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7,443)
<u>(372)</u>		<u>(7,443)</u>

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51) Net Cash flows from investing activities

As at 31 March 2023 £'000		As at 31 March 2024 £'000
(62,974)	Purchase of property, plant and equipment, investment	(72,002)
71,885	Purchase of short-term and long-term investments	-
372	Proceeds from the sale of property, plant and equipment,	7,443
-	Proceeds from short-term and long-term investments	22,726
<u>9,283</u>	Net cash flows from investing activities	<u>(41,833)</u>

52) Net Cash flows from financing activities

As at 31 March 2023 £'000		As at 31 March 2024 £'000
40,746	Cash receipts of short- and long-term borrowing	66,990
(2,149)	Cash payments for the reduction of outstanding liabilities	(2,033)
(19,500)	Repayments of short- and long-term borrowing	(40,824)
<u>19,097</u>	Net cash flows from financing activities	<u>24,133</u>

53) Critical accounting judgements

In applying the accounting policies set out in this document, the Council has made judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Financial Statements are:

(i) Asset classifications, valuations and useful lives

The Council has made judgements on whether assets are classified as investment property, property, plant and equipment or assets held for sale. These judgements are based on the principal reason for the Council holding that asset. If the asset is used in the delivery of services or is occupied by third parties who are subsidised by the Council it is deemed to be property, plant and equipment. If there is no subsidy and/or full market rent is being charged, or the property is held purely for capital appreciation purposes, this would indicate that the asset is an investment property. Where assets are held only because they have not yet been sold, but an active disposal process is in place, the property is deemed to be an asset held for sale. The classification determines the valuation and depreciation method used and drives the useful economic life.

As part of the 2024 Report the Valuer undertook impairment and material economic change reviews to ensure that assets are carried at no more than their recoverable amount (i.e. the amount to be recovered through use or sale of the asset). This year end assessment is required to indicate if an asset might be impaired or had any material economic change to its value.

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(ii) Lease classifications

The accounting treatment for operating and finance leases is significantly different and could have a material effect on the accounts. The Council has made judgements on whether its lease arrangements are operating leases or finance leases. These judgements are based on a series of tests designed to assess whether the risks and rewards of ownership have been transferred from the lessor to the lessee.

The introduction of IFRS 16 (the international financial reporting standard for leases) means that the Council will be required to review and potentially change some of its current treatment of leases, so there is greater consistency between items that are currently deemed to be either finance leases or operating leases. In future, almost all leases lasting more than one year will need to be shown on the Balance Sheet. This could have a material impact on the value of assets reported on the Council's Balance Sheet when the new standard is incorporated into the Code in 2024/25 Code, with the Code for 2022/23 and 2023/24 allowing optional early adoption.

(iii) Providing for potential liabilities

The Council has given consideration to and made judgements about the likelihood of pending liabilities and whether a provision should be made or whether there is a contingent liability. This includes legal claims that could eventually result in the payment of compensation or other settlement. The judgements are based on the degree of certainty around the results of pending legal actions based on experience in previous years or in other local authorities.

(iv) Assessment of the requirement for group accounts

The Council applies a series of tests, on an annual basis, to assess whether collaborative arrangements it is involved in give rise to a group accounting situation and the requirement to produce consolidated accounts. The Council has assessed its current portfolio of arrangements as immaterial for the purposes described and group accounts are therefore not produced. Information about joint venture arrangements and other related parties is disclosed elsewhere in this document.

54) Sources of estimation uncertainty

The financial statements include some figures that are estimates, 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 best professional judgements of the future. However, amounts cannot be expressed with absolute certainty, so actual results could differ from these estimates.

Pension liability

There is one item in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year and that is the pension liability. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured; however, the assumptions interact in complex ways and the Council therefore discloses information about the fund at various relevant points, throughout this document.

Property, plant and equipment

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 amount of the asset falls. Assets are valued on a five-year rolling basis.

As part of the 2024 Report the Valuer undertook impairment and material economic change reviews to ensure that assets are carried at no more than their recoverable amount (i.e. the amount to be

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recovered through use or sale of the asset). This year end assessment is required to indicate if an asset might be impaired or had any material economic change to its value.

55) Business Improvement Districts

The Council acts as an agent, collecting Business Improvement District (BID) levy income on behalf of four BIDs and distributing this income to each of them when requested by the Board. The Council maintains separate accounts for the transactions relating to each BID and these are not included in the Council's Comprehensive Income and Expenditure Statement.

The balances as at 31 March 2024 relating to the BIDs are as shown below.

	Credits from previous years £'000	Levy Income raised £'000	Amounts paid to the BID £'000	Amounts written off £'000	Refunds £'000	Provision for bad debts £'000	Balance on the Account £'000
Wimborne	(18)	(121)	131	-	-	-	(8)
& Uddens	(14)	(165)	165	-	-	-	(14)
Dorchester	(129)	(79)	186	-	-	-	(22)
Weymouth	(106)	(218)	203	-	-	-	(121)
Total	(267)	(583)	685	-	-	-	(165)

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Collection Fund						
<p>The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement 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 Non-Domestic Rates (NDR).</p>						
	Council Tax	2022/23	Total	Council Tax	2023/24	Total
	£'000	NDR	£'000	£'000	NDR	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Council Tax	351,962	-	351,962	369,613	-	369,613
Council Tax S13A(1)C Relief	149	-	149	825	-	825
Non-Domestic Rates	-	87,477	87,477	-	90,297	90,297
Transitional Protection Payments			0		10,691	10,691
Business Rates Deferral Scheme			0			0
Grant Income to the Collection Fund			0			0
Discretionary Reliefs Income	0	0	0			0
Total income	352,111	87,477	439,588	370,438	100,988	471,426
Precepts / NDR Distribution						
Central Government	-	41,879	41,879	-	48,696	48,696
Dorset Council	276,033	41,041	317,074	290,510	47,722	338,232
Dorset Police Authority	40,001	-	40,001	42,767	-	42,767
Dorset Fire Authority	11,963	838	12,801	12,869	974	13,843
All Parishes	16,948	-	16,948	17,814	-	17,814
Previous Year Collection Fund Surplus / (Deficit) Redistributed						
Central Government	-	(9,699)	(9,699)	-	2,417	2,417
Dorset Council	5,483	(9,505)	(4,022)	3,605	2,369	5,974
Dorset Police Authority	742	-	742	493	-	493
Dorset Fire Authority	226	(194)	32	147	48	195
Allowances to charging authority						
Non-Domestic Rate Cost Of Collection	-	628	628	-	639	639
Transitional Protection Payments	-	384	384	-	-	-
Renewable Energy Scheme	-	792	792	-	1,186	1,186
Enterprise Zones	-	110	110	-	187	187
Provision for appeals						
Increase/(Decrease) To Provision	-	(1,000)	(1,000)	-	(8,308)	(8,308)
Provision for bad debts						
Increase/(Decrease) To Provision	1,212	(1,462)	(250)	6,961	30	6,991
Total Deductions	352,608	63,812	416,420	375,166	95,960	471,126
Surplus / (Deficit) Arising In Year	(497)	23,665	23,168	(4,728)	5,028	300
Balance B/F 1st April	5,710	(17,711)	(12,001)	5,213	5,954	11,167
Balance C/F 31st March	5,213	5,954	11,167	485	10,982	11,467

Notes to the Collection Fund

1. Income from Council Tax

The Council's Tax Base for 2023/24, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	Number of Taxable Dwellings After Discount	Ratio	Band D Equivalent Dwellings
A (Disabled Reduction)	18.5	5/9	10.3
A	12,111.3	6/9	8,074.2
B	22,498.7	7/9	17,499.0
C	34,265.9	8/9	30,458.6
D	31,795.3	9/9	31,795.3
E	25,483.7	11/9	31,146.7
F	14,618.3	13/9	21,115.3
G	7,509.5	15/9	12,515.8
H	613.8	18/9	1,227.5
	148,915.0		153,842.7
Class O exempt dwellings			732.4
Council Tax Base for Revenue Support Grant Purposes			154,575.1
Reduction due to the Council Tax Reduction Scheme			(2,151.1)
Council Tax Base for Council Tax Setting Purposes			152,424.0

2. Income from Business Rates

The Council collects Business Rates on behalf of the Government based on local rateable values and National multipliers as follows:

	2022/23	2023/24
Rateable value at year-end	290,794,562	321,548,956
National Multiplier	51.2p	51.2p
Small Business Multiplier	49.9p	49.9p

3. Allocation of Collection Fund Surplus / (Deficit)

2023/24	COUNCIL TAX £'000	NDR £'000	TOTAL £'000
Central Government	-	5,491	5,491
Dorset Council	411	5,381	5,792
Dorset Police Authority	57	-	57
Dorset Fire Authority	17	110	127
Total Surplus As At 31 March 2024	485	10,982	11,467
2022/23	COUNCIL TAX £'000	NDR £'000	TOTAL £'000
Central Government	-	2,977	2,977
Dorset Council	4,425	2,917	7,342
Dorset Police Authority	607	-	607
Dorset Fire Authority	181	60	241
Total Deficit As At 31 March 2023	5,213	5,954	11,167

1. General Principles

The Statement of Accounts summarises the authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act as they apply to Local Authorities in England.

The financial information in this Statement, including the techniques used for estimation, has been prepared after taking into account its relevance, reliability, comparability, understandability and materiality. All material transactions have been disclosed and the accounts include relevant accruals.

Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. Therefore, where specific legislative requirements and accounting principles conflict, legislative requirements are applied.

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, except where disclosed otherwise in accounting policies or notes, or where required by International Financial Reporting Standards (IFRS).

Areas where there is divergence from the historic cost convention typically include the revaluation of property, plant and equipment; inventories; and certain financial assets, liabilities and instruments.

The Financial Statements have been prepared with due regard to the pervasive accounting concepts of accruals, going concern and primacy of legislative requirements.

2. Accruals of Income and Expenditure

The revenue recognition principle is a cornerstone of accrual accounting and determines the accounting period in which revenues and expenses are recognised. The Council's policy is that revenues are recognised when they are realisable and are earned (usually when goods are transferred or services rendered), no matter when cash is received.

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 with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services 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 received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Interest receivable on temporary investments is reported in the Comprehensive Income & Expenditure Statement in the period to which it relates. Interest payable on external borrowing is fully accrued in order that the period bears the full cost of interest relevant to actual borrowing. Other types of interest

(e.g. for finance leases) are reported in service accounts. An analysis of all interest payable is disclosed in the notes to the Financial Statements.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

Prior period adjustments are accounted for by restating the comparative figures for each prior period presented in the primary statements and notes and adjusting the opening balances for the current period for the cumulative effect.

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.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting Financial Statements.

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 authority's financial position or financial performance. Where a change is made, if the new pronouncement does not include specific transition provisions, then the change in accounting policy is applied retrospectively. Retrospective application means adjusting the opening balance of each affected component for the earliest prior period presented, along with other comparative amounts disclosed for each prior period presented, and restating them as if the new accounting policy had always been applied.

5. Charges to Revenue for Non-Current Assets

Services, support services, and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision or the Statutory Repayment of Loans Fund Advances), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

For council tax, the Council is collecting precepts on behalf of Dorset Police and Crime Commissioner and Dorset and Wiltshire Fire and Rescue Authority as well as Dorset Council.

For NDR, this means that the Council is dealing with the collection of business rates on behalf of the Government and Dorset and Wiltshire Fire and Rescue Authority as well as Dorset Council.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

7. Employee Benefits

Benefits Payable During Employment & Termination Benefits

Salaries, wages and employment-related payments and any termination benefits are recognised in the period in which the service is received from employees. Annual leave not taken at the end of the financial year is accrued for in the Surplus or Deficit on the Provision of Services, in accordance with International Accounting Standard 19 (IAS 19).

Post-employment Benefits

The cost of pensions is accounted for in accordance with IAS 19.

The net total of the following amounts is recognised in the Surplus or Deficit on the Provision of Services except to the extent that the Code requires or permits their inclusion in the cost of an asset:

- a) current service cost
- b) interest cost
- c) the expected return on any plan assets and on any reimbursement right recognised as an asset
- d) past service cost
- e) the effect of any curtailments or settlements
- f) actuarial gains and losses.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The accounting treatment for employee benefits is in accordance with CIPFA Code guidance.

8. Events after the Balance Sheet date

These are defined as events, which could be favourable or unfavourable, that occur between the end of the reporting period and the date that the Financial Statements are authorised for issue.

An adjusting event is an event that provides evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the enterprise is not appropriate. An adjusting event is one where the Financial Statements are adjusted to reflect the event.

A non-adjusting event is an event that is indicative of a condition that arose after the end of the reporting period. The nature and estimated financial effect of non-adjusting events is disclosed in the Financial Statements if material and it is considered that non-disclosure would affect the ability of users to make proper evaluations and decisions, but the Financial Statements themselves are not adjusted to include the financial impact of it.

Events taking place after the date of authorisation for issue are not reflected in the Financial Statements.

9. Financial Instruments

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (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 interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Short-term liabilities including short-term borrowing and trade payables are carried at fair value.

Long-term financial liabilities

Borrowings are initially measured at fair value, net of transaction costs. PFI liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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 (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 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 and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the 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 CIES is the amount receivable for the year in the loan agreement.

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

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

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

10. Foreign Currency Translation

In accordance with IAS 21, income and expenditure arising from transactions in foreign currency are translated into sterling at the exchange rate in operation on the date on which the transaction occurred. Balances denominated in a foreign currency are translated at the prevailing exchange rate at the Balance Sheet date.

Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Unspent revenue grants are transferred to an earmarked revenue reserve. Once the expenditure is incurred the reserve is applied to fund that expenditure.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the whole of the Council.

A BID scheme has operated within Wimborne since 1st August 2011 and in Ferndown & Uddens since 1 September 2014. BIDs are funded through a levy paid by non-domestic ratepayers within the BID area. The Wimborne BID is delivered by Wimborne BID Limited and the Ferndown & Uddens BID is delivered by Ferndown & Uddens BID Limited, each with its own Board of Directors. The Council, in its capacity as the billing authority for the area, is acting as an agent for each BID by collecting the levy from ratepayers and distributing the levy income to the BID body. The income raised on behalf of each BID does not belong to the Council, and a separate BID Revenue Account is maintained for each BID to which all transactions relating to the BID are allocated. The transactions relating to the Wimborne and Ferndown & Uddens BIDs are not included in the Council's Comprehensive Income and Expenditure Account, but are dealt with as Balance Sheet items in terms of money owed from BID levy payers and money owed to the BID body. The transactions relating to the BID Revenue Accounts and balances relating to the Wimborne and Ferndown & Uddens BIDs are disclosed in notes to the Financial Statements.

Another BID scheme applies to the Dorchester Town Council area and is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

12. Heritage Assets

FRS 102 defines a heritage asset as one with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. The Code offers further interpretation of this definition: "heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the reporting entity in pursuit of its overall objectives in relation to the maintenance of heritage."

Dorset Council has interpreted this to mean that an asset is not classified as a heritage asset merely because it has certain qualities (e.g. a listed building). It is the intention to preserve the asset for future generations that is important, coupled with a demonstrable contribution to knowledge and culture.

Operational heritage assets have always been shown in the Balance Sheet under their appropriate classifications. These assets continue to be shown in this way and carried in accordance with the other asset accounting policies set out herein. FRS 102 does not apply to such assets per the Code (4.10.2.7).

Heritage assets (other than operational heritage assets) are measured at a valuation in line with FRS 102. The standard states that the valuation may be made by any method that is appropriate and relevant. Buildings are valued at depreciated replacement cost. Most of Dorset's heritage assets are not deemed to have a material value and the cost involved in valuing them would be disproportionate to the benefit received by the users of these Financial Statements. Shire Hall is an exception to this, and the asset is held at depreciated historic cost per information which transferred across to Dorset Council as part of Local Government Reorganisation in 2019.

Dorset also owns significant volumes of archive information and collections. These are not included in the Balance Sheet as the cost of valuation would not be commensurate with the benefits of the information and the valuations would not be readily ascertainable in many cases.

13. Intangible Assets

Recognition

Expenditure on the purchase of computer software licences is capitalised as intangible non-current assets. Internally developed intangible assets can only be capitalised where they satisfy the criteria set out in IAS 38; there are no such assets for Dorset Council.

Measurement

Purchased intangible assets are capitalised at cost, and are unlikely to be revalued unless there is a readily ascertainable market value.

Amortisation

Intangible assets are amortised on a straight line basis over their useful economic lives, with no residual value. Intangible assets are over periods determined at recognition – a timeframe is established by considering the ability of the organisation to use such intangibles to acquire value or deliver service potential in the future.

Charges to revenue

Capital charges to services are for depreciation or impairment. These charges are reversed in the Statement of Movement in Reserves (General Fund Balance) so the cost to the local taxpayer is unaffected by capital accounting requirements.

Impairment

Impairment of intangible assets is taken to the Revaluation Reserve in the first instance, and will only be charged to Surplus or Deficit on the Provision of Services once the balance on the reserve in relation to the intangible asset has been reduced to zero.

Reversal of impairment

Intangible assets are reviewed annually to determine whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If there is an indication that the impairment loss recognised for an asset may no longer exist or may have decreased, this may indicate that the useful life, the depreciation method or the residual value need to be reviewed, even if no impairment loss is reversed for the asset.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years is treated as a revaluation gain and charged to the Revaluation Reserve.

14. Interests in Companies and Other Entities

In accordance with the Code of Practice, Dorset Council has carried out an assessment of its interests in other entities to determine the nature of any group relationships that exist. This includes an assessment of the extent of Dorset Council's control over the entity considered either through ownership (such as a shareholding) or representation on an entity's board of directors.

The main interests held by Dorset Council in other entities are detailed in the related party transactions disclosure note in this statement of accounts. However, none are considered to be material, and the production of group accounts is not required.

15. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using either FIFO or the weighted average costing formula dependent on the item being valued.

Certain minor stocks are not valued (e.g. stationery) and are therefore excluded from the Balance Sheet. The requirement for stock is regularly reviewed.

16. Long-Term Contracts

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

17. Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

18. Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

Statements

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is

shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against council tax, as the cost of 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.

Operating Leases

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

The accounting policy will be reviewed upon introduction of IFRS16 Leases for the 2024/25 accounts.

19. Lease Type Arrangements

IFRIC4 sets out the principle that in recent years, arrangements have developed that do not take the legal form of a lease, but which convey rights to use assets in return for a payment, or series of payments. Such arrangements are deemed to be leases where:

- (a) fulfilment of the arrangement depends on a specific asset
- (b) the arrangement conveys a right to control the use of the asset.

In such cases, the transaction is deemed to be a lease and is assessed as to whether it is an operating or finance lease and accounted for accordingly. The Council has no such arrangements in place.

20. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

21. Property, Plant & Equipment

Recognition

The Code requires Authorities to maintain asset registers to record information on their capital assets. These assets are valued and revalued periodically by professional valuers, for inclusion in the Balance Sheet in accordance with IFRS 13 and IAS 16.

A de-minimis level of £25,000 has been applied to Land and Buildings. There is no de-minimis for other asset classes.

Property, plant and equipment is capitalised if:

- (a) it is held for use in delivering services or for administrative purposes
- (b) it is probable that future economic benefits will flow to, or service potential will be supplied to the Authority
- (c) it has a useful economic life of more than one year
- (d) the cost of the item can be measured reliably.

The valuations have been undertaken in accordance with RICS Valuation Global Standards (The Red Book) and the RICS UK National Supplement 2018 (effective from January 2019) and the IFRS based Code of Practice on Local Authority Accounting 2023/24 (The Code).

Property, plant and equipment (PPE):

These assets form the majority of the Council's portfolio and are used in the delivery of services and/or the production of goods. These operational assets may be rented to others, but would not be held solely for that purpose or they would be re-classified as investment assets (INV).

PPE assets are tangible fixed assets that bring longer-term economic benefits or service potential to the authority.

Property, plant and equipment - Surplus (PPES):

Surplus Assets are formerly PPE assets which have been declared surplus to service needs and the needs of the Council. These are non-operational assets which are yet to meet the criteria of asset held for sale (AHS).

Assets held for sale (AHS):

Assets held for sale is the next classification afforded to PPES assets which are being marketed for disposal. The asset must be immediately available for sale and the sale of the property must be highly probable and anticipated to be within a year. AHS should be measured at the lower of carrying amount and fair value less costs to sell.

Measurement

Assets will be valued to either Fair Value (FV) or Current Value (CV):

Fair Value (FV) - defined under IFRS as: 'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. Fair Value applies to the measurement of PPES and AHS categories of assets. For most practical purposes the figure to be reported as the Fair Value of an asset is likely to be conceptually the same as that which would be reported as market value and implies the highest and best use of that asset in the principal or most advantageous market.

Current Value (CV) – defined as: the amount that would be exchanged for the asset in its existing use. Several methods are identified as appropriate for arriving at a CV.

Existing Use Value (EUV) - is used where a readily identifiable active market exists for the use and utilises comparable data and judgement to arrive at the current value. EUV is defined as: The estimated amount for which a property should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Depreciated Replacement Cost (DRC) is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. Where DRC is used as the valuation methodology the 'instant build' approach is used. This method of valuation is applied to assets for which there is a good degree of observable specialisation or for which there is no readily reliable or observable market data. It should be noted that the DRC method of valuation does not represent the figure that could be achieved if the asset were to be placed on the market for sale. It is a representation of the value of the asset to the authority while it is providing service potential.

Where insufficient market-based evidence of current value is available because an item of property, plant and equipment is specialised and/or rarely sold, the Code permits the use of depreciated replacement cost (DRC).

Assets are re-valued with sufficient regularity to ensure that the carrying amount (net book value) of an asset does not differ materially from that which would be determined at the end of the financial year in which the 2024 valuation report is prepared.

Comparable evidence, Building Cost Information Service (BCIS) build costs and Baseline build costs will be compiled and assessed and utilised as appropriate to provide the values for each asset. Dorset Property Buildings and Design services will be utilised to provide component details for each asset as required, including updates to previously componentised assets as required and where replacement of elements has occurred.

In respect of DRC calculations where multiple age buildings exist on one site, an average age and obsolescence factor will be applied, taking into account the age and type of structures and the anticipated replacement cycle of the asset as assessed by the service head/asset team.

Valuations of land may include calculations utilising a Residual Valuation approach to arrive at a Fair Value where there is limited suitable comparable data to available.

Section 2.10.2.29 of the Code iterates IFRS 13 in the provision of valuation hierarchy levels for assets classified as PPES and AHS to increase consistency and comparability in fair value measurements and related disclosures. These are categorised into three levels:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities 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 or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

The highest priority is given to quoted prices (unadjusted) in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The assets valued in the 2023 valuation report are not identical and therefore hierarchy 1 reporting and disclosure is not possible. All assets held at PPES and AHS attract a hierarchy Level 2 unless specifically stated in the special assumptions of the 2024 valuation report.

Where the MV of an asset valued using the DRC method is:

- significantly lower than that attributed to the continued occupation and use by the Authority it will be noted in the notes section of the summary valuation.
- significantly higher for a readily identifiable use the value will also be given in the same notes section.

County Farms are categorised as Property Plant and Equipment (PPE) and have been valued on a EUV basis as tenanted farms to be re-let on a rolling and planned basis for the foreseeable future due to established Council policy drivers. There will be occasional rationalisation of farm units which may release additional value but which would not be appropriate to report against any of the assets due to the overriding principle of maintaining a County Farm asset base. The County Farms are valued using capitalised net income flows: this approach excludes any alternative use, FV basis or break-up value: if those policies were reversed all County Farms would display considerably higher FV figures

As part of the 2024 Report the Valuer undertook impairment and material economic change reviews to ensure that assets are carried at no more than their recoverable amount (i.e. the amount to be recovered through use or sale of the asset). This year end assessment is required to indicate if an asset might be impaired or had any material economic change to its value.

The valuation for property assets is produced with a valuation date of 1 January 2024 by the following external professional RICS Accredited Scheme Valuers:

- Avison Young
- Hartnell Taylor Cook
- Lambert Smith Hampton
- Rural Solutions
- Savills

These valuations are reviewed in-house by one or more RICS Accredited Scheme Valuers within the Estates and Assets Service.

Impairment

Assets are reviewed annually for evidence of impairment. Impairment is the reduction in the recoverable amount of a non-current asset below the amount at which it is being carried in the Balance Sheet. It can be the result of physical damage, use, obsolescence or the passing of time. If any indication of impairment exists, the recoverable amount is estimated. Upward revaluation of an asset is matched by an increase to the Revaluation Reserve to reflect an unrealised gain. Where an asset is impaired (downward revaluation), the value of the asset is written down to the recoverable amount as soon as the impairment is recognised. Impairment losses on revalued assets are recognised in the Revaluation Reserve, up to the amount in the Reserve for each respective asset and thereafter charged to Surplus or Deficit on the Provision of Services.

Reversal of impairment

Assets are reviewed annually to determine whether there is any indication that an impairment loss recognised in earlier periods for an asset may no longer exist or have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

The reversal of an impairment loss of an asset (previously recognised in Surplus or Deficit on the Provision of Services) is only permitted to be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If there is an indication that the impairment loss recognised for an asset may no longer exist or may have decreased, this may indicate that the useful life, the depreciation method or the residual value need to be reviewed, even if no impairment loss is reversed for the asset.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years, is treated as a revaluation gain and charged to the Revaluation Reserve.

Disposals

Capital receipts from the disposal of property and other assets owned by the Council, less up to 4% of the cost of the sale, are credited to the usable capital receipts reserve and used to finance new capital expenditure.

However, during 2015/16, Government issued guidance setting out new flexibilities for the use of capital receipts, which the Council, initially as predecessor councils prior to Local Government Reorganisation, has started to apply from 2016/17 onwards. The flexibility involved the use of capital receipts for transformation costs which would normally have fallen to the revenue budget.

Gains and losses on disposal of assets

A gain or loss arises when the proceeds from the sale of an asset differ from the net book value of that asset in the Balance Sheet. The gain or loss is shown in the Other Operating Income & Expenditure section of the Comprehensive Income & Expenditure Statement and reversed out in the Statement of Movement in Reserves (General Fund Balance).

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer – when Dorset Council gets its properties valued, a new useful life estimate is requested from the valuer, which will be applied from the first day of the following financial year.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight line basis.

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

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

Charges to revenue

Capital charges to services are for depreciation and/or impairment only. These charges are reversed in the Statement of Movement in Reserves (General Fund Balance) in order that the cost to the local taxpayer is unaffected by capital accounting requirements.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Subsequent expenditure which does not add to the future economic benefits or service potential of the asset, is expensed in the Comprehensive Income and Expenditure Statement in the year in which it is incurred.

Componentisation

Component accounting became a requirement of the CIPFA Code since 1 April 2010, and was applied (prospectively) by the predecessor councils. Component accounting is the separate

recognition of two or more significant components of an asset for depreciation purposes (i.e. as if each component were a separate asset in its own right) where the useful life is substantially different.

Each part of an item of property, plant or equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Assets are reviewed for componentisation whenever they are acquired, revalued, or enhanced.

The annual valuation exercise that is carried out by the Authority re-values a proportion of the Council's assets each year. A policy is applied for assessing these assets for componentisation.

When an asset is deemed to need componentisation, Dorset Council will request a componentised valuation, and create the components at the beginning of the following financial year.

Component derecognition

Where a component is replaced or restored, the carrying amount of the old component is derecognised to avoid double-counting and the new component reflected in the carrying amount, subject to the recognition principles set out in accounting policy 25(i) and 25(ix). This includes derecognition of parts of an asset not previously recognised as a separate component, the componentisation of which has been triggered by the replacement or restoration.

Residual values

The Council does not use residual values in its asset accounting or depreciation calculations. The accounting policy is to depreciate the full cost of the asset over the useful economic life.

Highways infrastructure assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

a) Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

b) Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

c) Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

d) Parts of the highways network & coastal infrastructure - straight line basis

- Drainage Infrastructure: 21 Years
- Roads: 24 Years
- Street Furniture/Traffic Calming Infrastructure: 24 Years
- Harbour Infrastructure: 50 Years
- Coast Protection Infrastructure: 50 Years
- Bridges: 100 Years

e) Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

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

22. Private Finance Initiative (PFI) Schemes

The Council is party to two long-term contracts under the Private Finance Initiative (PFI); one for the provision of a replacement secondary school, the other for the provision of street lighting. The Council accounts for both of these schemes in accordance with IFRIC 12 (Service Concessions). Both schemes are recorded as assets in the Council's Balance Sheet with corresponding liabilities which are discharged over the period of the contract.

23. Provisions, Contingent Liabilities and Contingent AssetsProvisions

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

The Council maintains external insurance only for major risks, self-funding the remaining significant elements of risk. A provision has been established to meet insurance liabilities not covered externally. Provisions are separately disclosed on the face of the Balance Sheet, classified as to current or non-current liabilities (all are deemed to be current liabilities).

Contingent Liabilities

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

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

Contingent Assets

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

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.

24. Reserves

A number of earmarked reserves have been established to meet future expenditure. These include reserves to finance particular capital projects and reserves to smooth irregular expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

25. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Where capital expenditure does not result in the acquisition of a non-current asset, or is incurred on an asset not belonging to the Council (such as a Voluntary Aided school), the project expenditure is charged directly to the relevant service in the year it is completed, with the necessary appropriations from the Capital Adjustment Account shown in the Statement of Movement in Reserves.

26. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

27. Value Added Tax (VAT)

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

28. 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 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:

- a) in the principal market for the asset or liability, or
- b) 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 the asset in its highest and best use.

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority 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.

29. Redemption of Debt

The Council finances a proportion of its capital spending by borrowing and is required to charge a prudent percentage of the previous year's Capital Financing Requirement as a Minimum Revenue Provision (MRP). How funding available to the Council for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices, is reflected in the Statement of Movement in Reserves and disclosure notes to the accounts in relation to the Capital Adjustment Account and General Fund Balance. Details are shown in the notes to the Financial Statements.

30. Donated Assets

Donated assets, transferred to the Council for nil consideration, are recognised immediately at fair value as assets on the Balance Sheet. The asset is recognised in the Comprehensive Income & Expenditure Statement as income unless the transfer has a condition that the Council has not satisfied. In which case the asset is credited to the Donated Assets Account and recognised in the Comprehensive Income & Expenditure Statement once the condition has been met. Donated assets are valued, depreciated and impaired in accordance with the accounting policies for other non-current assets.

31. Acquired and Discontinued Operations

Activities are considered to be acquired only if they are acquired from outside the Public Sector. The Code does not include local government reorganisation since any 'machinery of government' changes are neither acquired nor discontinued operations. Similarly, activities are deemed to be discontinuing only if they are transferring outside of the Public Sector, or if they are ceasing completely.

32. Exceptional Items

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



Dorset
Council

Annual Governance Statement 2023/24

Supported by:

Appendix A – Local Code of Corporate Governance

WELCOME TO DORSET COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR FINANCIAL YEAR 2023/24

Governance arrangements in the public services are keenly observed and sometimes criticised. The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an **Annual Governance Statement** reporting on the review with the Statement of Accounts. Dorset Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. This statutory document explains the processes and procedures in place to enable the council to conduct its functions effectively, whilst seeking continuous improvement with a commitment to transformation and as a learning organisation.

The Chartered Institute of Public Finance and the Society of Local Authority Chief Executives (CIPFA/SOLACE) “Delivering Good Governance” publication (2016) describes principles of good governance to be applied in the public sector, and this document measures the arrangements that Dorset Council has established against the seven core principles that underpin that framework.

The Council is satisfied that this Annual Governance Statement provides a substantial level of assurance that good governance is in place in Dorset Council, but also recognising areas where the Council can improve further. Progress on these improvements and on mitigating our most significant risks will be monitored through the year by senior officers and elected councillors of Dorset Council.



A handwritten signature in black ink that reads "Matt Prosser".

Matt Prosser, Chief Executive



A handwritten signature in black ink that reads "Nick Ireland".

Cllr Nick Ireland, Leader

The Governance Framework

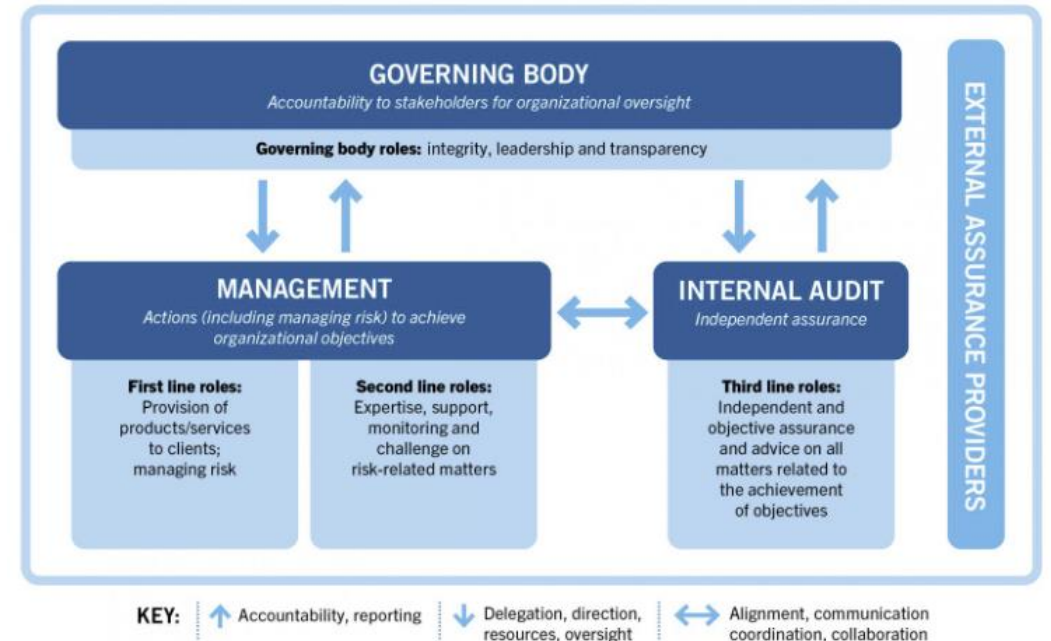
The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Dorset Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Dorset Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.



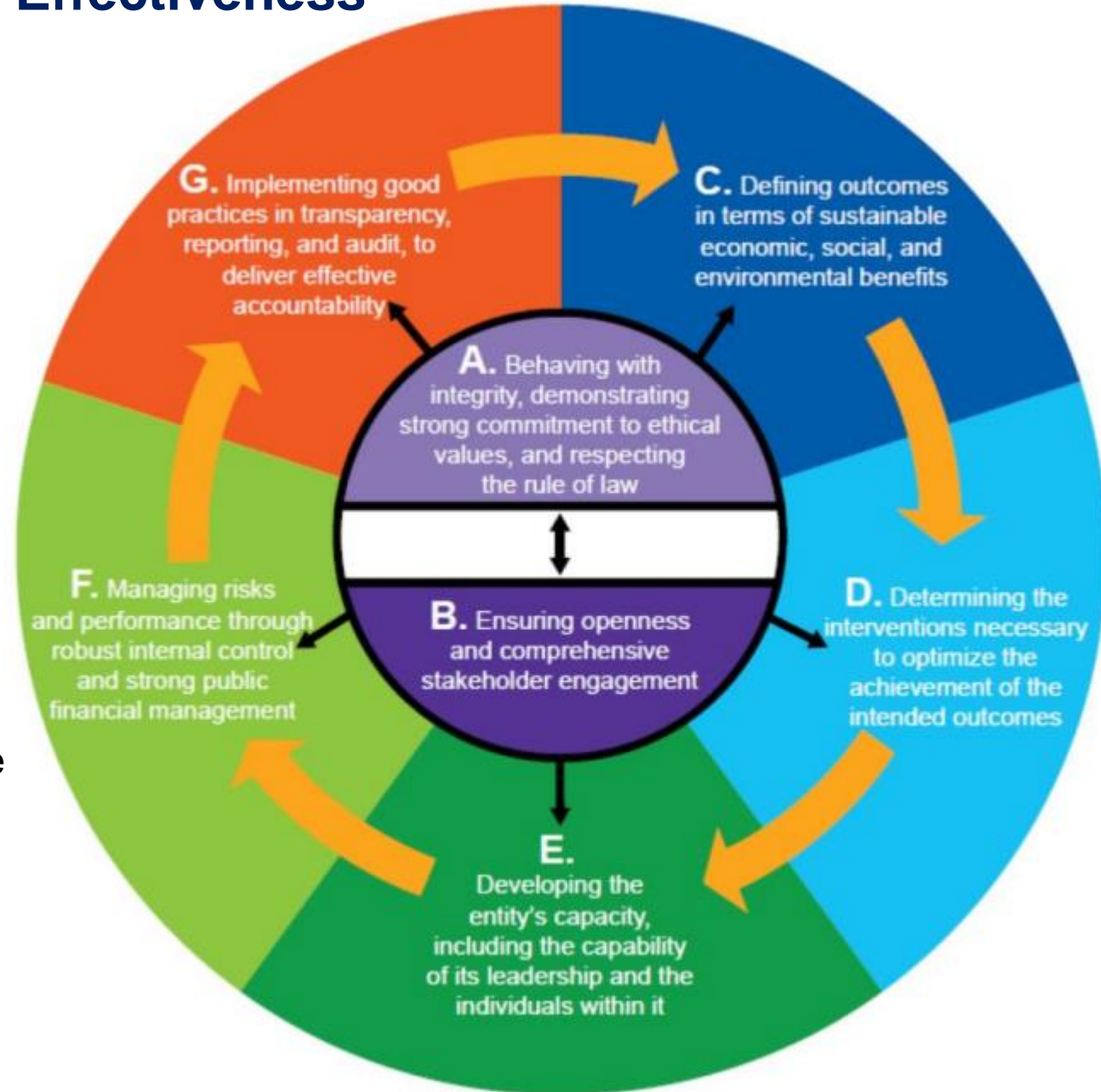
The IIA's Three Lines Model (2020)



Review of Effectiveness

Review and monitoring of governance arrangements across the Council is an ongoing process. This Statement explains how the Council has complied with its Local Code of Corporate Governance and meets the requirements of Accounts and Audit (England) Regulations 2015 regulation 6, in relation to conducting a review of the effectiveness of the system of internal control and the publication of an annual governance statement.

Dorset Council is committed to the seven core principles of good practice contained in CIPFA/SOLACE Governance Framework. A more detailed assessment can be found in the Council's Local Code of Corporate Governance that supports this Annual Governance Statement.



A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Our [Constitution](#) establishes the roles and responsibilities for members of the executive (the Cabinet), Overview, Scrutiny, Audit and Governance and Regulatory Committees, together with officer functions. It includes details of delegation arrangements, codes of conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose, with any proposed changes being considered by the Audit and Governance Committee.

The [Constitution](#) also contains procedure rules, standing orders and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer, and Chief Financial Officer (S151) are described together with their respective roles and contributions to provide for robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures.

The [Head of Paid Service](#) is the Chief Executive and is responsible for all Council employees. The Executive Director for Corporate Development is the Council's [Chief Financial Officer](#) and is responsible for safeguarding the Council's financial position and ensuring value for money. The Director for Legal and Democratic is the [Monitoring Officer](#) and is responsible for ensuring legality and promoting exacting standards of conduct in public life. Under Section 18(2) of the Children Act 2004, Local Authorities in England have a duty to appoint a Director of Children's Services. Local Authorities in England are also required to appoint a Director of Adult Services. Dorset Council have in place both Executive Directors for People ([Adults](#) & [Children](#)). Alongside these officers, the Executive Director of [Place](#) and the [Director of Public Health](#) comprise the Council's senior leadership team.

The Council's [Constitution](#) sets out how the Council operates. It states what matters are reserved for decision by the whole Council, the responsibilities of the Cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees, and partners. Decision making powers not reserved for councillors are delegated to chief officers (Chief Officer is defined as: Chief Executive; Executive Director; Director or Corporate Director). Each chief officer has a scheme of nomination setting out the powers that others may exercise on their behalf.

A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The [Members' Code of Conduct](#) advises an elected member (or co-opted member) what conduct is expected of them and whether their conduct constitutes a criminal offence. A Code of Conduct also exists for staff which sets out the standards of conduct expected of all council employees and prevents employees from being in a situation where they may be vulnerable to an accusation of favouritism or bias or other improper motives, whether this is real or perceived. Arrangements are in place for dealing with any [Code of Conduct complaints](#) made against councillors.

The Council operates under an Executive ([Cabinet](#)) model, which oversees the formulation of all major policies, strategies, and plans. The Cabinet also lead on the preparation of the Council's budget. The primary counterbalance to our Cabinet is through the two Overview Committees ([People & Health](#) and [Place & Resources](#)), the two Scrutiny Committees ([People & Health](#) and [Place & Resources](#)), and the [Audit and Governance Committee](#). These Committees are in place to provide support and a robust level of challenge to the Executive.

We are committed to promoting equality of opportunity, valuing diversity, and eliminating discrimination. An **Equality, Diversity and Inclusion** Strategic Board oversees equality, diversity, and inclusion within our organisation and in our external work. It also supports the implementation of the council's [Equality, Diversity, and Inclusion Strategy](#) by prioritising activity within its action plan and monitoring progress.

What improvements will we make in 2024/25?

Induction of new councillors following elections in May 2024 will include code of conduct

B) Ensuring openness and comprehensive stakeholder engagement

What improvements have we made in 2023/24?

Improvements to Subject Access Requests processes with improved performance

Members of the public are now able to attend Committee meeting virtually or in person to ask questions during the public participation sections of meetings.

A [complaints](#) procedure and a [whistle-blowing policy](#) and procedure are maintained and kept under review, providing the opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. An annual report analysing complaints received and their resolution is presented to the Scrutiny Committees. The Audit and Governance Committee has responsibility for overseeing the investigation of complaints against members.

[Committee meetings](#) are open to the public, and agenda papers and minutes are transparently available on the internet. Meetings are streamed on Youtube and members of the public can attend virtually or in-person

Public consultation plays a key part in the decision making process, across the full range of the Councils services

Our **Communications** team provides a wide range of support for the whole council including using social media, internal communications, marketing and promotions advice, media relations

Minutes for the two **Stakeholder committees**, [Care Dorset Holdings Ltd](#) and [Dorset Centre of Excellence](#), are available on the Council's website.

A [disclosure log](#) has been added to the Council's website, transparently including responses to Freedom of Information requests received.

The Council has a [whistleblowing](#) policy, which encourages employees and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

What improvements will we make in 2024/25?

The complaints policy will be reviewed following issue of the Local Government and Social Care Ombudsman's revised code

C) Defining outcomes in terms of sustainable economic, social, and environmental benefits

What improvements have we made in 2023/24?

New climate decision-wheel embedded into all committee papers, ensuring that environmental and climate considerations are taken into account when making decisions. The wheel also takes into consideration the economic and social implications of decisions, in-line with the council plan priorities

Our [council plan](#) sets out the contribution we will make to enabling communities in working together for a successful Dorset. Delivery of this plan is supported by service plans, team plans and individual performance development reviews. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged.

A **performance** management framework is operated to underpin and monitor the council plan, with supporting dashboards. Committees receive quarterly monitoring reports to assess the performance of the Council and inform scrutiny.

Our [data strategy](#) provides strategic direction to the council's next steps in our ambitions to place the use of data and intelligence at the core of decision making and policy development.

Committee reports are assessed for their impact of the **climate and environment**, via a new "Climate Decision Wheel"

What improvements will we make in 2024/25?

The strategic performance and risk framework will be updated, incorporating a risk strategy

The Council plan and associated metrics will be updated

D) Determining the interventions necessary to optimize the achievement of the intended outcomes

What improvements have we made in 2023/24?

The Our Future Council programme was commenced, aimed at delivering our council vision and priority to become a more responsive, customer focused council.

The OFC programme puts customers first and explores new ways of working so that we can continue to deliver impactful change, whilst doing so in a financially sustainable way. Making us more resilient and ready for 2030 and beyond

A **value for money** framework sets out how to develop value for money service benchmarking across the council. Local Government bodies, auditors are required to give a conclusion on whether the council has proper arrangements in place to secure value for money and guidance identifies one single criterion for auditors to evaluate 'In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.'

Each Cabinet member has been assigned as a specific **Portfolio Holder** with roles and responsibility for different themes: Adult Social Care, Health and Housing; Children, Education, Skills and Early Help; Corporate Development and Transformation; Culture and Communities; Assets and Property; Finance, Commercial and Capital Strategy; Highways, Travel and Environment; and Planning. Support is provided by **Lead Members**.

The **Leader of the Council** is the portfolio holder for Governance, Performance and Communications, business insight and performance, policy, democratic services and elections, legal services, and assurance.

What improvements will we make in 2024/25?

Embedding a new strategic performance framework and reporting tool, to include enhanced 'customer voice/feedback' monitoring/KPIs and risk dashboarding.

Implement the corporate performance framework that links financial planning and assumptions to service performance and emerging risks



Committee reports identify the **impacts** of decisions

E) Developing the entity's capacity, including the capability of its leadership and the individuals within it

What improvements have we made in 2023/24?

Improved compliance rates for mandatory training

Appraisal and review processes (including "My Roadmap") are the general means of identifying the training needs of members and officers. Appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.

The **Employee Wellbeing** team provide support to all employees and can offer links to a wide range of external sources of support for employees to look after both their physical and mental wellbeing.

The [Staffing Committee](#) determines staff terms and conditions; appoints and manages performances issues relating to senior officers.

An extensive **member induction** programme is put in place after the County Council elections to ensure that newly elected members can quickly make an effective contribution to the work of the authority. This is supported by regular member briefing sessions to ensure that members are kept up to date on key issues.

The **behaviours** we demonstrate and the approaches we take at work are key to the success of Dorset Council and our vision to be an employer of choice. Our [behaviours framework](#) has been developed in partnership with members of our Employee Forum.

What improvements will we make in 2024/25?

Induction of new councillors, post May elections

Complete governance review.

Work with Our Future Council programme on enhanced partnership working

Further improve mandatory training compliance rates

F) Managing risks and performance through robust internal control and strong financial management

What improvements have we made in 2023/24?

Approval of the Council's data strategy

Embedded the new Strategic Information Governance Board and its supporting working groups

Rollout of the Information Asset Register

Risk Registers are maintained at a corporate (theme), service and project level to ensure that the authority is able to make risk informed decisions, with reporting to Audit and Governance and the two Scrutiny Committees

The Council is committed to achieving high standards of integrity and accountability. Our [Anti-fraud, Bribery and Corruption Strategy](#) sets out our zero policy approach to such acts and records a clear commitment to deal with any cases robustly.

The Council's monetary **management arrangements** conform with the governance requirements of the CIPFA (Chartered Institute of Public Finance and Accountancy) "Statement on the Role of the Chief Financial Officer in Local Government" (2010) as set out in the "Application Note to Delivering Good Governance in Local Government: Framework". The Chief Financial Officer (a role performed by the Executive Director for Corporate Development) has statutory responsibility for the proper management of the Council's finances and is a key member of the senior leadership team. The Council's assurance arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2010).

What improvements will we make in 2024/25?

Respond to internal audit actions on embedding risk management, including reassessment of Council's risk appetite

Embed an enhanced corporate performance framework linking financial planning and assumptions to service performance and emerging risks

F) Managing risks and performance through robust internal control and strong financial management

The Council's approach to [information governance](#) is led by a Strategic Information Governance Board, chaired by the Senior Information Risk Owner (the Director for Legal and Democratic). The work of the Board is supported by four working groups: i) Operational Information Governance Group; ii) Cyber Security Technical Group; iii) Digital Applications Governance Group; and iv) an Organisational Compliance and Risk Learning Group

The Council's **Emergency Planning** function sits within the Assurance Service and works in conjunction with Local Resilience Forum partners to plan, respond and learn from civil emergencies.



Dorset Council continues to experience **funding pressures** through central government annual settlements, limited increases in its council tax and under funding from the current business rates distribution methodology and the collateral ongoing impact surrounding Covid 19 Pandemic. Since the UK left the European Union in December 2020 the UK has been adjusting to the changing trade arrangements, reacting to the wider global economic impacts and Covid restrictions. The global economic challenges, and Ukraine conflict is placing cost of living pressure on households and businesses.

Dorset Council is supporting Ukrainian refugees and is offering support to the Ukrainian families living and working in Dorset. We also recognise the impact that the conflict in Ukraine is having on our wider EU communities, many of whom have links to neighbouring countries who are also affected. As a result of the conflict, energy and fuel prices are surging.

What improvements will we make in 2024/25?

Develop and roll out the action plan to support the Council's data and business intelligence strategy

Embed an enhanced corporate performance framework linking financial planning and assumptions to service performance and emerging risks.

Evolve the Scrutiny Committee interactive performance and risk dashboarding/reporting

G) Implementing good practice in transparency, reporting, and audit, to deliver effective accountability

Our operational **internal audit** work has been carried out under contract by [SWAP Internal Audit Services](#). This includes an annual independent and objective opinion to the Authority on its risk management, governance and control environment. Their work aligns with the **aims and objectives** of the council, considering key risks, operations, and changes. The plan is flexible in adapting audit plans to manage changing risks, priorities, and challenges.

External Audit are required to audit the annual financial statements and undertake a Value for Money Audit as per the code of practice of on Local Authority Accounting. As with many other local authorities, there remain delays in the external auditor completing their work on the 21/22 and 22/23 annual statements. This delay is primarily due to capacity shortfalls in the external audit sector. To clear the backlog of historical accounts and 'reset' the system, the Department for Levelling Up, Housing and Communities (DLUHC) proposes putting a date in law (the “backstop date”) – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The implications of this are currently being explored.

We aim to provide an open environment whereby employees and those working for the Council can raise issues that they believe to be in the public interest. Our [Whistleblowing](#) Policy provides protection from any harassment, victimisation, or other detriment to any whistleblowing on serious wrongdoing.

What improvements will we make in 2024/25?

Audit action tracking built into new strategic reporting tools/dashboards as part of the wider corporate performance framework

Respond to recommendations from external inspections and peer reviews

Work with Deloitte to finalise outstanding financial statements



Dorset Council learns from external inspection and peer reviews. During 2023/24 this included [Care Leavers](#); Ofsted SEND and an [LGA peer review](#)

Our Most Significant Risks Moving in to 2024/25

Failure to stabilise the budget for the High Needs Block

What are we doing? Failure to stabilise the pressures in the High Needs Block budget will result in a further increase in the deficit in the Dedicated Schools Grant and could potentially affect the Council's financial position. Work is being undertaken to move to early intervention and support for families across Dorset; to identify pupil needs earlier so that remedial support can be put in place quickly and thus try to stop expensive support later; to create specialist support in all schools and highly specialist support in local schools to reduce the need for pupils to be placed in the independent sector. This work will be wrapped up in the Dedicated Schools Grant recovery plan.

There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure

What are we doing? Scoping for the first exercise since LGR is being undertaken. Controlled power down is no longer required so this exercise will test core infrastructure services. Core services are the foundation of the recovery process and the recovery procedure will be tested as part of the exercise to ensure it is fit for purpose.

Loss of ICT service or data through a cyber-attack

What are we doing? By very nature, the impacts of cyber risk will always remain high and, despite the significant controls in place, remains possible. A number of local authorities have experienced cyber attacks that have had a severe impact on service delivery. Ongoing focus is on vulnerability management. In simple terms, this is a continuous, proactive process that helps keep computer systems, networks, and enterprise applications safe from cyberattacks and data breaches.

APPENDIX A

Local Code of Corporate Governance

Dorset Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The Council's Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled "Delivering Good Governance in Local Government: Framework 2016 Edition." This revised framework emphasises the importance of considering the longer term and the links between governance and public financial management. The overall aim to demonstrate that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of those resources to achieve desired outcomes for service users and communities.

Corporate Governance

Corporate governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest, and accountable manner. Good governance means that we have the right systems, processes, cultures, and values in place, to ensure that we account to, engage with and, where appropriate, lead our communities. It also means that our elected members and staff will conduct themselves in accordance with the highest standards of conduct. We are committed to effective corporate governance.

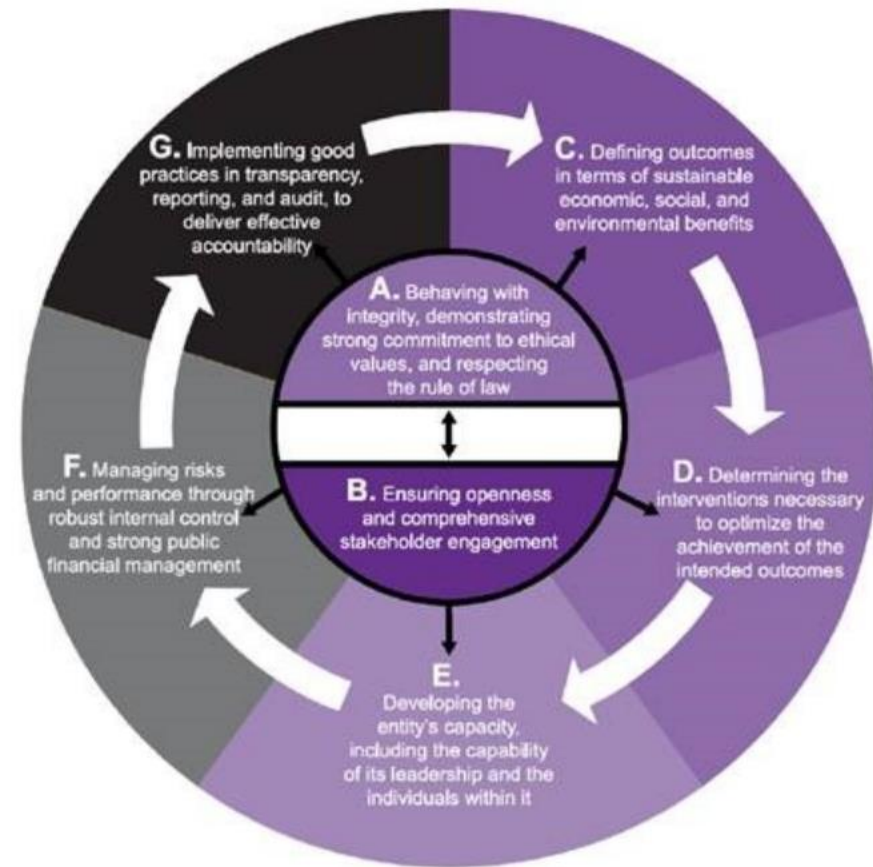
Dorset Council is committed to the seven core principles of good practice contained in the CIPFA framework.

The CIPFA/ SOLACE Governance Framework states that: ‘Principles A and B permeate implementation of Principles C to G. The diagram opposite illustrates that good governance is dynamic and that an entity should be committed to improving governance on a continuing basis through a process of evaluation and review.’

To confirm this, we evaluate our governance arrangements by developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness.

Our Local Code has been written to reflect the Council’s own structure, functions, and the governance arrangements in existence.

The Council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date.



Governance Structure and Responsibilities	
<u>Dorset Council</u>	<ul style="list-style-type: none"> • Dorset Council consists of 82 Councillors. A member role includes representing the needs, priorities and aspirations of the Dorset Council and the people of the Dorset Council area. • Approves the budget and policy framework. • Approves the Constitution (including Standing Orders and Financial Regulations). • Establishes committees to discharge non-executive functions.
<u>Cabinet</u>	<ul style="list-style-type: none"> • The main decision-making body of the Council responsible for executive functions. • Leader of the Council appointed by the council with responsibility for executive functions and who appoints a Deputy Leader and Cabinet members who have responsibility for portfolios.
<u>Audit and Governance Committee</u>	<ul style="list-style-type: none"> • Provides independent assurance to the Council on the adequacy and effectiveness of the governance, risk management framework and internal control environment. • Approves the Local Code of Corporate Governance, Annual Statement of Accounts and Annual Governance Statement.
<u>Overview and Scrutiny Committees</u>	<ul style="list-style-type: none"> • Overview and scrutiny are a statutory activity, and the Council will appoint members to 2 Overview Committees and 2 Scrutiny Committees - People and Health Overview Committee; People and Health Scrutiny Committee; Place and Resources Overview Committee; and Place and Resources Scrutiny Committee.
<u>Head of Paid Service</u>	<ul style="list-style-type: none"> • Overall corporate management and operational responsibility for the council (including management for all employees) • The provision of professional advice to all parties in the decision-making process and, responsibility for a system of record keeping for all the council's decisions, representing the council on partnerships and external bodies. • The Head of Paid Service will determine how the council's functions are discharged, the number and grade of Officers required to discharge the functions and how Officers are organised.
<u>Chief Finance Officer</u>	<ul style="list-style-type: none"> • Accountable for developing and maintaining the council's governance, risks, and control framework. • Ensuring lawfulness and financial prudence of decision making and the administration of financial affairs. • Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues, and will support and advise Councillors and Officers in their respective roles. • Contributes to the effective corporate management and governance of the council.

(s151)	
<u>Monitoring Officer</u>	<ul style="list-style-type: none"> • Monitoring, reviewing, and maintaining the Constitution. • Ensuring lawfulness and fairness of decision making. • Supporting Joint Standards Committee, conducting investigations, and undertaking other actions in respect of matters referred to him/her by the Joint Standards Committee. • Proper Officer for access to information. • Advising whether decisions are within the budget and policy framework. • Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues. • Contributes to the effective corporate management and governance of the council. • Contributes to all the effective corporate management and governance of the council.
<u>Senior Leadership Team</u>	<ul style="list-style-type: none"> • Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues. • Oversees the delivery of the Council’s Corporate Plan and implementation of Council Policy.
Heads of Service and Service managers	<ul style="list-style-type: none"> • Responsible for developing, maintaining, and implementing the Council’s governance, risk, and control framework. • Contribute to the effective corporate management and governance of the Council.

PRINCIPLE A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.

To behave with integrity

(Lead – Jonathan Mair, Director for Legal and Democratic)

- Ensure that councillors and staff behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputation of the council;
- Ensure that councillors take the lead in establishing values for the council and its staff and that they are communicated and understood. These will build on the Seven Principles of Public Life (The Nolan Principles);
- Lead by example and use values as a framework for decision-making and other actions; and
- Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively.

Evidenced by:

[Dorset Council constitution](#)

[Scheme of Delegation](#)

[Contract procedural Rules](#)

[Officer and member codes of conduct](#)

[Behaviours framework](#)

[Anti-fraud and corruption strategy](#)

Complaints policies
([corporate, childrens social care, adults](#)) and Annual Report

[Managing Unreasonable Customer Behaviour Protocol](#)

[Policy schedule](#)

Identified Improvement for 2024/25

Induction of new councillors following elections in May 2024 to include code of conduct

To demonstrate strong commitment to ethical values (Lead – Jonathan Mair, Director for Legal and Democratic)		
<ul style="list-style-type: none"> • Seek to establish, monitor and maintain the council’s ethical standards and performance; The documents that make up this framework provide the structures and guidance that our members and employees require to ensure effective governance across the council. • Underpin personal behaviour with Council values and ensure they permeate all aspects of the council’s culture and operation; • Develop and maintain robust policies and procedures which place emphasis on agreed ethical values; and • Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the council. 	Evidenced by: <u>Officer and member codes of conduct</u> <u>Behaviour framework</u> <u>Whistleblowing policy</u> <u>Commercial strategy</u> Equality, Diversity and Inclusion Strategic Board and Strategy <u>Job evaluation scheme</u> (Internal link) <u>Protocol for officer and member relations</u> <u>Audit and Governance Committee</u> <u>Anti-fraud, Bribery and Corruption policy</u> <u>Caldicott Guardian</u>	Identified Improvement for <u>2024/25</u>

To respect the rule of law (Lead – Jonathan Mair, Director for Legal and Democratic / Grace Evans, Head of Legal Services)		
<ul style="list-style-type: none"> • Ensure councillors and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations; • Create the conditions to ensure that the statutory officers, other key post holders and councillors are able to fulfil their responsibilities in accordance with legislative and regulatory provisions; • Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders; • Deal with breaches of legal and regulatory provisions effectively; and • Ensure corruption and misuse of power is dealt with effectively. 	<p>Evidenced by:</p> <p><u>Monitoring Officer</u></p> <p>Legal Services</p> <p><u>Committee report clearance process and Democratic Services Hub (Internal Link)</u></p> <p>Financial regulations</p> <p><u>Audit and Governance Committee</u></p> <p><u>Codes of conduct</u></p> <p>Register of Interests</p> <p>Register of Gifts and Hospitality</p> <p>Compliments and Complaints Procedure (<u>corporate</u>, <u>childrens social care</u>, <u>adults</u>)</p> <p><u>Constitution</u></p> <p>Equality, Diversity and Inclusion Strategic Board and <u>Strategy</u></p>	<p><u>Identified Improvement for 2024/25</u></p>

	<u>Anti-fraud, Bribery and Corruption policy</u>	
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PRINCIPLE B. Ensuring openness and comprehensive stakeholder engagement.

To ensure openness

(Lead - Jen Lewis, Head of Strategic Comms and Engagement / Jacqui Andrews, Head of Democratic and Electoral Services)

- Ensure an open culture through demonstrating, documenting and communicating the council’s commitment to openness;
- Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided;
- Provide clear reasoning and evidence for decisions in both public records and explanation to stakeholders and will be explicit about the criteria, rationale and considerations used. In due course, the council will ensure that the impact and consequences of those decisions are clear; and
- Use formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.

Evidenced by:

- [Committee Meetings open to the public and streamed \(unless exempt\). Members of the public can attend virtually or in person to ask questions](#)
- [Committee papers published](#)
- [Consultation and engagement activities](#)
- [Dorset Council constitution](#)
- Council Plan and communications to residents across a range of channels**
- [Behaviour and Performance Management Framework](#)
- [Freedom of Information compliance and disclosure log](#)
- [Right of Access Compliance \(Subject Access Requests\)](#)
- [Open data](#)

Identified Improvement for 2024/25

To engage comprehensively with stakeholders (Lead - Jen Lewis, Head of Strategic Comms and Engagement)		
<ul style="list-style-type: none"> • Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably; • Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively; • Ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit; • Establish a clear policy on the type of issues that the council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of the intended outcomes; • Ensure that communication methods are effective, and that councillors and staff are clear about their roles with regard to community engagement; • Encourage, collect and evaluate the views and experiences of customers, communities, citizens, service users and organisations of different backgrounds including reference to future needs; • Implement effective feedback mechanisms in order to demonstrate how their views have been taken into account; • Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity; and 	<p>Evidenced by:</p> <p><u>Consultation and engagement policy</u></p> <p><u>Public consultations on key decisions</u></p> <p>Equality, Diversity and Inclusion Strategic Board and Strategy</p> <p><u>Residents' survey</u></p> <p><u>Dorset Council news magazine</u></p> <p><u>Dorset Council constitution</u></p> <p>Complaints policy (<u>corporate</u>, <u>childrens social care</u>, <u>adults</u>) and Annual Report</p>	<p>Identified Improvement for <u>2024/25</u></p> <p>The complaints policy will be reviewed following issue of the Local Government and Social Care Ombudsman's revised code</p>

- | | | |
|--|--|--|
| <ul style="list-style-type: none">• Take account of the interests of future generations of tax payers and service users. | | |
|--|--|--|

PRINCIPLE C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

To define outcomes

(Lead – David Bonner, Service Manager for Business Intelligence and Performance)

- Have a clear vision, which is an agreed formal statement of the council’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the council’s overall strategy, planning and other decisions;
- Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer;
- Deliver defined outcomes on a sustainable basis within the resources that will be available;
- Identify and manage risks to the achievement of outcomes; and
- Manage customers/service users’ expectations effectively with regard to determining priorities and making the best use of the resources available.

Evidenced by:

Golden thread running through [Council Plan](#), [Service Plans](#) and “My Road Map” appraisals.

[Equality Diversity and Inclusion Strategy](#)

Performance and risk reporting

Team meetings

[Statement of Accounts](#)

[Budget Reports](#)

[Data & BI Strategy](#)

Identified Improvement for 2024/25

Update the strategic performance and risk framework including an updated risk strategy.

Update the Council Plan and associated metrics/delivery

To enable sustainable economic, social, and environmental benefits

(Lead – Steve Ford, Corporate Director for Strategy, Performance and Sustainability)

- Consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision;
- Take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the council’s

Evidenced by:

[Committee report impacts sheet.](#)

Identified Improvement for 2024/25

<p>intended outcomes and short-term factors such as the political cycle or financial constraints;</p> <ul style="list-style-type: none"> • Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits through consultation where possible, in order to ensure appropriate trade-offs; and • Ensure fair access to services. 	<p>Risk management</p> <p><u>Climate and Ecological Emergency Strategy</u></p> <p><u>Commercial Strategy</u></p> <p><u>Equality Diversity and Inclusion Strategy</u></p> <p><u>Climate decision-wheel embedded into committee papers</u></p>	
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PRINCIPLE D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

To determine and plan interventions

(Lead – David Bonner, Service Manager for Business Intelligence and Performance / Sean Cremer, Corporate Director for Finance and Commercial)

<ul style="list-style-type: none"> • Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how the intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved regardless of how services are provided; • Consider feedback from customers, citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. • Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets; • Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered; • Consider and monitor risks facing each partner when working collaboratively, including shared risks; • Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances; • Establish appropriate Key Performance Indicators (KPIs) as part of the planning process, in order to identify how the performance of services and projects is to be measured; 	<p><u>Evidenced by:</u></p> <p><u>Dorset Council constitution</u></p> <p>Service risk registers</p> <p><u>Committee report clearance process and Democratic Services Hub (Internal Link)</u></p> <p><u>Portfolio holders</u></p> <p>Climate change decision making</p> <p>Service risk registers</p> <p><u>Consultation and engagement policy</u></p> <p>Quarterly Reports</p> <p><u>Financial Strategy - reviewed annually.</u></p> <p><u>Business Continuity Plans</u> (internal link)</p>	<p><u>Identified Improvement for 2024/25</u></p> <p>Embedding a new strategic performance framework and reporting tool, to include enhanced ‘customer voice/feedback’ monitoring/KPIs and risk dashboarding.</p>
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<ul style="list-style-type: none"> • Ensure capacity exists to generate the information required to review service quality regularly; • Prepare budgets in accordance with organisational objectives, strategies and the medium-term financial plan; and • Inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy 	<p>Assurance Service Lessons Learnt processes (Emergency Planning / complaints)</p> <p><u>Anti-fraud, Bribery and Corruption policy</u></p> <p><u>Anti Money Laundering Policy</u></p> <p>Organisational Compliance and Risk Learning Group</p> <p><u>Equality Impact Assessments</u></p> <p><u>Transformation plan and supporting programme</u></p> <p>Budget cafes for councillors</p> <p><u>Capital Strategy</u></p> <p><u>Property Strategy and Asset Management Plan</u></p>	
<p>To optimise achievement of intended outcomes (Lead – Sean Cremer, Corporate Director for Finance and Commercial / Steve Ford, Corporate Director for Strategy, Performance and Sustainability)</p>		
<ul style="list-style-type: none"> • Ensure the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints; • Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer-term; • Ensure the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment 	<p>Evidenced by:</p> <p><u>Medium Term Financial Strategy</u></p> <p><u>Annual Audit and Inspection letter</u></p> <p><u>Scrutiny Committees</u></p>	<p>Identified Improvement for <u>2024/25</u></p> <p>Implement the corporate performance framework that links financial planning and assumptions to service</p>

that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage		performance and emerging risks.
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PRINCIPLE E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

To develop capacity

(Lead – Steve Ford, Corporate Director for Strategy, Performance and Sustainability)

- Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the council's resources are allocated so that outcomes are achieved effectively and efficiently;
- Recognise the benefits of partnerships and collaborative working where added value can be achieved;
- Develop and maintain an effective workforce plan to enhance the strategic allocation of resources.

Evidenced by:

[People strategy](#) and 'My Roadmap' appraisals
Staff Development Scheme
Learning and Development Plans
[Chief Executive role defined in Authority Procedural Rules](#)
[Staffing Committee](#)
[Partnership working](#)

Identified Improvement for 2024/25

Improve compliance rates for mandatory training.
 Complete governance review.
 Work with Our Future Council programme on enhanced partnership working.

To develop the capability of the leadership and other individuals

(Lead – Sheralyn Towner, Head of Organisational Development / Chris Matthews, Head of HR / Jacqui Andrews, Service Manager for Democratic and Electoral Services)

- Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained;

Evidenced by:

[Roles set out in the Council's constitution](#)
[People Strategy](#)

Identified Improvement for 2024/25

Induction of new councillors, post May elections

<ul style="list-style-type: none"> • Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body; • Ensure the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the council in implementing its strategy and managing the delivery of services and other outputs set by councillors and each provides a check and a balance for each other's authority; • Develop the capabilities of councillors and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> ○ ensuring councillors and staff have access to appropriate induction tailored to their role and that ongoing learning and development that matches individual and organisational requirements is available and encouraged; ○ ensuring councillors and staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; and ○ ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. • Ensure that there are structures in place to encourage public participation; • Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections; • Hold staff to account through regular performance reviews which take account of learning or development needs; and 	<p>Scheme of Delegation</p> <p>My Roadmap' appraisals and 1to1s</p> <p>Induction</p> <p>Mentoring and coaching</p> <p>Peer reviews and external inspections</p> <p>Staff consultative panels</p> <p>Leadership and Employee Forums (internal link)</p> <p>HR policy framework (internal link)</p> <p>Member Development and Support Officer</p> <p>Staff Surveys</p> <p>Management Academy (internal link)</p>	
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<ul style="list-style-type: none">• Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.		
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PRINCIPLE F. Managing risks and performance through robust internal control and strong public monetary management

To manage risks

(Lead – David Bonner, Service Manager for Business Intelligence and Performance / Marc Eyre, Service Manager for Assurance)

- Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making;
- Implement robust and integrated risk management arrangements and ensure that they are working effectively; and
- Ensure that responsibilities for managing individual risks are clearly allocated

Evidenced by:

[Risk management policy statement](#)
Corporate and service risk registers, with clear risk owners
[Risk considerations within committee reports](#)
[Business continuity framework](#) (internal link)
[Emergency Response Plan / Command and Control structure](#) (internal link)
[Performance Management Framework](#)
Local Code of Corporate Governance
Annual Governance Statement
Risk Management and Reporting Officer

Identified Improvement for 2024/25

Respond to internal audit actions on embedding risk management, including reassessment of Council's risk appetite.
 Embed an enhanced corporate performance framework linking financial planning and assumptions to service performance and emerging risks.

To manage performance Lead – David Bonner, Service Manager for Business Intelligence and Performance		
<ul style="list-style-type: none"> • Monitor service delivery effectively including planning, specification, execution and independent post implementation review; • Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the council’s financial, social and environmental position and outlook; • Ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made - thereby enhancing the council’s performance and that of any organisation for which it is responsible; • Provide councillors and senior management with regular reports on service delivery plans and on progress towards outcome achievement; and • Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<p>Evidenced by:</p> <p>Performance Management Framework and dashboards</p> <p>Separate Overview and Scrutiny Committees</p> <p>Council Plan</p> <p>Transformation plan and supporting programme</p> <p>Delivery Plan</p> <p>Supporting strategies</p> <p>Data and BI strategy</p>	<p>Identified Improvement for 2024/25</p> <p>Develop and roll out the action plan to support the Council’s data and business intelligence strategy</p> <p>Embed an enhanced corporate performance framework linking financial planning and assumptions to service performance and emerging risks.</p> <p>Evolve the Scrutiny Committee interactive performance and risk dashboarding/reporting</p>
To ensure robust internal control (Lead – Marc Eyre, Service Manager for Assurance)		
<ul style="list-style-type: none"> • Align the risk management strategy and policies on internal control with achieving objectives; • Evaluate and monitor the council’s risk management and internal control arrangements on a regular basis; • Ensure effective counter fraud and anti-corruption arrangements are in place; 	<p>Evidenced by:</p> <p>SWAP Internal Audit Services</p> <p>Chief Internal Auditors report</p>	<p>Identified Improvement for 2024/25</p>

<ul style="list-style-type: none"> • Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor; • Ensure an Audit & Governance Committee which is independent of the executive and accountable to the council: <ul style="list-style-type: none"> ○ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and ○ that its recommendations are listened to and acted upon. 	<p><u>Anti-fraud and corruption policy</u></p> <p><u>Anti Money Laundering Policy</u></p> <p><u>Whistleblowing Policy</u></p> <p>Quarterly reporting to elected members</p> <p><u>Audit and Governance Committee</u></p>	
<p>To manage data (Lead – Marc Eyre, Service Manager for Assurance / David Bonner, Service Manager for Business Intelligence and Performance)</p>		
<ul style="list-style-type: none"> • Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data; • Ensure effective arrangements are in place and operating effectively when sharing data with other bodies; and • Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring 	<p>Evidenced by:</p> <p><u>Information Compliance Team and Data Protection Officer</u></p> <p><u>Senior Information Risk Owner</u></p> <p><u>Caldicott Guardian</u></p> <p><u>Strategic Information Governance Board and supporting groups.</u></p> <p><u>Data sharing agreements</u></p>	<p>Identified Improvement for 2024/25</p> <p>Develop and roll out the action plan to support the Council's data and business intelligence strategy</p>

	<p><u>Annual Information Governance report</u></p> <p>Mandatory data protection and cyber security training</p> <p><u>Information Governance Policy Framework</u></p> <p>Cyber security and ICT continuity Lead</p> <p>Data Protection Impact Assessments</p> <p><u>Record retention policy and identified Information Asset Owners</u></p>	
<p>To ensure strong public monetary management (Lead – Sean Cremer, Corporate Director for Finance and Commercial)</p>		
<ul style="list-style-type: none"> • Ensure financial management supports both long-term achievement of outcomes and short-term financial and operational performance; and • Ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<p><u>Evidenced by:</u></p> <p><u>Section 151 Officer</u></p> <p><u>Performance Management Framework</u></p> <p><u>Medium Term Financial Plan</u></p> <p><u>Budget update reports to committee</u></p> <p><u>Pay Policy Statement</u></p>	<p><u>Identified Improvement for 2024/25</u></p>

	<p>Annual Governance Statement</p> <p><u>Annual Outturn and Financial Statements</u></p> <p>Quarterly Report including performance</p>	
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PRINCIPLE G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

To demonstrate good practice with transparency

(Lead – Marc Eyre, Service Manager for Assurance / Jacqui Andrews, Service Manager for Democratic and Electoral Services)

- Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate; and
- Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous and ensuring the information is easy for users to understand.

Evidenced by:

Annual Governance Statement

[Member allowances scheme](#)

[Annual Internal Audit Opinion report](#)

[Freedom of Information and Disclosure system](#)

Independent remuneration panel

[Committee report clearance process and Democratic Services Hub \(Internal Link\)](#)

[Committee reports published and meetings open to the public, including streaming \(unless exempt\)](#)

Identified Improvement for 2024/25

Respond to recommendations from external inspections and peer reviews

Work with Deloitte to finalise outstanding financial statements

To implement good practices in reporting

(Lead – David Bonner, Service Manager for Business Intelligence and Performance)

- Report at least annually on performance, value for money and the stewardship of its resources to stakeholders in a timely and understandable way;

Evidenced by:

Identified Improvement for 2024/25

<ul style="list-style-type: none"> • Ensure councillors and senior management own the results; • Ensure robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publish the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement); • Ensure that the framework is applied to jointly managed or shared service organisations as appropriate; and • Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations. 	<p><u>Council plan</u> and supporting performance reporting.</p> <p>Accountable officers for performance indicators</p> <p>Accountable officers for risks</p>	
<p>To provide assurance and effective accountability</p> <p>(Lead – Marc Eyre, Service Manager for Assurance / David Bonner, Service Manager for Business Intelligence and Performance)</p>		
<ul style="list-style-type: none"> • Ensure that recommendations for corrective action made by external audit are acted upon; • Ensure an effective internal audit service with direct access to councillors is in place which provides assurance with regard to governance arrangements and that recommendations are acted upon; • Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations; • Gain assurance on risks associated with delivering services through third parties and evidence this in the Annual Governance Statement; and • Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met 	<p><u>Evidenced by:</u></p> <p><u>Audit and Governance Committee</u></p> <p><u>Internal audit delivered by SWAP Internal Audit Services.</u></p> <p>Monitoring and reporting of audit recommendations</p> <p>Quarterly audit reporting to <u>Audit and Governance Committee</u></p>	<p><u>Identified Improvement for 2024/25</u></p> <p>Audit action tracking built into new strategic reporting tools/dashboards as part of the wider corporate performance framework</p>

	<p style="text-align: center;">External audit</p> <p style="text-align: center;">Periodic peer reviews and external inspections (During 2023: LCS Sep 2023; Care Leavers May 2023; LGA peer review May 2023; Communications peer review October 23; Ofsted SEND March 2024)</p>	
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APPENDIX C: PENSION FUND ACCOUNTS 2023-24

FUND ACCOUNT					
2022/23				2023/24	
£'000	£'000		Note	£'000	£'000
Dealings with members, employers and others directly involved in the Fund:					
	141,527	Contributions	7		156,866
109,217		Employer contributions		121,979	
32,310		Member contributions		34,887	
	5,708	Transfers in from other pension funds	8		15,871
	147,235	Total additions from dealing with members etc.			172,737
	(141,306)	Benefits	9		(159,280)
(120,256)		Pensions		(135,005)	
(17,446)		Commutation and lump sum retirement benefits		(19,660)	
(3,604)		Lump sum death benefits		(4,615)	
	(6,748)	Payments to and on account of leavers	10		(12,922)
(406)		Refunds of contributions		(502)	
(6,342)		Transfers to other pension funds		(12,420)	
	(819)	Net additions/(withdrawals) from dealings with members and others			535
	(17,947)	Management expenses	11		(20,955)
	(18,766)	Net additions/(withdrawals) including Fund management expenses			(20,420)
Returns on investments:					
	19,535	Investment Income	12		18,514
	(182,574)	Profit/(loss) on disposal of investments and changes in the value of investments			399,575
	(163,039)	Net return on investments			418,089
	(181,805)	Net increase/(decrease) in assets available for benefits during the year			397,669
	3,703,800	Opening net assets of the Fund			3,521,995
	3,521,995	Closing net assets of the Fund			3,919,664

NET ASSETS STATEMENT				
31 March 2023			31 March 2024	
£'000	£'000	Note	£'000	£'000
	707	Long term investments	13	722
707		Brunel Pension Partnership Ltd		722
	3,517,356	Investment assets	14	3,921,466
72		Equities		77
3,069,686		Pooled investment vehicles		3,464,168
135,849		Private equity		138,390
245,859		Property		235,645
58,035		Cash & cash equivalents		81,929
7,087		Derivative contracts	16	528
768		Other investment assets		729
	(1)	Investment liabilities		(3,352)
(1)		Derivative contracts	16	(3,352)
-		Other investment liabilities		-
	3,518,062	Total net investments		3,918,836
	10,770	Current assets		12,619
10,032		Contributions due from employers		11,584
738		Other current assets		1,035
	(6,837)	Current liabilities		(11,791)
(560)		Unpaid benefits		(1,259)
(6,277)		Other current liabilities		(10,532)
	3,521,995	Net assets available to fund benefits		3,919,664

DISCLOSURE NOTES

NOTE 1. DESCRIPTION OF THE FUND

The Dorset County Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by Dorset Council ("the Council").

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by the Council to provide pensions and other benefits for pensionable employees of the Council, other councils and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Pension Fund Committee ("the Committee"), which is a committee of the Council.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

- **Scheduled bodies**, which are automatically entitled to be members of the Fund.
- **Admitted bodies**, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

31 March 2023		31 March 2024
339	Total Employers	346
	Employees	
7,270	Administering Authority	6,546
21,010	Other Scheduled Bodies	19,234
1,009	Admitted Bodies	846
29,289	Total Employees	26,626
	Pensioners	
9,723	Administering Authority	9,954
14,423	Other Scheduled Bodies	15,109
2,035	Admitted Bodies	2,148
26,181	Total Pensioners	27,211
	Deferred Pensioners	
8,917	Administering Authority	9,407
14,964	Other Scheduled Bodies	17,592
1,529	Admitted Bodies	1,585
25,410	Total Deferred Pensioners	28,584
80,880	Total Members	82,421

c) **Funding**

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 10.0% to 29.0% of pensionable pay.

d) **Benefits**

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits.

NOTE 2. BASIS OF PREPARATION

The statement of accounts summarise the Fund's transactions for the 2023/24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2023/24. IFRS 16, introduced on 1 January 2019, was originally due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. However, an optional deferral to adopt IFRS 16 from either 1 April 2022, 1 April 2023 or 1 April 2024 has been announced following an emergency consultation for updating the Code. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the Fund because it does not hold any assets as a lease.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Fund has opted to disclose this information by appending an actuarial report.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account:

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.
- Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event

arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long term financial assets.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund:

- Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (Note 8).
- Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

- Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- Rental income is recognised on a straight-line basis over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.
- Changes in the value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016). All items of expenditure are charged to the Fund on an accruals basis.

Net Assets Statement:

Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 17). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Freehold and leasehold properties

Properties are valued annually as at the year-end date by independent external valuers on a fair value basis and in accordance with the Royal Institute of Chartered Surveyors' (RICS) Valuation Standards. See Note 17 for more details.

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable as at the year-end date plus accrued interest.

Financial liabilities

A financial liability is recognised in the net assets statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an actuarial report appended to the accounts.

Additional voluntary contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22.

Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise in circumstances where it is not possible at the balance sheet date to measure the

value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes (see Note 24).

NOTE 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Pension fund liability

The net Fund liability is re-calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 20. Actuarial re-valuations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Directly held property

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value.

NOTE 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However actual outcomes could be different from the assumptions and estimates made.

The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Actuarial present value of promised retirement benefits (Note 21)

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on Fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the Fund with expert advice about the assumptions to be applied.

Private equity investments (Note 17)

Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Freehold, leasehold property and pooled property funds (Note 17)

Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.

NOTE 6. EVENTS AFTER THE REPORTING DATE

There are events, both favourable and unfavourable, that can occur between the end of the reporting period and the date when the financial statements are authorised for issue. There are events that

provide additional information about conditions that existed at the end of the reporting period (adjusting events), and events that occur after the reporting period (non-adjusting events). No events after the reporting date have been identified.

NOTE 7. CONTRIBUTIONS RECEIVABLE

By category:

2022/23		2023/24
£'000	Employer contributions	£'000
84,930	Contributions re future service costs	96,463
21,113	Contributions re past service costs (deficit recovery)	23,980
2,351	Voluntary additional contributions	261
823	Augmentation cost of early retirements	1,275
109,217	Total employer contributions	121,979
32,310	Member contributions	34,887
141,527	Total contributions receivable	156,866

By type of employer:

2022/23		2023/24
£'000		£'000
45,274	Administering authority	49,016
92,199	Other scheduled bodies	103,070
4,054	Admitted bodies	4,780
141,527	Total contributions receivable	156,866

NOTE 8. TRANSFERS IN FROM OTHER PENSION FUNDS

All transfers in from other pension funds were individual transfers, there were no group transfers to the Fund in 2023-24.

NOTE 9. BENEFITS PAYABLE

By type of employer:

2022/23		2023/24
£'000		£'000
48,010	Administering authority	54,019
81,809	Other scheduled bodies	92,525
11,487	Admitted bodies	12,736
141,306	Total benefits payable	159,280

NOTE 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

All transfers out to other pension funds were individual transfers.

NOTE 11. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

2022/23		2023/24
£'000		£'000
2,272	Administrative expenses	2,338
632	Oversight and governance costs	571
15,043	Investment management expenses	18,046
17,947	Total management expenses	20,955

Investment management expenses consisted of:

2022/23		2023/24
£'000		£'000
12,382	Investment management fees	15,335
320	Performance related fees	295
23	Custody fees	23
1,457	Transaction costs	1,698
861	Other fees and costs	695
15,043	Total investment management expenses	18,046

Transaction costs associated with pooled investment vehicles are taken into account in calculating the bid/offer spread of these investments and are therefore embedded within the purchase and sales costs and not separately identifiable. All other transaction costs have been charged to the fund account.

NOTE 12. INVESTMENT INCOME

2022/23		2023/24
£'000		£'000
4	Equities	6
5,196	Pooled Investments	1,617
2,806	Pooled Property Investments	2,067
10,748	Direct Property	11,406
141	Private Equity	84
381	Interest from Cash Deposits	3,065
0	Other Income	1
-	Class Action Income	1
260	Fee Rebate Income	268
19,535	Total Investment Income	18,514

NOTE 13. LONG TERM INVESTMENTS

In response to the requirements of the investment regulations for LGPS funds to pool investment assets, Brunel Pension Partnership Ltd (Brunel) has been formed to oversee the investment assets for the Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire LGPS funds.

Each of the ten funds own an equal share of Brunel, with share capital invested by each fund at a cost of £840k. The value of each fund's shareholding based on Brunel's most recently audited accounts was £722k (£707k at 31 March 2023).

NOTE 14. INVESTMENT ASSETS

31 March 2023			31 March 2024	
Market Value		Description / Investment Manager	Market Value	
%	£'000		£'000	%
0.00%	72	Equities	77	0.00%
	72	Investec	77	
3.90%	135,849	Private Equity	138,390	3.50%
	69,954	HarbourVest	63,088	
	20,236	Abrdn	13,928	
	12,692	Capital Dynamics Global Secondary Fund V	12,569	
	9,686	Neuberger Berman Private Equity Impact Fund	12,217	
	10,085	Neuberger Berman SCIOP IV	14,528	
	-	Neuberger Berman Clifton Fund III	3,625	
	5,112	Ardian LBO Fund	5,993	
	3,634	Vespa Capital III	4,373	
	1,665	Summit Eur Growth EQ III SCSP LP	2,514	
	2,785	Alpinvest Secondaries Fund VII Limited Partnership	5,555	
7.00%	245,859	Property (directly owned)	235,645	6.00%
	245,859	CBRE Global Investors	235,645	
		Pooled Investment Vehicles:		
6.50%	229,091	Bonds	256,367	6.50%
	160,203	RLAM Corporate Bond Fund	-	
	68,888	Royal London Mutual Insurance Mutual Fund	256,367	
8.80%	309,992	UK Equities - Quoted	339,906	8.70%
	125,124	LGIM UK Equity Index (passive)	135,774	
	184,868	Brunel UK Equities	204,132	
48.60%	1,709,621	Global Equities - Quoted	1,973,886	50.30%
	307,261	LGIM Smart Beta Fund	348,876	
	199,868	LGIM World Developed Equities Index Fund	243,048	
	108,616	LGIM Paris Aligned Benchmark Developed Equities	267,710	
	108,572	LGIM Climate Transition Benchmark Developed Equities	-	
	269,882	Brunel Global High Alpha Equities	325,323	
	142,249	Brunel Emerging Markets Equities	147,803	
	347,678	Brunel Global Sustainable Equities	393,596	
	225,495	Brunel Smaller Companies Equities	247,530	
6.60%	232,448	Multi Asset Credit (MAC)	269,755	6.90%
	46,933	CQS Global Funds Mutual Fund	56,299	
	46,990	Oaktree (LUX) III SA SICAV Mutual Fund	55,083	
	138,526	Neuberger Berman Investment Mutual Fund	158,373	
1.60%	56,895	Property Funds	71,574	1.80%
	24	Lend Lease Retail Partnership	23	
	3,835	Standard Life UK Shopping Centre Trust	3,444	
	15,161	CBRE UK Long Income Property Fund	13,917	
	19,730	Aberdeen Standard Long Lease Property Fund	26,809	
	18,144	M&G Secured Income Property Fund	27,381	
6.70%	236,496	Diversified Returns Funds	262,203	6.70%
	236,496	Brunel Diversifying Returns Fund	262,203	
7.90%	276,188	Infrastructure	290,476	7.40%
	93,750	Hermes GPE Infrastructure Funds	83,652	
	154,272	IFM Global Infrastructure Fund	161,422	
	18,470	Greencoats Renewable Income Infrastructure Fund	24,479	
	9,696	STEPSTONE B III	20,923	
0.50%	18,955	Liability Driven Investment	-	0.00%
	18,955	Insight LDI Fund	-	
87.20%	3,069,686	Total - Pooled Investments	3,464,168	88.30%

31 March 2023			31 March 2024	
Market Value		Description / Investment Manager	Market Value	
1.60%	58,035	Cash & Cash Equivalents	81,929	2.10%
0.20%	7,087	Derivatives	528	0.00%
0.00%	768	Investment Receivables	729	0.00%
100.00%	3,517,356	Total Investment Assets	3,921,466	100.00%

Any single investments exceeding 5% of total net assets are in pooled investment vehicles made up of underlying investments each of which represent substantially less than 5% of total net assets.

Investment assets under the management of Brunel Pension Partnership are valued at £3,263M at 31 March 2024 (£2,699M at 31 March 2023).

The pension fund's investment portfolio includes a number of directly owned properties that are leased commercially to various tenants. The future minimum lease payments receivable are as follows:

31 March 2023		31 March 2024	
£'000		£'000	
10,047	Within one year	11,139	
34,515	Between one and five years	44,554	
34,122	Later than five years	48,516	
78,684	Total future lease payments due under existing contracts	104,209	

NOTE 15. RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

The following table summarises details of purchases, sales and changes in the market valuation of investments in the fund during the financial year.

2023-24	Value 1 April 2023 £'000	Purch's & Derivative payments £'000	Sales & Derivative receipts £'000	Change in market value £'000	Value 31 March 2024 £'000
Long Term Investments	707	-	-	15	722
Equities	72	267,479	(267,460)	(14)	77
Pooled Investment Vehicles	3,069,686	428,269	(424,943)	391,156	3,464,168
Private Equity	135,849	17,624	(16,939)	1,856	138,390
Property	245,859	2,281	(6,131)	(6,364)	235,645
Total Securities	3,452,173	715,653	(715,473)	386,649	3,839,002
Forward Foreign Exchange	7,086	-	-	(9,910)	(2,824)
Total Securities and Derivatives	3,459,259	715,653	(715,473)	376,739	3,836,178
Other Investment Balances:					
Cash & cash equivalents	58,035	-	-	22,850	81,929
Other investment assets	768	-	-	(14)	729
Other investment liabilities	0	-	-	-	-
Total Net Investments	3,518,062	715,653	(715,473)	399,575	3,918,836

2022-23	Value 1 April 2022 £'000	Purch's & Derivative payments £'000	Sales & Derivative receipts £'000	Change in market value £'000	Value 31 March 2023 £'000
Long Term Investments	838	-	-	(131)	707
Equities	59	-	-	13	72
Pooled Investment Vehicles	3,210,018	438,590	(448,439)	(130,483)	3,069,686
Private Equity	132,224	15,894	(17,749)	5,480	135,849
Property	274,308	15,022	(1,953)	(41,518)	245,859
Total Securities	3,617,447	469,506	(468,141)	(166,639)	3,452,173
Forward Foreign Exchange	3,108	-	-	3,978	7,086
Total Securities and Derivatives	3,620,555	469,506	(468,141)	(162,661)	3,459,259
Other Investment Balances:					
Cash & cash equivalents	72,664	-	-	(19,942)	58,035
Other investment assets	1,241	-	-	29	768
Other investment liabilities	0	-	-	-	-
Total Net Investments	3,694,460	469,506	(468,141)	(182,574)	3,518,062

NOTE 16. ANALYSIS OF DERIVATIVES

The Fund's holdings in derivatives are to hedge liabilities or hedge exposures to reduce risk. To maintain appropriate diversification a significant proportion of the Fund's equity portfolio is in overseas stock. To reduce the volatility associated with fluctuating currency rates, the Fund hedges 50% of the US Dollar, Euro and Japanese Yen exposure within its global equities investments. As at 31 March, the Fund held the following open forward currency contracts.

Settlement	Currency Bought	Local Value 000s	Currency Sold	Local Value 000s	Asset Value £'000	Liability Value £'000
2-6 months	GBP	37,400	EUR	43,604	17	-
2-6 months	GBP	35,447	JPY	6,601,821	510	(1)
2-6 months	GBP	304,776	USD	389,409	0	(3,351)
Open Forward Currency Contracts at 31 March 2024					527.7	(3,351.9)
Net Forward Currency Contracts at 31 March 2024						(2,824.1)

Settlement	Currency Bought	Local Value 000s	Currency Sold	Local Value 000s	Asset Value £'000	Liability Value £'000
1-6 months	GBP	264,294	USD	319,724	6,116.6	(0.4)
	GBP	31,501	JPY	5,014,000	723.8	(0.2)
	GBP	37,402	EUR	42,163	246.2	(0.3)
Open Forward Currency Contracts at 31 March 2023					7,086.6	(0.9)
Net Forward Currency Contracts at 31 March 2023						7,085.7

NOTE 17. FAIR VALUE OF INVESTMENT ASSETS

All investment assets have been valued using fair value techniques based on the characteristics of each asset class. Asset valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values, as follows:

- **Level 1:** where fair values are derived from unadjusted quoted prices in active markets for identical assets;

- **Level 2:** where quoted market prices are not available, for example, where an asset is traded in a market that is not considered to be active, but where valuation techniques are based significantly on observable market data;
- **Level 3:** where at least one input that could have a significant effect on the asset's valuation is not based on observable market data.

The following tables summarise the Fund's investment assets by class at 31 March 2024 and at 31 March 2023 measured at fair value according to the above fair value hierarchy.

31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	77	-	-	77
Pooled Investment Vehicles	-	3,137,181	326,987	3,464,168
Private Equity	-	-	138,390	138,390
Property	-	-	235,645	235,645
Cash & Cash Equivalents	55,887	26,042	-	81,929
Derivatives	-	528	-	528
Other investment assets	729	-	-	729
Total	56,693	3,163,751	701,022	3,921,466

31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	72	-	-	72
Pooled Investment Vehicles	-	2,736,604	333,082	3,069,686
Private Equity	-	-	135,849	135,849
Property	-	-	245,859	245,859
Cash & Cash Equivalents	49,622	8,413	-	58,035
Derivatives	-	7,087	-	7,087
Other investment assets	768	-	-	768
Total	50,462	2,752,104	714,790	3,517,356

During the year ended 31 March 2024 there were no transfers between levels 1, 2 or 3 of the fair value hierarchy.

The basis of the valuation of each class of investment asset is summarised below.

Description of Asset	Basis of Valuation	Key Inputs	Key Sensitivities
Level 1:			
Market quoted investments	Published bid market price ruling on the final day of the accounting period.	Not required.	Not required.
Exchange traded pooled investments	Published exchange prices at the reporting date.	Not required.	Not required.
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Level 2:			
Pooled investments - unit trusts etc.	Closing bid price where bid and offer prices are published, or closing single price where single price only is published.	Net Asset Value (NAV) based pricing set on a forward pricing basis.	Not required.

Level 3:

Freehold and leasehold properties	Valued at fair value at the reporting date by Peter Sudell FRICS of BNP Paribas Real Estate and Andrew Wells FRICS (the Derwent portfolio) of Allsop LLP, both acting as independent valuers and in accordance with current RICS Valuation Standards.	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength for existing tenants, assumed vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices.
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Unquoted equity	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018).	Earnings (EBITDA) and revenue multiples, discount for lack of marketability, control premium.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's reporting date, changes to expected cashflows, differences between audited and unaudited accounts.
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Level 3:

Property funds (where regular trading does not take place)	Underlying assets valued at fair value at the reporting date by each fund's valuers in accordance with current RICS Valuation Standards, taking account of other financial assets and liabilities within the fund structure.	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength for existing tenants, assumed vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices.
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Sensitivity of assets valued at Level 3

The Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing values of investments held at 31 March 2024.

	Valuation range % (+/-)	Value at 31 March 2024 £'000	Value on Increase £'000	Value on Decrease £'000
Pooled Investment Vehicles	15.00%	326,987	376,035	277,939
Private Equity	15.00%	138,390	159,149	117,632
Property	15.00%	235,645	270,992	200,298
Total		701,022	806,176	595,869

The following tables provides an analysis of the Fund's assets and liabilities by fair value hierarchy.

31 March 2024	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	77	-	-	77
Pooled investments	-	3,137,181	255,413	3,392,594
Pooled property investments	-	-	71,574	71,574
Private equity	-	-	138,390	138,390
Derivative contracts	-	528	-	528
Sub-total	77	3,137,709	465,377	3,603,163
Non financial assets at fair value through profit and loss				
Property	-	-	235,645	235,645
Financial liabilities at fair value through profit and loss				
Derivative contracts	-	(3,352)	-	(3,352)
Total	77	3,134,357	701,022	3,835,456
31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	72	-	-	72
Pooled investments	-	2,736,604	276,188	3,012,791
Pooled property investments	-	-	56,895	56,895
Private equity	-	-	135,849	135,849
Derivative contracts	-	7,087	-	7,087
Sub-total	72	2,743,690	468,931	3,212,694
Non financial assets at fair value through profit and loss				
Property	-	-	245,859	245,859
Financial liabilities at fair value through profit and loss				
Derivative contracts	-	(1)	-	(1)
Total	72	2,743,689	714,790	3,458,552

The following table provides a reconciliation of fair value measurements within Level 3.

	Pooled Investment £'000	Private Equity £'000	Property £'000	Total £'000
Opening value at 1 April 2023	333,082	135,849	245,859	714,790
Purchases and derivative payments	67,927	17,624	2,281	87,832
Sales and derivative receipts	(69,622)	(16,939)	(6,131)	(92,692)
Unrealised gains and losses	(3,176)	(8,289)	(6,364)	(17,829)
Realised gains and losses	(1,224)	10,145	-	8,921
Closing value at 31 March 2024	326,987	138,390	235,645	701,022

NOTE 18. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Fair value through profit and loss £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000
As at 31 March 2024			
Financial assets			
Equities	77	-	
Pooled investements	3,392,594	-	
Pooled property investments	71,574	-	
Private equity	138,390	-	
Derivative contracts	528	-	
Cash and cash equivalents	-	81,929	
Other investment balances	-	729	
Debtors	-	12,619	
Total	3,603,163	95,277	
Financial liabilities			
Derivative contracts			3,352
Other investment balances			-
Sundry creditors			11,791
Total			15,143

	Fair value through profit and loss £'000	Assets at amortised cost £'000	Liabilities at amortised cost £'000
As at 31 March 2023			
Financial assets			
Equities	72	-	
Pooled investements	3,012,791	-	
Pooled property investments	56,895	-	
Private equity	135,849	-	
Derivative contracts	7,087	-	
Cash and cash equivalents	-	58,035	
Other investment balances	-	768	
Debtors	-	10,770	
Total	3,212,694	69,573	
Financial liabilities			
Derivative contracts			1
Other investment balances			-
Sundry creditors			6,837
Total			6,838

NOTE 19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunities for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, interest rate risk and currency risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet its forecast cash flows.

Responsibility for the Fund's risk management strategy rests with the Committee. The Committee receives regular reports from all investment managers and from its Independent Investment Adviser on the nature of the investments made and their associated risks.

(a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset classes, geographical and industry sectors, and individual securities. Exposure to specific markets and asset classes is limited by applying strategic targets to asset allocation, which are agreed and monitored by the Committee.

(a) (i) Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all such instruments in the market. The Fund's investment managers mitigate this risk through diversification in line with their own investment strategies.

The following table demonstrates the change in the net assets available to pay benefits if the market price for each class of investment had increased or decreased by 15%, excluding cash and other investment assets.

As at 31 March 2024	Value £'000	Change %	Increase £'000	Decrease £'000
Equities	77	15.00%	12	(12)
Pooled Investment Vehicles	3,464,168	15.00%	519,625	(519,625)
Private Equity	138,390	15.00%	20,759	(20,759)
Property	235,645	15.00%	35,347	(35,347)
Cash & cash equivalents	81,929	0.00%	-	-
Derivatives	528	15.00%	79	(79)
Other investment assets	729	0.00%	-	-
Total	3,921,466	14.68%	575,822	(575,822)



As at 31 March 2023	Value £'000	Change %	Increase £'000	Decrease £'000
Equities	72	15.00%	11	(11)
Pooled Investment Vehicles	3,069,686	15.00%	460,453	(460,453)
Private Equity	135,849	15.00%	20,377	(20,377)
Property	245,859	15.00%	36,879	(36,879)
Cash & cash equivalents	58,035	0.00%	-	-
Derivatives	7,087	15.00%	1,063	(1,063)
Other investment assets	768	0.00%	-	-
Total	3,517,356	14.75%	518,783	(518,783)



(a) (ii) Interest Rate Risk

Interest rates can vary and can affect both income the Fund and the value of Fund assets, both of which affect the value of net assets available to pay benefits. The Fund's exposure to interest rate movements on those investments at 31 March 2024 and 2023 are provided below, based on underlying financial assets at fair value.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of an increase or decrease of 1% (100 basis points) in interest rates.

The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalents but they will affect the interest received on those balances.

As at 31 March 2024	Market	Change in net assets	
	Value 	+1% 	-1%
	£'000	£'000	£'000
Cash & cash equivalents	81,929	-	-
Assets held in pooled investment vehicles:			
Bonds	256,367	14,833	(14,833)
Multi Asset Credit (MAC)	269,755	6,818	(6,818)
Liability Driven Investment (LDI)	-	-	-
Total	608,051	21,651	(21,651)

As at 31 March 2023	Market	Change in net assets	
	Value 	+1% 	-1%
	£'000	£'000	£'000
Cash & cash equivalents	58,035	-	-
Assets held in pooled investment vehicles:			
Bonds	229,091	13,178	(13,178)
Multi Asset Credit (MAC)	232,448	4,862	(4,862)
Liability Driven Investment (LDI)	18,955	190	(190)
Total	538,530	18,230	(18,230)

(a) (iii) Currency Risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling (GBP).

To mitigate the effect of movements in foreign exchange rates against its overseas equities investments, the Fund has in place a 50% passive currency hedge against the three major currencies, the US Dollar, the Euro and the Japanese Yen, and 50% of its holdings in the LGIM Passive Developed Equities and Smart Beta funds are in hedged units.

Following analysis of historical data, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than +/- 15% in total. The following summarises the Fund's exposure to currency exchange rate movements on its investments net of these hedges.

As at 31 March 2024	Total	Unhedged	Potential
	Exposure	Exposure	Movement
	£'000	£'000	£'000
Equities	77	39	6
Pooled Investment Vehicles	2,667,267	1,754,225	263,134
Private Equity	138,390	138,390	20,759
Total	2,805,734	1,892,654	283,898

As at 31 March 2023	Total	Unhedged	Potential
	Exposure	Exposure	Movement
	£'000	£'000	£'000
Equities	72	36	5
Pooled Investment Vehicles	2,332,837	1,549,151	232,373
Private Equity	135,849	135,849	20,377
Total	2,468,758	1,685,036	252,755

(b) Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The selection of high quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund also sets limits as to the maximum percentage of deposits placed with any one individual institution. In addition, the Fund invests in low volatility money market funds, all of which have a AAA rating from the leading credit rating agencies.

The table below summarises the Fund's exposure to credit risk at 31 March 2024 and 31 March 2023.

	31 March 2024	31 March 2023
Investment	£'000	£'000
Cash and Cash Equivalents	81,929	58,035
Assets held in pooled investment vehicles:		
Bonds	256,367	229,091
Multi Asset Credit (MAC)	269,755	232,448
Liability Driven Investment (LDI)	0	18,955
Total	608,051	538,530

(c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. Such risks are mitigated by maintaining a detailed cashflow model and taking appropriate steps to ensure that there is adequate cash available to meet liabilities as they fall due.

The Fund has immediate access to its cash holdings and defines liquid assets as assets that can be converted to cash within three months' notice, subject to normal market conditions. As at 31 March 2024, liquid assets were £3,263M representing 83% of total net assets (£2,669m at 31 March 2023 representing 76% of total net assets at that date).

NOTE 20. FUNDING ARRANGEMENTS

In accordance with the LGPS Regulations, the Fund's actuary, Barnett Waddingham, undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The most recent such valuation took place as at 31 March 2022, setting employer contribution rates for the period 1 April 2023 to 31 March 2026.

The next valuation is taking place as at 31 March 2025 and will set employer contribution rates for the period 1 April 2026 to 31 March 2029.

The key elements of the funding policy are:

- to ensure that the long-term solvency of the Fund i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

Contribution rates for the year ending 31 March 2024 were set at the valuation calculated as at 31 March 2022. The common contribution rates set at the 2022 valuation for the three-year period ending 31 March 2026 are as follows.

	2023/24	2024/25	2025/26
Primary rate (future service contributions)	19.10%	19.10%	19.10%
Secondary rate (deficit recovery contributions)	3.10%	3.30%	3.40%
Total employer contributions	22.20%	22.40%	22.50%

The contribution rates paid by each employer, in addition to those paid by members of the scheme, are set to be sufficient to meet the liabilities that build up each year within the Fund in respect of the

benefits earned by each employer's active members of the Fund during the year plus an amount to reflect each participating employer's share of the value of the Fund's assets compared with the liabilities that have already accrued at the valuation date. Each employer pays an individual rate of contributions to reflect its own particular circumstances and funding position within the Fund. The contribution rates were calculated using the projected unit method taking account of market conditions at the valuation date.

At the 2022 actuarial valuation, the Fund was assessed as 96% funded (92% at the 2019 valuation) with a deficit recovery period of no more than 16 years (19 years at the 2019 valuation). The key assumptions applied by the actuary for the 2022 and 2019 valuations are summarised below. To be consistent with the market value of assets, the liabilities were valued allowing for expected future investment returns and increases to benefits as determined by market levels at the valuation date.

	Valuation 2019	Valuation 2022
Annual rate of return on investments (discount rate)	5.00%	4.90%
Annual rate of increases in pay (long term)	3.60%	4.00%
Annual rate of inflation (CPI)	2.60%	3.00%

NOTE 21. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary, Barnett Waddingham, also undertakes a valuation of the Fund's liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year. This annual valuation is not carried out on the same basis as that used for setting employer contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

This valuation as at 31 March 2024 is set out in Appendix D to these financial statements.

NOTE 22. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The Council administers an in-house AVC Scheme with two designated providers, Prudential and Utmost Life and Pensions Limited (formerly Equitable Life). The amounts contributed to AVC plans by employees who are members of the pension scheme do not form any part of, and are not included in, the Fund accounts.

Each employer in the Fund is responsible for collecting from their own employees and paying to the AVC provider those contributions due on AVC plans. Dorset Council, in its capacity as a scheme employer, deducted and paid to the AVC providers a total of £1,352k in 2023/24 (£929k in 2022/23).

NOTE 23. RELATED PARTY TRANSACTIONS

Related party issues arise primarily from the fact that the Council is the administering authority for the Fund. The Council also has various operational, contractual and financial dealings with a number of scheduled and admitted bodies of the Fund, however, these activities do not relate to the Council's role as administering authority for the Fund.

The Council remits monthly contributions to the Fund in arrears, and March 2024 contributions of £3.4m were accrued as at 31 March 2024. Management and administration costs of £2.4m were incurred by the Council and recharged to the Fund in 2023/24. In addition, at any given time there may be amounts which have been paid or received by both the Council or the Fund where indebtedness arises between the two. These can arise due to operational necessity or where single transactions have elements relating to both the Council and the Fund and are settled on a regular basis.

Senior officers of the Council are members of the Fund as employee contributors. As at 31 March 2024, one member of the Committee was a contributing member of the Fund. The key management

personnel of the Fund are the members of the Committee, the Council's Chief Financial Officer (who is the Fund Administrator) and the Deputy Chief Financial Officer. The £2.4m recharge from the Council includes a charge of £21k for the Deputy Chief Financial Officer's time spent working for the Fund.

NOTE 24. CONTINGENT ASSETS, LIABILITIES AND CONTRACTUAL COMMITMENTS

Recovery of withholding tax

The Fund is continuing the process required to recover withholding tax from various EU investments following rulings requiring equal treatment for all EU investors. These claims will be retrospective and will cover a varying number of years depending on the domicile. Neither the amount nor the expected time of settlement are known so consequently the financial statements as at 31 March 2024 do not reflect any potential recovery of tax.

Impact of the McCloud and Sargeant judgements

The Local Government Pension Scheme (LGPS) introduced a new Career Average Revalued Earnings (CARE) benefit structure with effect from 1 April 2014. For members who were 10 years or less from Normal Retirement Age on 1 April 2012, an 'underpin' was provided based on the existing final salary scheme to provide transitional protection to those members.

In December 2018, the Court of Appeal found that transitional protections in the pension schemes for firefighters ("McCloud") and the judiciary ("Sargeant") resulted in unlawful age discrimination. The implications of the ruling apply to all public sector schemes including the LGPS. Remedial regulations came into effect in October 2023 and the software required for the implementation of the remedy is expected late 2024.

The Government Actuary's Department's (GAD) estimated the potential impact to be between 0.1% and 3.2% of total LGPS active member liabilities, depending on a number of assumptions. Whilst this looks at the national picture, the impact on any given fund and its scheme employers could be significantly different. The Fund's actuary has calculated the estimated impact on liabilities for the main employers in the Fund based on the assumptions used by GAD. These results range from 0.4% to 0.8% of total liabilities for each employer but remain uncertain until remedial regulations are finalised.

Commitments to private markets' portfolios

Outstanding capital commitments (investments) at 31 March 2024 were approximately £145m. These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the pension fund. The amounts 'called' by these funds are irregular in both size and timing over a number of years from the date of each original commitment.



**BARNETT
WADDINGHAM**
beyond the expected

Dorset County Pension Fund

IAS26 Report as at 31 March 2024

v2

3 July 2024



Introduction

We have been instructed by Dorset Council, the administering authority to the Dorset County Pension Fund (the Fund), to undertake pension expense calculations in respect of pension benefits provided by the Local Government Pension Scheme (the LGPS) to members of the Fund as at 31 March 2024. We have taken account of current LGPS Regulations, as amended, as at the date of this report.

This report is addressed to the administering authority and its advisers; in particular, this report is likely to be of relevance to the Fund's auditor.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website (www.lgpsregs.org/) and the Fund's membership booklet (www.lgpsmember.org/).

This report is prepared in accordance with our understanding of IAS26. This advice complies with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC). In calculating the disclosed numbers we have adopted methods and assumptions that are consistent with IAS19.

This report should be read in conjunction with the post accounting date briefing note for disclosures as at 31 March 2024.

This report supersedes previous versions of this report and has been updated to reflect a revised net asset statement.

We would be pleased to answer any questions arising from this report.



Hagen Eichel FFA
Actuary

Data used

We have used the following items of data which we received from the administering authority:

Results of the latest funding valuation as at	31 March 2022
Results of the previous IAS26 report as at	31 March 2023
Fund asset statement as at	31 March 2024
Fund income and expenditure items to	31 March 2024
Details of any new unreduced early retirement payments out to	31 March 2024

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and we are happy that the data is sufficient for the purposes of this advice.

Although some estimation of the data to the accounting date may be required, we do not believe it is likely to be material to the results in this report.

We are not aware of any material changes or events since we received the data.

Employer membership statistics

The table below summarises the membership data at 31 March 2022.

Member data summary	Number	Salaries/Pensions £000s	Average age
Actives	23,160	455,060	47
Deferred pensioners	35,046	49,563	50
Pensioners	25,296	121,447	72

Payroll

The total pensionable payroll for the employers in the Fund is set out below and is based on information provided to us by the administering authority.

Estimated payroll for the year to 31 March 2024 £495,960,000

Unfunded benefits

We have excluded any unfunded benefits as these are liabilities of employers rather than the Fund.

Early retirements

We requested data on any early retirements in respect of the Fund from the administering authority for the year ending 31 March 2024.

We have been notified of 21 new early retirements during the year which were not allowed for at the previous accounting date. The total annual pension that came into payment was £251,600.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2024 is calculated to be 11.81% based on the Fund asset statements and Fund cashflows as set out in the Data section preceding this section.

The estimated asset allocation for the Fund is as follows (noting that due to rounding they may not total 100%):

Asset breakdown	31 Mar 2024		31 Mar 2023	
	£000s	%	£000s	%
Equities	2,452,982	63%	2,192,046	62%
Liability Driven Investment	0	0%	18,955	1%
Cash	80,134	2%	58,803	2%
Other Bonds	256,367	7%	229,091	7%
Diversified Growth Fund	262,731	7%	236,496	7%
Property	307,219	8%	283,023	8%
Infrastructure	290,476	7%	266,492	8%
Multi Asset Credit	269,755	7%	232,448	7%
Total	3,919,664	100%	3,517,354	100%

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2024 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2024	31 Mar 2023	31 Mar 2022
	p.a.	p.a.	p.a.
Discount rate	4.90%	4.80%	2.60%
Pension increases (CPI)	2.90%	2.85%	3.20%
RPI inflation	3.20%	3.20%	3.50%
Salary increases	3.90%	3.85%	4.20%

Projected unit method is used in our calculations.

We have allowed for actual pension increases up to and including the 2024 Pension Increase Order. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results. We have also allowed for actual CPI inflation experienced from September 2023 to March 2024.

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022, except for an update of the CMI projection model. Details of the post retirement mortality assumption are set out below; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

Post retirement mortality	31 Mar 2024	31 Mar 2023
Base table	S3PA	S3PA
Multiplier (M/F)	95% / 100%	95% / 100%
Future improvements model	CMI_2022	CMI_2021
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7.0	7.0
Initial addition parameter	0.0% p.a.	0.0% p.a.
2020 weight parameter	0%	5%
2021 weight parameter	0%	5%
2022 weight parameter	25%	n/a

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

Life expectancy from age 65 (years)		31 Mar 2024	31 Mar 2023
Retiring today	Males	21.8	22.2
	Females	23.9	24.2
Retiring in 20 years	Males	23.1	23.5
	Females	25.4	25.6

Fund duration

The estimated Macaulay duration of the Fund as at the accounting date, using the assumptions set out above is 17 years.

Results

Balance sheet	As at	As at	31 Mar 2022
Net pension asset in the statement of financial position	31 Mar 2024	31 Mar 2023	
	£000s	£000s	£000s
Present value of the defined benefit obligation	4,227,493	4,138,310	6,267,323
Fair value of Fund assets (bid value)	3,919,664	3,517,354	3,703,800
Net liability in balance sheet	307,829	620,956	2,563,523

The present value of the defined benefit obligation consists of £4,179,754,000 in respect of vested obligation and £47,739,000 in respect of non-vested obligation.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to	Year to
	31 Mar 2024	31 Mar 2023
	£000s	£000s
Opening defined benefit obligation	4,138,310	6,267,323
Current service cost	92,282	206,845
Interest cost	195,770	161,534
Change in financial assumptions	(38,056)	(2,752,417)
Change in demographic assumptions	(54,510)	-
Experience loss/(gain) on defined benefit obligation	14,733	365,471
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(154,060)	(142,073)
Past service costs, including curtailments	936	1,917
Contributions by Scheme participants and other employers	32,088	29,710
Closing defined benefit obligation	4,227,493	4,138,310

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2024 £000s	Year to 31 Mar 2023 £000s
Opening fair value of Fund assets	3,517,354	3,703,800
Interest on assets	168,611	96,155
Return on assets less interest	245,944	(268,800)
Other actuarial gains/(losses)	-	-
Administration expenses	(2,904)	(2,692)
Contributions by employer	112,631	101,254
Contributions by Scheme participants and other employers	32,088	29,710
Estimated benefits paid net of transfers in	(154,060)	(142,073)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	3,919,664	3,517,354

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	4,159,199	4,227,493	4,297,595
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	4,232,483	4,227,493	4,222,543
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	4,293,915	4,227,493	4,162,772
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	4,387,038	4,227,493	4,074,307

Academy	An academy is a school that is directly funded by central government (specifically, the Department for Education) and which is independent of control by a Local Authority.
Accounting Date	The date to which an organisation makes up its Financial Statements. Like all local authorities, Dorset Council's accounting date is 31 March.
Accounting Period	The period of time covered by the accounts, which for this Authority means a period of twelve months commencing on 1 April through to the following 31 March.
Accounting Policies	The principles, conventions, rules and practices that specify how the effects of transactions and other events are recognised, measured and presented in the financial statements.
Accrual	Sums included in the final accounts to cover income and expenditure attributable to the accounting period but for which payment has not been made or received by 31 March.
Accumulated Absences Account	This Account is an Unusable Reserve which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward. It is permitted to have a negative balance.
Actuarial Gains And Losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses where events have not coincided with actuarial assumptions or actuarial assumptions have changed.
Actuarial Valuation	An independent report on the financial status of the Pension Fund, which determines its ability to meet future payments.
Agency Services	The provision of services by one body (the agent) on behalf of and generally with reimbursement from the responsible body.
Amortisation	Amortisation is the equivalent of depreciation for intangible assets (see below).
Amortised Cost	This is a mechanism that sees through the contractual terms of a Financial Instrument to measure the real cost or return to the Authority by using the effective interest rate method which incorporates the impact of premiums or discounts.
Asset	Something of worth that can be measured in monetary terms and which has an economic value that spans more than one financial year. Assets can be tangible (e.g. land and buildings) or intangible (e.g. computer software).
Assets Held for Sale	Assets which are no longer intended for operational use in the Authority and which are being actively marketed with likely sale within 12 months.
Balance Sheet	A statement that summarises an authority's financial position at the accounting date each year. In its top half it contains the assets and liabilities that it holds or has accrued with other parties. The bottom half is comprised of reserves that show the disposition of an authority's net worth.
Balances	The accumulated surplus of income over expenditure.
Budget	A statement of the Council's plans expressed in financial terms.
Call To Account	The Audit & Governance Committee may 'call to account' members of the Cabinet and senior officers to explain any particular decision they have made and, the extent to which actions taken implement Council policy and to account for their performance.
Capital Charge	A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. This equates to depreciation and impairment charges under the IFRS based Code.
Capital Expenditure	Expenditure on the acquisition, construction or enhancement of significant assets (e.g. land and buildings, vehicles and equipment) which have a long-term value to the Authority (also referred to as capital spending or capital payments).
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.).
Carrying Amount	The amount at which an asset or liability is shown in the balance sheet at a specified date; for example, the cost of a vehicle less the accumulated depreciation.
Cash Flow Statement	This Statement summarises the flows of cash that have taken place into and out of the Authority's bank accounts over the financial year.

Chartered Institute of Public Finance And Accountancy (CPFA)	This is an accountancy body that produces standards and codes of practice for accounting and financial functions in the public sector. It is one of the bodies responsible for the two principal codes of practice that determine how the Council presents its accounts.
Codes Of Practice	In addition to the Service Reporting Code of Practice (SeRCOP), the principal code of practice that governs the presentation of local authority accounts is the Code of Practice on Local Authority Accounting in the UK. This code is approved by the Financial Reporting Advisory Board and is recognised by statute as representing proper accounting practice.
Collection Fund	A statutory fund maintained by the council for recording the collection and distribution of council tax receipts. Unitary, Town and Parish Councils; along with the Police and Fire authorities; and central government precepts are met from this fund. Surpluses or deficits are carried forward and included in the following year's council tax calculation.
Collection Fund Adjustment Account	This Account is an Unusable Reserve which manages the differences arising from the recognition of Council Tax income in the Comprehensive Income & Expenditure Statement as it falls due from Council Taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Community Assets	Assets that an Authority holds, that have no determinable useful life and may have restrictions on their disposal. An example would be a country park.
Comprehensive Income And Expenditure Statement (Cies)	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
Component Accounting	Component accounting is the separate recognition of two or more significant components of an asset for depreciation purposes (i.e. as if each component were a separate asset in its own right) where the useful life is substantially different.
Consistency	The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Contingency	A sum of money set aside to meet unforeseen expenditure.
Contingent Liability	A possible obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
Corporate & Democratic Core	Those activities which local authorities engage in specifically because they are elected, multi-purpose authorities. There is no basis for apportioning these costs to services.
Cost Centre	A specific area of activity where control of certain budgets has been delegated.
Council Tax	A property based tax, with discounts for those living alone, which is administered by District, Borough and Unitary Councils.
Creditors	Amounts owed by the Authority for work done, goods received or services rendered but for which payment has not been made by the end of the accounting period.
Current Assets	Current assets are those which can either be converted to cash or used to pay current liabilities within 12 months.
Current Liabilities	Amounts owed by the Local Authority which are due to be settled within 12 months.
Current Service Cost	The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.
Curtailment	For a defined benefit pension scheme, an event that reduces expected future years' service or accrual of benefits. Examples include redundancies from discontinuing an activity or amendment of scheme terms.
Debtors	Amounts due to the Authority but unpaid by the end of the accounting period.
Depreciation	The measure of the use or consumption of a fixed asset during the accounting period.
Donated Asset	An asset which is acquired by the Authority for no cost. Not the same as assets which are transferred to the Authority as part of the "machinery of Government".

Emoluments	All sums paid to an employee, including any allowances chargeable to UK income tax, but excluding pension contributions payable by either employer or employee.
Earmarked Reserves	These are Usable Reserves which have been set aside from revenue to meet particular spending needs, including funding capital projects.
Estimation Techniques	The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves. These implement the measurement aspects of the accounting policies, and include selecting methods of depreciation and making provision for bad debts.
Financial Asset	Financial assets are cash and cash equivalents, plus any other assets that can be converted into cash in a reasonably short period of time.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities.
Financial Liability	Financial liabilities are liabilities that are contractual obligations to deliver cash or other financial assets to another entity.
Formula Spending Share (FSS)	The Government's assessment of each authority's spending needs, used as the mechanism to distribute government grants (RSG and NNDR).
Full Time Equivalent (FTE)	In terms of staffing time, a full time equivalent is 37 hours per week. So if two staff are employed working 18.5 hours per week each, they can be said to constitute one FTE.
General Fund	This is the main revenue account of the Council and incorporates the net cost of all services (as shown in the Comprehensive Income and Expenditure Statement) together with the adjustments between accounting basis and funding basis under regulations and transfers to and from Earmarked Reserves (as shown in the Movement in Reserves Statement).
Heritage Asset	A heritage asset is one with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.
IAS	International Accounting Standards are statements of standard accounting practice issued by the International Accounting Standards Committee and with which all local authorities are now required to comply.
IFRS	International Financial Reporting Standards are statements of standard accounting practice issued by the International Accounting Standards Board and with which all local authorities are now required to comply.
Impairment	A reduction in the value of a fixed asset or financial instrument below its carrying amount, arising from physical damage such as a major fire or a significant reduction in market value, or a situation where capital spending on an asset has no effect on the value of the asset.
Infrastructure Assets	Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.
Inventories	The amount of unused or unconsumed stock held for future use. Examples include consumable stores and services in intermediate stages of completion.
Investment Property	Investment property is property (land or a building) held by the Authority to earn rental income or for capital appreciation or both.
Lease (Embedded Lease)	While it does not necessarily take the form of a lease, an embedded lease is an arrangement that conveys the right to use an asset in return for payment.
Lease (Finance Lease)	A finance lease is an arrangement where substantially all of the risks and rewards of ownership of the leased asset pass to the lessee, regardless of whether the lease arrangement provides for actual transfer of ownership.
Lease (Operating Lease)	Any lease which is not a finance lease.
Local Management In Schools (LMS)	Control of a significant proportion of school budgets is devolved to schools for them to manage under the LMS scheme. Balances held by schools under this scheme are ring-fenced and are not available to the remainder of the Council.

Measurement	Measurement is the process of determining the monetary amounts at which the elements of financial statements are to be recognized and carried in the balance sheet and comprehensive income and expenditure statement. Measurement bases include historical cost, current cost, present value, depreciated replacement cost and fair value.
Medium Term Financial Plan (MTFP)	The Council's five-year, rolling, financial plan.
Minimum Revenue Provision (MRP)	The sum required to be met from revenue under current capital controls to provide for the repayment of outstanding borrowings; additional sums may be voluntarily set aside.
Movement In Reserves Statement (MIRS)	This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves and Unusable Reserves.
National Non-Domestic Rates (NNDR)	Billing authorities (District, Borough and Unitary Councils) collect this tax locally and pay it to the Government. It is then redistributed to County, Unitary, Borough and District councils, and Fire Authorities on the basis of the resident population.
Non-Current Assets	Assets that provide benefits to the Authority and the services it provides, for a period of more than one year.
Non-Distributed Costs (NDC)	Overheads for which no user benefits, and therefore not apportioned over services.
Non-Operational Assets	Fixed assets that are not occupied or used in the delivery of services. Examples are investment properties and assets surplus to requirements, pending sale.
Operating Segments	Local Authorities are required to present information on reportable segments within the notes to the Financial Statements. Reportable segments must be based on an authority's internal management reporting, for example departments, directorates or portfolios. Dorset Council has chosen Directorates as its operating segments.
Other Operating Income and Expenditure	Items that are required to be shown in the Authority's Comprehensive Income and Expenditure Statement, but which should not be charged to specific services.
Outturn	The final actual income and expenditure earned or incurred in the financial year
Past Service Cost	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Precept	A levy requiring the Council to collect income from council taxpayers. Sums collected are held in the Collection Fund (see above) and paid to the preceptor in ten instalments.
Provisions	Amounts set aside to meet liabilities or losses which arise in the accounting period and which are likely to be incurred, but where the actual sum and timing are uncertain.
Related Party	A related party is a person or entity that is related to the reporting entity. There are different rules and definitions for public and private sector bodies. An entity can be regarded as a related party to Dorset Council if, for example, a person employed by Dorset Council has significant influence over the entity or is a member of the key management personnel of that entity.
Reserves	Sums set aside and earmarked to meet the cost of specific future expenditure.
Residual Value	The amount at which an asset will be carried in the Authority's accounts after it has been depreciated.
Revaluation Reserve	Revaluation reserves (or, more precisely, revaluation surplus reserves) arise when the value of an asset becomes greater than the value at which it was previously carried in the Balance Sheet. When accounting rules allow/require the Authority to revalue the amount at which the asset is carried in the Authority's Balance Sheet, there is an increase in the Authority's net worth.
Revenue Expenditure	The day to day costs (pay, premises, transport, supplies and services, etc.) incurred by the Authority in providing services.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)	<p>This is principally expenditure of a capital nature on properties which the Council does not own and which are not included in its asset register, and which does not result in the acquisition or enhancement of a fixed asset owned by the Authority. Such expenditure is written out of the accounts in the year it is incurred, but is financed by a capital stream.</p> <p>This expenditure is reported in the Comprehensive Income and Expenditure Statement in the year it is incurred with the necessary appropriations in the Statement of Movement in Reserves between the General Fund and the Capital Adjustment Account to reflect that although financing is from a capital source, it funds revenue expenditure in the Authority's accounts.</p>
Revenue Support Grant (RSG)	A general central government grant paid to a local authority in support of its day to day expenditure and distributed on a formula basis.
Running Costs	Expenditure incurred on the use of premises, transport and equipment, together with other general expenditure necessary to enable the service to be provided.
Section 106 Receipts	Under Section 106 of the Town and Country Planning Act 1990, developers and local authorities can enter into planning obligations to enable the developments to proceed, when permission might otherwise not be approved. These obligations are commonly referred to as Section 106 (S106) agreements and usually provide for the developer to make financial payments to the Council that will be used for specific compensatory works or measures. Most S106 receipts are treated as capital contributions and applied to capital expenditure.
Segmental Analysis	A breakdown of the Authority's income and expenditure by major business segment (Service Area).
Service Concession	Service concessions are arrangements whereby a government or other body grants contracts for the supply of public services (such as roads, energy distribution, prisons or hospitals) to private operators.
Soft Loan	A loan with an interest rate below market rates.
Specific Grants	Grants paid by government, government agencies and similar bodies, to local authorities in support of particular services. These are often in return for past or future compliance with certain conditions relating to the activities of the Authority.
Subsequent Expenditure	Expenditure which is incurred on an asset after it has begun its useful economic life.
Surplus Assets	Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as Investment Property, or Assets Held For Sale.
Third Party Payments	The cost of specialist or support services purchased by the Council from outside contractors or other bodies.
Total Cost	The total cost of a service includes all revenue expenditure (see above) and support services, overheads and capital charges.
Trading Undertaking	A workforce employed by the authority to carry out work in competition with the private sector. These were formerly called Direct Service Organisations (DSOs) or Direct Labour Organisations (DLOs).
Trust Funds	Funds administered by the Authority for such purposes as prizes, charities and special projects.
Unusable Reserves	Those reserves that cannot be applied to fund expenditure or reduce local taxation as they are required for statutory purposes.
Usable Reserves	Those reserves that can be applied to fund expenditure or reduce local taxation.