

Dorset Council

Financial Statements 2024 - 2025

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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 2024 to 31 March 2025.

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 councils four strategic priorities of:
-Provide high-quality and affordable housing
-Grow our economy
-Communities for all
-Respond to the climate and nature crisis

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 2025.

These Financial Statements for 2024/25 were authorised by the CFO for issue as a draft, subject to audit, on 16 June 2025 and authorised again at Audit and Governance Committee as a final, audited set of financial statements on 23 February 2026.



Sean Cremer
Corporate Director Finance & Commercial
(Chief Financial Officer & s151 Officer)

24 February 2026

Independent auditor's report to the members of Dorset Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Dorset Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Statement on Movement of Reserves, the Cash Flow Statement, the Collection Fund, Notes to the Collection Fund and notes to the financial statements, including material accounting policy information**.** The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 25 February 2025, we issued a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, over the Authority's opening balances, in-year movements in the net pension liability and property, plant and equipment, the closing balance of property, plant and equipment and the closing reserves balance reported in the financial statements for the year ended 31 March 2024. We were therefore unable to obtain sufficient appropriate evidence over the associated corresponding figures for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable obtain sufficient appropriate audit evidence over the Authority's opening balances of property, plant and equipment and reserves reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over their in-year movements. Similarly, this has also resulted in uncertainty over the closing balance of property, plant and equipment of £1,074,854,000 and reserves of £770,500,000 as at 31 March 2025.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Chief Financial Officer and Section 151 Officer is responsible for the other information. The other information comprises the information included in the Financial Statements, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial

statements in the Financial Statements for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Chief Financial Officer and Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer and Section 151 Officer. The Chief Financial Officer and Section 151 Officer is responsible for the preparation of the Financial Statements, 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 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer and Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except:

- On 8 July 2024 we identified a significant weakness in the Authority's arrangements for financial sustainability. This was in relation to the Authority's plan to address the Dedicated Schools Grant (DSG) deficit, which is currently not on target to eliminate the cumulative deficit within the planned timescale agreed with the Department for Education (DfE). We recommended that the Authority should continue to renegotiate its Safety Valve management plan with the DfE to ensure the Authority can manage its DSG deficit and remain financially sustainable. This weakness remained in 2024/25.
- On 24 February 2025 we identified a significant weakness in the Authority's arrangements for governance and improving economy, efficiency and effectiveness. This was in relation to the Authority's procurement arrangements and non-compliance with its contract procedure rules and scheme of delegation. We recommended that the Authority ensure controls and procedures are compliant and in line with the Authority's contract procedure rules and constitution, review all spend with suppliers to identify instances where procurement has not been in accordance with contract procedure rules or procurement legislation and ensure that appropriate action is taken to ensure breaches are identified in a timely manner. The Authority should also report contract waivers and breaches to members at a public meeting, ensure that there is no residual risk to the Authority from those services procured by non-compliant methods and ensure that as further investigations are concluded, prompt action is taken with consideration given to actions which would apply to other areas of the Authority.
- On 14 November 2025, we further reported that a range of policies are in place to support officers and members, including a whistleblowing policy and Codes of Conduct. Risk management arrangements are also in place. However, these arrangements were undermined by inadequate governance arrangements in place to address the Council's lack of management, member oversight and control relating to its Building Health and Safety Compliance arrangements. An Internal Audit investigation found significant failings across corporate governance, budget monitoring, authorisation of funding and internal controls relating to procurement and awarding of contracts. We recommended that the Council should ensure that prompt and immediate action is taken to address the control failures and weaknesses identified following the Internal Audit investigation of Building Health and Safety.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Dorset Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Masci

Julie Masci, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

27 February 2026

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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 2025. 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 379,578 residents, 29.6% of whom are aged 65 and older (compared to 18.6% 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. Projected growth shows that the over 65 population will grow by nearly 50% over the next 25 years. Younger people often move away from the area. 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 four strategic priorities:

- Provide affordable and high-quality housing
- Grow our economy
- Communities for all
- Respond to the climate and nature crisis

1.Provide affordable and high-quality housing

The challenge

Rising costs and the growing gap between average house price and average salary makes it difficult for local people, especially working-age residents, to afford to live in Dorset.

There is a chronic lack of genuinely affordable housing. Vulnerable residents, including those in crisis or with special needs, often struggle to find suitable homes. The standard of some rented accommodation is not acceptable.

Addressing this requires working with partners and strategic planning through the new Local Plan. We need innovative solutions that help residents access affordable, suitable, and secure homes.

Our approach

We recognise that increasing the availability of affordable homes to meet the needs of local people, improving existing housing stock, and ensuring sustainable development is vital to improve personal health, economic and environmental sustainability.

Working in partnership with the private, social and community sectors and developing our role will support growth and progress to meet these key housing objectives.

Supporting registered providers (also known as housing associations) is important and we value the new affordable housing they provide, and the good housing management and tenant support they offer.

In addition to this, we aim to broaden our role and the range of support we offer on housing. We will look to use our own land and assets to increase the amount of good housing supplied to residents, including specialist, temporary, supported and affordable housing.

An effective prevention approach is vital and makes sure that residents with priority housing needs such as homelessness can be supported earlier and are able find solutions which work well for them. This reduces the need for emergency housing or support services at critical times and provides better outcomes for people and families.

Target measures

- 30% reduction in the number of households in temporary accommodation over the next 5 years
- eradicate use of bed and breakfasts for family households over the next 5 years
- maintain annual homelessness prevention levels consistently higher than the national average
- achieve the desired balanced position of a smaller but sustainable temporary accommodation stock over the next 5 years
- deliver 450 new affordable homes every year through the housing association development programme
- bring forward new housing supply of 100 new accessible homes and 90 larger family homes at affordable rents per year
- implement approved new models of delivery to increase affordable housing supply making best use of council assets
- deliver 100 new supported accommodation homes over the next 5 years secured through grant funding and support from providers

Key actions to deliver this priority

- improve the quality and standard of homes, either rented or owned, working directly with landlords. Support good landlords to meet and exceed minimum standards and use all enforcement options available where we find poor standards of housing. Any financial penalties imposed will be invested in supporting better quality housing
- prevent homelessness and move homeless people into settled homes quickly
- develop an Empty Homes strategy for Dorset
- implement new models of housing delivery that broaden the council’s role and support to increase the amount of new affordable housing that meets the needs of Dorset residents
- develop broader opportunities to meet wider housing needs, including housing for people working in essential roles such as teachers, NHS staff and care workers, and local households on the housing register

Leadership and partnership

- the Home in on Housing programme, delivering the Dorset Council Housing strategy, outlines our leadership in housing. It sets the direction on how to deliver the right

homes, in the right place and at the right price and is supported by senior council leaders, members and key stakeholders

- our strategic and operational partnerships continue to mature. Key partnerships with housing associations who own and manage almost 25,000 rented or shared ownership homes and build over 400 new homes per year are regularly supported by key leaders, members and operational experts
- there is regular and effective contract management with specialist providers of accommodation and support. This shares insight and opportunities to achieve good value. It ensures services which enable tenants with support and care needs to live well
- cross-council support and effective forward planning around key strategic plans (such as the Local Plan) and policies enables the most appropriate influence and support for developers and builders to provide the right new homes in the right place for sale or rent, including affordable housing
- strong working relationships with government provide us with grant funding, advice and support to deliver new homes and provide housing advice
- town and parish councils and community groups support understanding of local housing need, and the provision of new homes through Community Land Trusts, led by local people working alongside the council and housing associations

Standing up for Dorset

- ask Homes England and government to provide funding to build a greater proportion of ‘social rented’ homes, at reduced rents
- influence government, Homes England and housing associations for more support to meet Dorset’s housing needs, and to understand that this is broad – including rental and low-cost home ownership options across a range of circumstances
- call on the government to review local housing allowance rates for temporary accommodation. With rates frozen at 2011 levels, this puts a disproportionate financial burden on local authorities and residents, as rents and costs rise

2. Grow our Economy

The challenge

The Dorset Council area has a significant economy incorporating 20,000 businesses, generating over £8.45 billion of Gross Value Added (GVA - a measure of the value that producers add to goods and services they buy, and is a key indicator of a country's economic performance) and supporting 145,000 jobs.

Dorset’s economy is based on fairly traditional industries such as agriculture, retail, coastal and marine, hospitality and leisure, and care services. There are also strengths in advanced manufacturing, maritime, defence, and emerging expertise in renewable energy.

Productivity has stalled over the last 25 years. Our economy grew by only 6% during that period, compared to 31% in the BCP Council area, 35% in the southwest and 43% nationally.

Large numbers of Dorset’s young people leave the county to find employment elsewhere. Meanwhile, employers tell us they often struggle to recruit and retain people with the right skills. This challenge is compounded by high house prices and poor transport connectivity in some areas. Digital and mobile phone connectivity is unreliable, especially in rural areas.

For the past decade strategic economic planning, whether in the form of industrial strategies, strategic economic plans, or growth deals, has been undertaken on a pan-Dorset geography. These Dorset Local Enterprise Partnership-led initiatives were reflective of the shared economic challenges and sectors Dorset held with the BCP (Bournemouth Christchurch and Poole) Council geography.

In the Dorset Council area, we will develop and implement a strategy which is representative of its unique economic geography and specific business sectors. A strategy that considers an approach to growth regardless of location but also plays on localised strengths and opportunities.

Our approach

We recognise a change is needed to break the cycle of slow economic growth.

We need to support and diversify the economy by embedding digital technology across all sectors, investing in our advanced and often bespoke manufacturing sector, and making more of our natural advantages in clean energy, maritime and defence. There is a need to introduce scale into these sectors.

Bringing productivity up to the UK average would generate an additional £1.6 billion for Dorset, leading to higher paid jobs and greater disposable income.

We will step into the space vacated by the Dorset LEP and move forward into a new direct relationship with both businesses and government, set out in an economic strategy that is specific to Dorset. We will build a new set of strategic relationships with the business community that enables them to feed into the democratic decision-making process.

Target measures

We aim to:

- narrow the Dorset to UK productivity gap by 5% by 2029
- generate over 2000 jobs and over £500m of private sector investment in renewable energy projects by 2029
- increase total visitor-related spend in Dorset by 5% by 2029
- by 2029, create 1000 business start-up courses for 16 to 34 year-olds to encourage young people into entrepreneurship
- support community-led masterplans in at least 70% of the coastal and market towns by 2029
- a new delivery company for the Dorset Innovation Park will be launched in 2025, creating 300 jobs by 2029

Key actions to deliver this priority

We will:

- establish a new business representation group made up of local business leaders and relevant representative bodies and develop a tailored economic growth strategy for the Dorset Council area
- develop a strategic relationship with the Dorset Chamber of Commerce and support the development of local chambers and Business Improvement Districts to generate business engagement and intelligence

- focus our efforts on delivering a small number of exciting, large-scale opportunities which will make a significant difference to the county's economic performance:
    - work with the private sector to secure investment in low carbon and renewable energy projects in Dorset: including green hydrogen storage and production; offshore wind generation and manufacturing. This will support the emerging clean energy super cluster around Portland and South Dorset that can have national significance
    - kickstart the regeneration of Weymouth by developing underused sites to improve the offer and vibrancy of the town. Create a "growth corridor" with Portland and Dorchester, bringing economic benefits to the wider area
- encourage increased levels of sustainable tourism and continue to explore ways to extend the visitor season throughout the year
- continue to implement our digital Infrastructure and Inclusion strategy, working with government and industry to improve connectivity across the county, tackling those hard-to-reach areas where digital connectivity inhibits economic growth
- review transport provision, including public, post-16, community and SEND transport, looking at options to enhance future provision
- pursue a Devolution Deal with neighbouring authorities to secure devolved powers and funding from government which can support green energy projects, and digital and transport infrastructure
- develop a coastal and market towns strategy framework to support growth and regeneration, working in partnership with town and parish councils, and seeking funding from government
- enable private sector investment into the build out of Dorset Innovation Park, creating an additional 300 new jobs on the site by 2029
- address young people's perception of opportunities and their social mobility by encouraging entrepreneurship and building relationships with local businesses

Leadership and partnership

We will also:

- reset our relationship with national government: develop a direct relationship with national government identifying and promoting the strategic projects and sectors that can contribute to the national economic position.
- develop a strong inward investment proposition to attract national and international investment into the county.
- build relationships with skills providers, colleges and universities to increase the higher education and skills footprint across Dorset and connect businesses with academic-led research and development.
- play a leading role in regional politics and lobbying of government, coordinating policy positions that benefit the Dorset economy and key sectors with regional partners such as the Great South West, South West Region Defence and Security Cluster, Maritime UK SW and through a Devolution Deal

Standing up for Dorset

We are:

- advocating for Dorset's contribution nationally to economic growth – especially in the green (environment) and blue (marine) economy
- negotiating with the government and bid for funding for essential digital and transport infrastructure

3. Communities for all

The challenge

Dorset has many strong communities, with an active voluntary and community sector and over 160 town and parish councils. However, the population and world are changing rapidly, and our communities need support to adapt to the challenges ahead.

Dorset has the oldest demographic of any county in the UK. 29.5% of our population are aged over 60, compared to an average of 19% nationally. As people age, we often need more health and care support, which, unless addressed at an early stage, can put more pressure on already-stretched services. Meanwhile, younger people often move away due to lack of opportunities, low wages and high housing costs, reducing our working age population.

There are also widespread disparities across our area. Our 2023 residents' survey shows significant differences in how residents from different areas view the quality of council services. Some communities are calling for us to work differently to better understand and meet the needs of towns and villages. Some of our town and parish councils are also calling for better partnership working.

South Dorset is the least socially mobile constituency in the country. Social mobility is the link between a person's occupation or income with that of their parents. Many of our communities face deep poverty having experienced hardships for decades, repeatedly appearing in the bottom national measurement for deprivation. There are also areas of poverty in wealthier rural areas, with data averages masking large income inequalities.

Health inequalities are the unfair and avoidable differences in people's health across social groups and between different populations. In Dorset people are generally healthier and live for longer than England overall; 1.8 years longer for both men and women. However, the length of time people in Dorset live is closely related to the extent of disadvantage and deprivation they experience. Males living in the least deprived areas live on average 5.5 years longer and females 4.9 years longer, than those living in the most deprived areas.

Healthy life expectancy is a measure of how long people can expect to live a healthy life before decline and frailty sets in and is also affected by deprivation and disadvantage. The amount of time spent living in good health before long-term health conditions appear varies greatly across Dorset. People experiencing long-term health conditions affects economic growth and productivity in working-age adults.

Finally, our residents' survey highlighted issues of community cohesion – also evidenced through local protests in August 2024. While three quarters of Dorset's residents feel that they belong in their community, fewer than half (49%) of ethnic minority residents feel the same. In Weymouth and Portland, only 44% of residents feel that people from different backgrounds get on in their local area.

Our approach

The ‘communities for all’ priority is where our themes of ‘prevention’ and ‘partnership’ come most strongly into play.

We believe strong communities have a vital role in preventing crises from happening, both personal and community crises. They are essential responders during crises of all kinds. When people in communities are well-connected and supportive, they can better mobilise resources, provide mutual support, and recover more quickly. This helps ensure our most vulnerable residents receive help from people they know and trust. When residents are connected and look out for one another, communities thrive.

We need to reduce the various inequalities between different groups, giving more equal access to opportunities, and supporting more cohesive communities. We want our services and infrastructure to be age and disability friendly, where people of all abilities and ages can stay in the homes and communities they prefer for as long as they want, reducing the need for major life change or expensive care.

This requires a different way of working with partners and in localities across our area. It requires a comprehensive and joined-up response across public sector, the voluntary and community sector (VCS), with local businesses, and other partners to address social, economic, and infrastructure challenges. We want to build on, accelerate and enhance our approach to place-based working, which is about ‘working with’ and ‘not ‘doing to’ people and our communities.

Improvements to health, social mobility, inclusion, and reduced poverty not only benefit individuals and families but also support the wellbeing, resilience and prosperity of a whole community. In turn, this can also achieve a more sustainable model for statutory health and care services.

Target measures

- a joined-up model of locality working, delivering through prevention and partnership: measures to be agreed with local partners and linked back to our priorities and the work of the NHS, the Health & Wellbeing Board and the Integrated Care Partnership
- improve educational attainment by working through leadership in the education community: increase Dorset’s Key Stage 2 results (55% in 2024) to be as good or better than the national average levels by 2029 (60% in 2024)
- transfer up to £500k a year of Dorset Council's apprenticeship levy to increase the number of apprenticeships offered by local businesses and organisations
- be the best Corporate Parent that we can for our children in care and care leavers. Improve levels of engagement in employment, education, and training among our care leavers to 65% through provision of good, stable, and consistent care and accommodation, good multi-agency wraparound support, and a sufficient number and range of opportunities
- seek internationally recognised accreditation as an ‘age-friendly’ county
- work specifically with those groups at higher risk, including supporting unpaid carers, those ageing without children and those ageing alone
- increase the number of age and disability friendly environments to enable people to stay in the homes they want for longer, reducing the proportion of people in traditional care settings, as well as creating all-age friendly environments, equally accessible by young parents with pushchairs as they are to older people with walkers or disabled people

Key actions to deliver this priority

- prevention and early help: listen to and involve residents in decisions about their health and wellbeing, and care and support needs. Use data to better understand current needs and identify potential issues before they become problems. We will make changes when needed to improve people's outcomes, access or experience, to improve equity and reduce inequalities in health
- thriving communities: work more closely with town and parish councils and with voluntary and community sector organisations to support residents, investing in the infrastructure
- work better together: put people's and communities' needs at the heart of how we plan care and support. Work with Integrated Care System partner organisations to provide care as close as possible to those who need it. We value the strength of voluntary and community organisations in this partnership
- commissioning and procurement: co-design and deliver with communities and partners on a locality basis, devolving funding to neighbourhoods where appropriate
- change the culture: focus on people first and act on feedback about quality of services and experience
- simplify our approach to communities so it is consistent: a more joined-up and coherent model of place-based working, building on existing arrangements, developing strong relationships locally, and using existing assets in communities, such as libraries and family hubs. This will be built into our new target operating model (this sets out how we will introduce new ways of working with residents and communities)
- strengthen and simplify the connection between Dorset Council and the voluntary and community sector through an active assembly, including simplifying access to funding
- engage with people closer to home, with dignity and respect: be honest about options and involve people in decisions
- support people of working age who are economically inactive to address barriers to employment
- devolve or transfer more assets to communities to enable creation of local hubs where people can access support and care
- through the collective efforts to deliver on the Council Plan priorities of 'provide high-quality housing', 'grow our economy', and 'communities for all, we aim to improve social mobility and reduce poverty in the Dorset Council area

Leadership and partnership

- we have been a trailblazer working on the government's Families First for Children Pathfinder. We will continue to work very closely with our partners in health, the police, education and the voluntary sector to put families at the centre of changes to the delivery of support they receive from us and our partners
- recognising our unique demographic, we aim to lead the UK in how we support people of all ages, abilities and backgrounds, within an ageing population
- we will combat stigmatising attitudes and behaviours, and encourage intergenerational activities
- play a clear role in building new health and care teams in neighbourhoods, working with the NHS, residents and communities
- continue to work in partnership with Dorset Police on community safety

Standing up for Dorset

- call on the government for fairer funding for Dorset schools and for children with special educational needs
- influence government on issues of healthy ageing and disability
- work with NHS, business, community partners and others to maximise income to support the health needs of our population and develop new and innovative models of preventative work
- promote Dorset as a great place to live and work, recognising the “grey economy”, identifying age-appropriate employment opportunities and recruiting a younger workforce through developing training opportunities within the county.

4. Respond to the climate and nature crisis

The challenge

Climate change

Climate change is one of the most urgent challenges facing the world today, demanding immediate and decisive action. Rising global temperatures are increasing the frequency and intensity of extreme weather events like heatwaves, floods, and wildfires. And sea levels are rising at a rate three times faster than a century ago.

As a rural, coastal county we are especially vulnerable to the negative impacts of climate change, which will include more frequent heatwaves, fewer frost days, heavier rainfall, increased flooding, and more intense storms. Our seaside communities are particularly exposed to rising sea levels which can lead to coastal erosion, flooding, and damage to infrastructure. Our rural communities risk being impacted by unpredictable weather patterns which can harm crops and livestock, disrupt planting and harvesting schedules, and reduce overall agricultural productivity.

But, by taking the right actions now, we can help address climate change and ensure a safer, more resilient Dorset for future generations.

Nature crisis

The UK is facing a nature crisis, now ranking as one of the most nature-depleted countries in the world, with nearly 1 in 6 species threatened with extinction. Unfortunately, here in Dorset we’re no exception. Over the years, many areas for nature in our county have been split up or lost, leading to a decline in local wildlife. More than 3,000 species of plants and animals in Dorset are now of conservation concern, meaning they are rare, threatened, protected, declining or extinct.

But this loss of natural spaces doesn’t just affect wildlife - it impacts us too. Our green spaces, which are essential for our health and wellbeing, also provide critical nature-based solutions to pressing challenges like flood protection, climate change, and water quality.

By taking action today to restore and expand spaces for nature, we can help build and protect homes for wildlife and ensure a healthier, more resilient future for both nature and our communities.

Our approach

Our vision is to create a climate friendly, nature rich county that is able to adapt and thrive in the face of environmental change.

Our strategic approach to bring this vision to life is as follows:

- Cutting greenhouse gas emissions: We will speed up our efforts to become a carbon neutral county and council, bringing forward our net zero targets by 5 years. As a council we aim to reach net zero by 2035, and the entire county by 2045. By tackling climate change at its source, we can help pave the way for a more sustainable future.
- Halt nature's decline: In collaboration with others, we will take immediate action to help protect and enhance our land, rivers, and seas for wildlife. Through Dorset's Local Nature Recovery strategy, we will set clear goals and build a strong foundation to help make sure spaces for nature are bigger, better and more connected in our county by 2030.
- Prepare for a changing climate: We are committed to helping our communities, ecosystems, and economies adapt to the unavoidable impacts of climate change, ensuring Dorset is resilient and well-prepared for the future.

Target measures

- deliver a revised carbon reduction target of 80% from 2019 baseline by 2030 to include:
    - Dorset Council fleet: transition all small vehicles to electric by 2030 and all large vehicles to use alternative low emission fuels by 2026 to reduce our fleet emissions by 70% by 2026
    - generate more of our own energy by installing an additional 5MW of solar PV on our estate by 2030
    - switch all our oil-fired heating systems to non-fossil fuel alternatives by 2028
    - reduce our emissions from staff travelling for business by at least 25% by 2029
    - ensure our services are resilient to climate change by having climate adaptation plans for each service by March 2026
- achieve a 65% recycling and composting rate by 2035 and ensure the optimum use of the recycling and composting services provided
- nature recovery target is for 30% of our land to be in positive management for nature by 2030. Other targets include:
    - 80% of our urban verges will be managed to enhance their value for nature by 2030 (currently 50%)
    - improve 300 miles of the Rights of Way network, making it more accessible to connect people's access to nature by 2030 (30 miles in last 10 years)
    - 70% of our county farms land will be managed using sustainable farming practices that balance food production and nature by 2030 (currently 5%)
    - 15,000 hectares of Dorset are covered by Landscape Recovery management agreements by 2030 (currently 0 hectares)

Key actions to deliver this priority

- reduce Dorset's impact on climate change by:
    - significantly reducing emissions from our fleet vehicles by transitioning all small vehicles to electric by 2030 and all large vehicles to alternative low emission fuels by 2025
    - generating more of our own energy by installing an additional 5MW of solar PV on our estate by 2030
    - working with others to create a roadmap to help Dorset meet its net-zero goals, identifying the most cost-effective and practical pathways to reduce emissions
    - helping residents and organisations to improve energy efficiency and use renewable energy in their homes and buildings through advice, grants and guidance
- develop and implement the Local Nature Recovery strategy, working across organisational systems to deliver change at scale
- renew the rights of way improvement plan (ROWIP) which explains the aspirations and improvements proposed for Dorset's public rights of way network to benefit the community, nature and climate and support the local economy
- help communities adapt for climate change impacts and recover nature, working with town and parish councils and other partners
- ensure our services are resilient to climate change by having climate adaptation plans for each service by March 2026

Leadership and partnership

- work with partners across Dorset to help reduce its carbon footprint by 50% by 2030 (relative to our 2017 baseline)
- support all Dorset public sector organisations to develop climate resilience plans by 2026
- produce a strategy setting out how Dorset will adapt and become more resilient to climate change by 2026
- work with the farming community to support sustainable farming which will reduce emissions, improve water quality and make more space for nature
- work with water companies to improve water quality and reduce pollution of rivers and the sea
- lead on the development and implementation of the Dorset Local Nature Recovery strategy
- support landowners, town and parish councils, businesses, schools and communities to take action to recover nature locally
- support the Dorset and Cranborne Chase National Landscape Partnerships in their nature recovery as set out in their apportionment of the Protected Landscapes Targets & Outcomes Framework
- continued support of the Dorset Coast Forum and Litter Free Dorset to deliver sustainable practices and nature recovery through their wide partnerships and to the communities of Dorset
- ensure over time that the businesses and organisations we have contracts with provide nature recovery and sustainability credentials as a matter of course
- work with partners to develop a Local Area Energy plan

Standing up for Dorset

- influence government for increased focus on retrofitting homes
- make the case for increased investment into our electricity grid system

- call on pharmaceutical companies to take more responsibility for waste
- make representations to government to invest in Dorset Local Nature Recovery strategy (LNRS) implementation
- ask for new nature funds to deliver the LNRS with Farming in Protected Landscapes an effective delivery model to copy
- work with farmers to support their asks to government around supporting sustainable farming in Dorset
- ask government for more investment in sustainable transport infrastructure

Budget and performance

The Council set the 2024/25 net budget at £376.7m, funded from general grants (£4.1m), Revenue Support Grant (£0.7m), business rates (£64m) and council tax (£307.9m) meaning a band D equivalent council tax charge of £2,001.15. 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.

The table below shows the summary outturn for the Council compared with its budget. The analysis shows that overall, service budgets were overspent by £9.995m, along with an under-delivery of Our Future Council saving of £8.622m whilst there were underspends and offsetting savings in financing and central budgets of £11.903m, meaning that overall, there was a net call on the general fund of £6.714m. The analysis of 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).

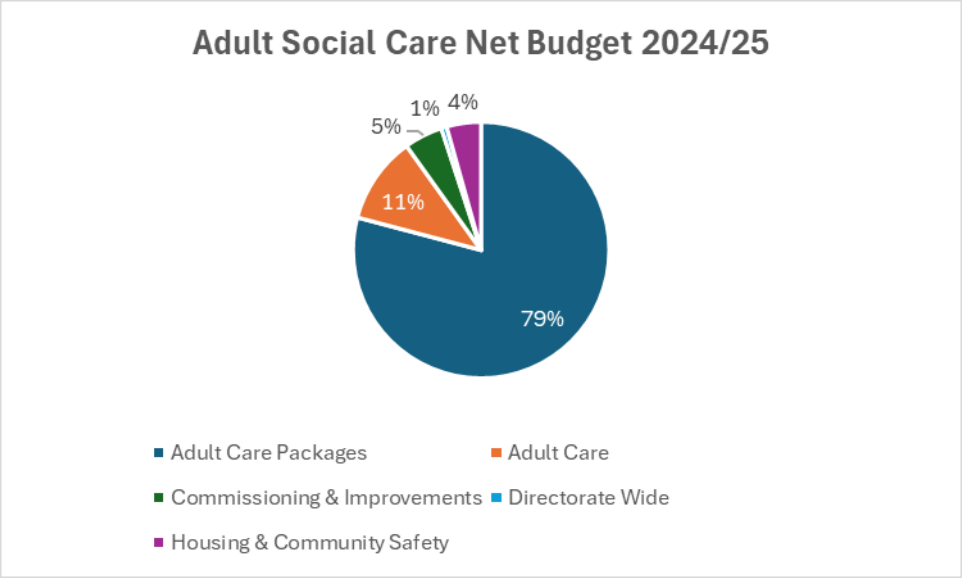
The table below presents a summary of the 2024/25 outturn position for Dorset Council.

The general fund started the year at £37.69m and the impact of the outturn activities was £6.714m.

Directorate	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
People - Adults & Housing	151,434	162,757	(11,323)	(7.5%)
People - Children's	87,028	88,135	(1,107)	(1.3%)
Place	104,220	103,954	266	0.3%
Corporate Development	41,374	39,533	1,842	4.5%
Legal & Democratic Services	8,881	8,350	531	6.0%
Public Health and Prevention	4,743	4,948	(205)	(4.3%)
Total Service Budgets	**397,681**	**407,676**	**(9,995)**	**(2.5%)**
Our Future Council savings	(8,622)	**0**	(8,622)	(100.0%)
General Funding	(9,298)	(9,747)	449	4.8%
Capital Financing	(2,199)	(3,041)	842	38.3%
Contingency	155	(6,619)	6,773	4,369.7%
Precepts/Levy	19,438	19,453	(14)	(0.1%)
Central Finance	(394,849)	(398,702)	3,853	1.0%
Whole Authority	**2,306**	**9,020**	**(6,714)**	
Dedicated Schools Grant budgets	(2,503)	34,785	(37,288)	

People - Adult and Housing

People - Adult and Housing is the largest spending directorate in the Council. The approved, net revenue budget for 2024/25 was £151.434m with a total outturn of £162.757m resulting in a £11.323m overspend for the Directorate. The largest element of the budget, £119.781m (79%) is for Adult Social Care (spend on packages of care) as shown in the chart below.



The Adult Social Care budget supports approximately 4,234 people on an annual basis an increase of 74 people since April 2023/24 with the biggest growth in the working age cohort.

In line with national trends, the cost of adult social care services in Dorset continues to rise. In 2024/25, expenditure on Adult Care Packages resulted in an overspend of £10.870

million. A significant contributing factor was the immediate pressure at the start of the year, stemming from 2023/24 activity projected into the 2024/25 full-year effect. This included 81 additional residential and nursing care placements that had not been accounted for in the budget, resulting in a cost pressure of approximately £5.1 million.

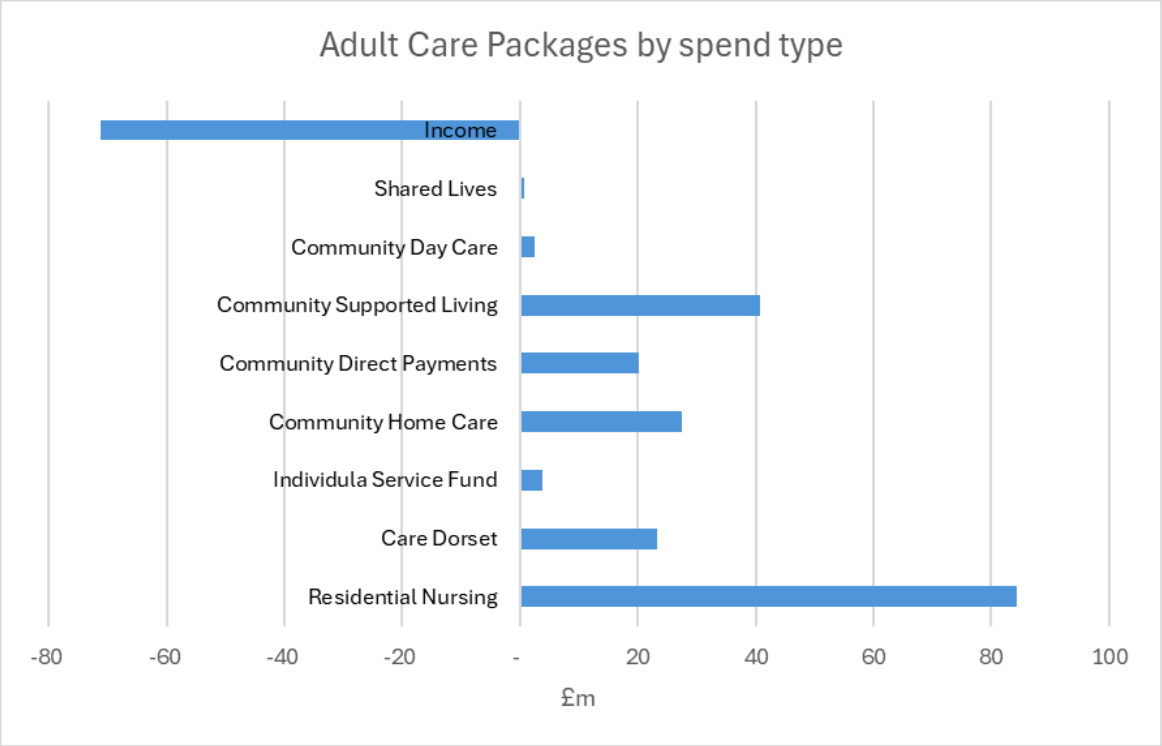
Further in-year growth added 74 care packages—73 within the working-age adult cohort and 1 within the 65+ age group—incurring an additional cost of £0.800 million. Despite these pressures, average care package prices were effectively managed throughout the year.

Additional financial pressures included:

- Continuing Health Care (CHC) hand backs from Health, totalling approximately £1.178 million
- Withdrawal of £0.750 million in Health funding for Recovery Community Reablement (RCR), a service critical to timely hospital discharges
- Increased demand under Section 117, contributing £1.394 million in additional costs
- An underachievement of planned savings across the Directorate, amounting to £1.825 million

These combined factors contributed to the overall overspend, despite efforts to manage costs and contain demand.

The chart below shows where this was spent.



Housing had a small overspend of £0.005m. This performance through 2024/25 has been positive and bucks the trend of other local authorities.

Temporary accommodation costs have reduced in year by approximately £1m compared to 2023/24. This has been achieved through early prevention and reducing the demand for temporary accommodation and exiting from high-cost lease and nightly paid accommodation. There has been a 97.4% increase in the number of successful homelessness preventions and a 34% reduction in successful homeless relief compared to 2023/24.

The number of households in bed and breakfast accommodation has reduced by 52% over the last 4 years with singles in bed and breakfast having reduced by 33% in 2024/25. Families in bed and breakfasts reduced by 80.9% in 2024/25 with only 14 households placed in bed and breakfasts in March 25.

In terms of Housing register there is a continued increase in demand with 6891 assessments in 2024/25 a 28% increase on 2023/24. The team have worked hard to reduce the housing register backlog in year by 84.6%. All of this positive work has aided the Directorate to remain within budget.

Adults and Housing have delivered £6.756m of transformation tactical savings during the year with a total of £26.129m over the last three years.

Improved Better Care Fund (iBCF) monies totalling £12.451m were received in 2024/25. 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 £152.958m with Dorset Council contributing £84.836m as shown in the table below.

Sum of Updated Expenditure for 2024-25 (£)			
	ICB	**LA**	**Grand Total**
Maintaining Independence	11,312,058	11,766,145	23,078,203
Moving on from Hospital Living		4,980,826	4,980,826
Strong and sustainable care markets	27,063,978	61,863,909	88,927,887
High Impact Changes/ Implementation	6,489,210	3,661,793	10,151,003
Carers	1,112,943		1,112,943
Integrated health and social care locality teams	22,143,591		22,143,591
Strong and Sustainable Market		2,563,700	2,563,700
Grand Total	**68,121,780**	**84,836,373**	**152,958,153**

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.

Public Health and Prevention

The public health grant for 2024/25 for BCP council was £21.772m and for Dorset council was £15.433m. Agreed local authority contributions for the year gave a shared service budget of £25.962m after retained amounts.

The final outturn for 2024/25 resulted in an overspend of £0.872m, however, this represented a planned use of the Public Health reserve to support specific areas of work, rather than an unanticipated budgetary pressure.

During 2024/25 work was undertaken to establish a dedicated Public Health Service solely for Dorset Council, marking the end of the previously shared arrangement with BCP Council. As of 1st April, a new Directorate for Public Health and Prevention was formally established.

The Community and Public Protection (CPP) service transitioned into the new Public Health Directorate during the year, with the outturn resulting in an overspend of £204k. This overspend primarily stemmed from the Bereavement Service, which faced reduced income generation and increased staffing costs. Additionally, Licensing and Community Safety experienced overspends due to fewer renewals than anticipated.

People - Children's Services

The Children's Services outturn was £88.135m compared with a net budget of £87.028m, an overspend of £1.107m (1.3%).

Nationally, children's services have faced significant financial pressures, leading to widespread overspends. In the 2023/24 financial year, local authorities across the UK predicted a total overspend of £639 million, with children's services alone accounting for £319 million of this figure – nearly 50% (County Councils Network). This overspend was primarily driven by increased demand and rising costs.

Dorset, although overspending, is not in the same position as most of other LAs. The 2024/25 Children's Services overspend represents 16% of the total overspend, not 50%. This is possibly a reflection of Dorset Council Children's Services five-year transformation journey, demonstrated through improved gradings and assessment by external agencies, culminating in the recent 'outstanding' judgement after the recent Ofsted full inspection.

People Services - Children	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
Quality Assurance	2,987	2,898	89	3.0%
Care & Protection	64,173	66,752	(2,579)	(4.0%)
Commissioning and Partnerships	6,972	7,492	(520)	(7.5%)
Director's Services	(931)	(1,424)	493	52.9%
Education and Learning	14,282	12,871	1,411	9.9%
DSG Recharges	(454)	(454)	0	0.0%
Total Directorate Budget	**87,028**	**88,135**	**(1,107)**	**(1.3%)**
Dedicated Schools Grant budgets	(2,503)	34,785	(37,288)	

There following are pressures within the Children's Services budget:

	£m
External Placements	2.4
Birth to Settled Adulthood services: Spend on packages and direct payments	1.0
Birth to Settled Adulthood services: 2024/25 savings target	0.9
S17, legal, testing and transport budgets	1.0

The national overspending position for external placements is also true at Dorset Council. This area overspent by £2.45m, excluding £0.35m for Asylum Seeking children, numbers of children in care have risen slightly, excluding our unaccompanied asylum-seeking children:

	April 2024	March 2025	Change
Children in Care (excluding UASC)	387	394	+7
Unaccompanied Asylum-Seeking Children (UASC)	55	41	-14

Source: Children's Services Monthly Performance report

The external placement overspend has been partially offset by in-house fostering (£0.9m).

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 £4.78m (83%) of targeted transformation and tactical savings during the year.

There are risks within the 2025/26 budget that will require careful monitoring and management, particularly the recurring pressures around Children in Care, Section 17 budgets and Birth to Settled Adulthood.

Additional risks include capital project delays and the subsequent impact on revenue budgets, inflation (particularly for placements and externally provided services), the long-term funding for Pathfinder, future Children's Services grant consolidation and the delivery of transformation savings.

Dedicated Schools Grant (DSG)

The DSG was overspent by £37.288m. The grant is split into four blocks, with the High Needs Block (HNB) overspending by £38.202m. The Early Years Block (£0.82m) and in the Central Services to Schools Block (£0.09m) underspent. The Schools Block had no variance.

Dorset Council accounts have been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG). Further regulations which came into force on 29 November 2020 and mandated that any deficit must not be charged to the local authorities' revenue account but instead must be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget.

Such DSG deficits have accumulated over a number of years and are now common amongst upper tier councils responsible for SEND provision and have come about as a result of national policy decisions about the SEND system for which the grant is "far from sufficient to meet this demand" (Reference: Select Committee Report into Local Authorities in Financial Distress).

These regulations also mean that the use of funding from the revenue account to make good any deficit can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

As of 31 March 2025, cumulative DSG deficit is £95.63m. The statutory instrument, which prevents the deficit from being offset against useable reserves, expires on 31 March 2026. Dorset Council accounts have been prepared on the basis the Government will find a solution towards dealing with the overspends before then as part of the Comprehensive Spending Review due in the summer of 2025.

Whilst the deficit is therefore held separately from the general fund, there is a cashflow pressure resulting from carrying a £95.6m deficit meaning that the Council has access to £95.6m less cash than it would otherwise. As a result, interest foregone on the deficit equates to £4m of pressure met by the General Fund. This is £4m 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. DfE Safety Valve payments were paused. The total value of the paused Safety Valve payments is £18m.

On the 28 March 2025, the DfE sent a letter to Dorset Council regarding the Safety Valve programme, requesting a revised model by the 30 April 2025.

The DfE letter stated:

Ministers are now in principle willing to consider resuming Safety Valve payments if our financial and SEND advisers are convinced that your authority's plans for future management of the DSG and of the local SEND system represent the best available value for money under the current statutory arrangements. For this purpose, we would no longer set absolute requirements that the plans must meet.

This request, unlike previous Safety Valve model requests, did not seek a future in-year HNB break-even point and a cumulative deficit position.

Dorset Council met with DfE advisors during April and a revised model, the same model used to set the 2025/26 High Needs Block, was submitted by the required date.

There has been no further correspondence from the DfE since the revised Safety Valve model submission.

Whilst the DfE 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.

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. The recently realised National Audit Office (NAO) report, Support for children and young people with special educational needs and disabilities, states:

DfE estimates that some 43% of local authorities will have deficits exceeding or close to their reserves in March 2026. This contributes to a cumulative deficit of between £4.3 billion and £4.9 billion when accounting arrangements that stop these deficits impacting local authority reserves are due to end. As such, the current system is not achieving value for money and is unsustainable.

Given that the current system costs over £10 billion a year, and that demand for SEN provision is forecast to continue increasing, the government needs to think urgently about

how its current investment can be better spent, including through more inclusive education, identifying and addressing needs earlier, and developing a whole-system approach to help achieve its objectives.

Any reforms will take time to implement. Dorset Council and partners continue to be ahead of the curve, putting the child at the heart of decision making, promoting inclusion and focus on early intervention and prevention.

Place Directorate

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 organises travel for over 8,000 passengers per day mostly for home to school travel. The team 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. There is, very broadly, in excess of £10m income from the estate, and A&P commissions and delivers capital projects/expenditure in excess of £20m each year.
- The Planning service deals with all town and country planning responsibilities and a range of other functions. This includes preparation of development plans, determining planning applications (around 4-5,000 per annum), planning enforcement, minerals and waste planning, building control, infrastructure and delivery planning, and a range of environmental responsibilities responsible for biodiversity net gain, the definitive map of rights of way, hosting of Dorset National Landscape and other environmental partnerships.
- The Economic Growth & Regeneration team assist many businesses within the Dorset Council area, 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.
- Place Directorate is responsible for three harbours (Weymouth, West Bay and Lyme Regis) as well as coastal and flood defence assets and infrastructure.

- The gypsy and traveller service manage 4 permanent gypsy and traveller sites providing accommodation for 50 families and managing unauthorised encampments on Council land.
- 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 2024/25, the Place Directorate saw the Community and Public Protection (CPP) service leave the Directorate and move to the new Public Health and Prevention Directorate.

The final Place Directorate net budget for 2024/25, after in-year adjustments, was £104.2m, and the final net spend was £103.95m, an underspend of £0.266m (circa 0.3%). Comparative spend (i.e. taking into account organisational changes) for the prior year was £95.9m, meaning that actual net expenditure for the Place Directorate increased by £8m from one year to the next.

Final budget and spend on a service by service basis is set out in the table below. Note that the table does not reflect the Place Directorate change in organisational structure that took place in the final quarter of 2024/25. That change will be reflected in 2025/26.

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
Assets and Regeneration	11,394	15,959	(4,565)	(40.1%)
Highways	1,039	1,309	(270)	(26.0%)
Planning	7,701	7,779	(78)	(1.0%)
Travel	39,643	36,424	3,219	8.1%
Business Support	2,093	1,989	105	5.0%
Environment and Wellbeing	8,339	7,355	984	11.8%
Waste - Commercial & Strategy	17,509	15,197	2,312	13.2%
Waste - Operations	16,704	16,482	222	1.3%
Directors Office	(202)	1,461	(1,663)	(823.3%)
Total Directorate Budget	**104,220**	**103,954**	**266**	**0.3%**

A number of headline factors have been flagged throughout the year. The year can be characterised as:

- A number of challenging situations arising in Assets and Property
- Tight cost control across the rest of the Directorate
- Some favourable market conditions have assisted in some areas (Waste, Dorset Travel)

- The overall position has allowed the carry forward of some funds to deal with some key areas of expenditure pressure going forward (as seen in Directors Office).

More details are given below.

Assets and Regeneration

The Assets and Regeneration budget ended the year with an adverse 4.6m spend.

There were many unbudgeted property issues arising during the year. The bullet points below are the headlines only:

- Unbudgeted urgent works at Care Dorset premises £615k
- Deficit arising on the BMIS school maintenance scheme 613k
- Overspend on R&M budget £491k
- NNDR Business Rates expenditure and rental income shortfall for the unoccupied part of Coombe House £488k
- Various staffing related savings not achieved / overspends £400k
- Surplus Property savings target not achieved £399k
- Unbudgeted Digital Place staffing £354k
- The rent reviews savings shortfall £333k
- Dorset Innovation Park & Battle Lab shortfall against budget £283k
- Unbudgeted expenditure at Redlands Sports Centre £160k
- Industrial sites – income shortfalls and rising costs £131k
- County Farms - income shortfalls and rising costs £124k
- Costs that were anticipated to be capitalised but could not be £87k
- Hotels - income shortfalls and rising costs £79k

Spend on compliance work came to £6.991m in revenue, and funds were provided for this by the corporate centre.

Highways

The Highways function consists of three services: Network Operations, Highways Infrastructure, and Parking Services. Final 2024/25 figures are in the table below.

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
Network Operations	4,612	5,310	(698)	(15.1%)
Highways Infrastructure	4,351	3,496	855	19.7%
Parking Services	(7,925)	(7,498)	(427)	(5.4%)
Total Highways Budget	**1,038**	**1,308**	**(270)**	**(26.0%)**

Network Operations overspent by £698k. This is largely in line with expectations, due to authorised but unbudgeted spend on highways drainage and flooding issues during the final quarter of the year.

Highways Infrastructure underspent by £855k. This is largely due to favourable energy usage under the streetlighting contract.

Parking Services ended the year at an adverse £427k position. This is broadly in line with forecasts, which included the effect of reduced charging at three trial sites across the county.

Planning

The Planning function consists of five services: Final 2024/25 figures are in the table below.

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
Conservation	962,603	915,568	47,035	4.9%
Devt Management	523,879	629,409	(105,530)	(20.1%)
Spatial Planning	5,707,469	5,652,882	54,587	1.0%
Planning Management	204,043	158,227	45,816	22.5%
Building Control	303,165	423,095	(119,930)	(39.6%)
Total Planning Budget	**7,701,159**	**7,779,181**	**(78,022)**	**(1.0%)**

The service also hosts Dorset National Landscapes, and the Environment, Policy and Partnerships teams (including Dorset Coast Forum, Litter Free Dorset, Natural Environment team, Environment Mitigation Delivery and archaeological advice).

Reporting throughout the year has focused on the volatility of planning application income, which can adversely affect the Development Management service. The end of year position on statutory fee income (£283k adverse) was much better than had been expected at the start of the year. This was offset by savings from staff vacancies (also £283k, favourable). Legal and consultancy work on planning inquiries was an unbudgeted cost of £235k, partially offset by other minor favourable budget lines.

Building Control ended the year with a £120k adverse position, of which £62k was a shortfall against income and £53k was an overspend on staffing.

Other variances in Planning were minor.

Dorset Travel

Dorset Travel had a budget rebase of £12m for 2024/25. This was to cover the previous year £7m overspend and anticipated pressures going into the 2024/25 financial year.

The table below shows the breakdown by service:

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
School Transport	11,749,407	11,375,765	373,642	3.2%
Public Transport	4,208,396	3,950,403	257,993	6.1%
Operational Support	1,194,996	1,366,846	(171,850)	(14.4%)
SEND Transport	22,490,161	19,730,662	2,759,499	12.3%
Total Dorset Travel Budget	**39,642,960**	**36,423,676**	**3,219,284**	**8.1%**

The large increase in home to school transport costs has been well documented over recent years. Based on previous growth, the 2024/25 budget allowed for overall growth of 15%. However, actual growth was lower than forecast resulting in a significant underspend.

The spend on SEND home to school transport increased by 4% on last year, lower than previous years increases which were 44.5% and 17% for 2022-23 and 2023-24 respectively. In September 2024 there was an increase in the number of students of 7% in comparison to the previous year. However, the external marketplace was more competitive in 2024/25 and the SEND Travel Reviewing team is generating savings and cost avoidance by optimising transport routes.

The year 2024-25 saw an 8.5% increase in spend on Mainstream School Transport compared to the previous year, mainly caused by rises in contract prices.

There was an increase in income received from our supported Public Transport routes, compared to the previous year.

The Operational Support budget was overspent but there has been a reduction in agency staff over the last quarter and this is expected to remain the case into 2025-26.

Business Support

Business Support saw a small underspend (£105k) due to vacancies held.

Environment and Wellbeing

The E&W service ended the year at £984k underspent. The table below shows the breakdown by service.

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
E&W general	37,119	95,319	(58,200)	(156.8%)
Environment Service	4,832,954	4,736,759	96,195	2.0%
Leisure, Arts & Culture	3,247,882	2,540,260	707,622	21.8%
Harbours	(1,136,786)	(1,130,088)	(6,698)	(0.6%)
Flood & Coastal Erosion	1,357,735	1,112,465	245,270	18.1%
Total Environment and Wellbeing Budget	**8,338,904**	**7,354,715**	**984,189**	**11.8%**

Leisure, Arts & Culture facilities underspent by £707k in total, with savings on pay at 119k, savings on premises related costs (utilities circa £200k, and R&M £58k), a £90k underspend in Sports Development around grants payments, and an overachievement of membership income of £136k.

The Flood and Coastal Erosion Risk Management (FCERM) team underspent by £245k, the major item of which was additional income for staff working and capital and revenue schemes.

The Environment Service underspent by £96k. £36k was additional income in the Arbs, Grounds and Landscaping team and £66k was additional income and staff vacancies in the Greenspace team. Environment Policy and Partnerships underspent by £75k due to additional income and the Gypsy and Traveller Service overspent by £73k due to unbudgeted R&M and legal costs.

Waste – Commercial and Strategy

Waste Strategy finished with an outturn of £15.197m against a net budget of £17.509m, an underspend of £2.312m.

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
Commercial Waste & Strategy General	106,972	99,440	7,532	7.0%
Waste Disposal	18,860,095	17,091,636	1,768,459	9.4%
Premises	364,738	366,579	(1,841)	(0.5%)
Management & Admin	1,617,301	1,495,352	121,949	7.5%
Garden Waste	(2,110,948)	(2,354,544)	243,596	11.5%
Trade Waste	(1,223,163)	(1,399,660)	176,497	14.4%
Container Charging	(106,039)	(101,770)	(4,269)	(4.0%)
Total Environment and Wellbeing Budget	**17,508,956**	**15,197,034**	**2,311,922**	**13.2%**

There is an underspend of £687k in relation to the overall recyclate budget, based on how the monthly basket price has performed throughout the year and any variance in tonnages arising. In addition, there is a further £1.175m underspend on the wider waste disposal, haulage, management fee and technical consultancy budget. This is due to lower than budgeted tonnage volumes, and a mid-year decrease in the food waste disposal gate fee. In particular, the tonnages for February and March were significantly lower than average / profiled.

There were favourable variances of £244k and £175k in the Garden and Commercial Trading Accounts respectively.

Management and admin finished with a £122k underspend due mainly to vacancy savings.

It remains the case that a lot of the disposal budgets within Commercial Waste & Strategy are extremely volatile, and the monthly variations in tonnage volume, coupled with an unpredictable recyclate market, can cause significant variations between forecasting periods.

Waste Operations

The 2024/25 budget was set with proposed savings of a £350k reduction in Street Cleansing and a £100k reduction in Agency. However, after consideration, no change was made to operational activity in this area.

The final position is a favourable position of £222k. The underspends are across a number of headings including both salary and agency staff, vehicle fuel price, and vehicle parts.

Place	Net Budget £'000	Outturn £'000	Outturn (Overspend)/ Underspend £'000	
Waste Operations General	118,798	120,237	(1,439)	(1.2%)
Waste Operations	13,030,802	13,024,982	5,820	0.0%
Fleet Maintenance	3,835,182	3,617,545	217,637	5.7%
Partner Contributions	(280,859)	(280,512)	(347)	(0.1%)
Total Waste Operations Budget	**16,703,923**	**16,482,252**	**221,671**	**1.3%**

Directors Office

Directors Office shows an overspend of £1.6m. This includes unbudgeted expenditure of £150k in respect of Portland MEMO and transferring funds into reserve to meet anticipated future costs in respect of two specific areas, fire compliance work (£1m) and the Local Plan (£0.5m).

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 £41.4m and the final outturn was an underspend of £1.3m. 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, Land Charges and Archives. The net budget was £8.9m and the final outturn position was an underspend of £0.5m.

During 2024/25 the Legal Service carried several staff vacancies throughout the year due to difficulties in recruiting, so this generated most of the savings. Within Land Charges the service has benefited from higher search numbers over the past 12 months, which resulted in a small income surplus.

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 £395.4m, with a final outturn showing a positive variance of £3.3m. This outcome was primarily driven by a £6.7m underspend in the Contingency budget, £4.6m from the core budget being held back to ease pressures elsewhere across the Council, and a £2.2m saving due to the pay award being lower than anticipated.

Also, within the Collection Fund, there was an underspend of £3.8m from a business rates surplus of £3.4m; council tax surplus of £0.1m plus unbudgeted Levy Surplus Grant of £0.3m.

These were offset by the Our Future Council programme saving of £8.6m that was not achieved in 2024/25.

Flexible Use of Capital Receipts

As part of the 2024/25 budget the Flexible Use of Capital Receipts policy was approved which included projects within two service areas; Assets and Regeneration and Housing.

As part of the policy it stated the following savings were expected to be delivered which would fund future transformation in those areas.

Assets & Regeneration

Since July 2024, no further spend was coded to three flexible capital receipts cost centres (Strategic Asset Management Plan & Effective Property Services; Rapid Asset Reviews; Acceleration of Disposal). Costs for 2024/25 totalled £47k.

With the approval of the new Strategic Asset Management Plan by Cabinet in October 2024, the work previously coded to flexible capital receipts budgets has been subsumed into business as usual. This includes outsourced asset reviews (which are now being funded from Asset Strategy), consultancy costs related to the implementation of corporate landlord model (now being undertaken in house as effective property services model) and a new target operating model for Assets & Property, agency fees for interim colleagues (all of whom have had contracts terminated, with the exception of one now being covered from the Estates salary budget).

Housing

The council identified £1.5 million in unallocated Capital receipts to be used by Housing services to fund the service reconfiguration, structural changes, and operating model refinements. The investment aimed to ensure the Council delivers an improved housing offer that benefits both the Council and those who approach us for support.

The additional investment has led to greater efficiency and effectiveness across the housing service, enabling a more customer focussed approach and allowing for earlier interventions and improved outcomes.

The final outturn for Capital Receipts funding is £1.090m, resulting in an underspend of £0.415m due to delays in recruitment.

Despite not all staff being in post, good progress has been made on improving performance and outcomes for individuals as noted as part of the main narrative on Housing.

Developing the 2025/26 budget

2025/26 was the seventh budget for Dorset Council.

For 2025/26 Dorset Council set a net budget of £417.2m funded from new homes bonus (£3.2m), business rates (£70.2m), revenue support grant (£1.8m) and council tax (£342m) meaning a band D equivalent council tax charge of £2,101.05.

Part 2 (Section 25) of the Local Government Act 2003 requires officers with responsibilities under s151 of the Local Government Act 1972 to make a statement regarding the robustness of estimates and the adequacy of reserves at the time the budget is set. When making this statement due consideration is given to the risk of a Section 114 notice being issued in the near future or within the medium term. Further details of the s151 Officer assurance is detailed in the budget paper approved by Council each year as part of setting the budget.

Future funding prospects

Development of the next iteration of the MTFP will be extremely challenging, especially with growing pressures and a reset expected for Business Rates.

Borrowing, servicing of debt and liquidity

The Council's overall borrowing stood at £295m at the end of the year, a net increase of £69m during the year. The maturity profile of the Council's borrowing is within the limits set out in the treasury management strategy and includes £55m of borrowing repayable within the next 12 months from the balance sheet date. The average interest rates payable on borrowing were 4.81% on loans from the Public Works Loan Board (PWLB) and 4.10% on loans from other lenders.

Interest payable on external debt (including PFI and leases) during the year was £9.8m and interest receivable plus other investment income was £6.4m.

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 24 to the accounts.

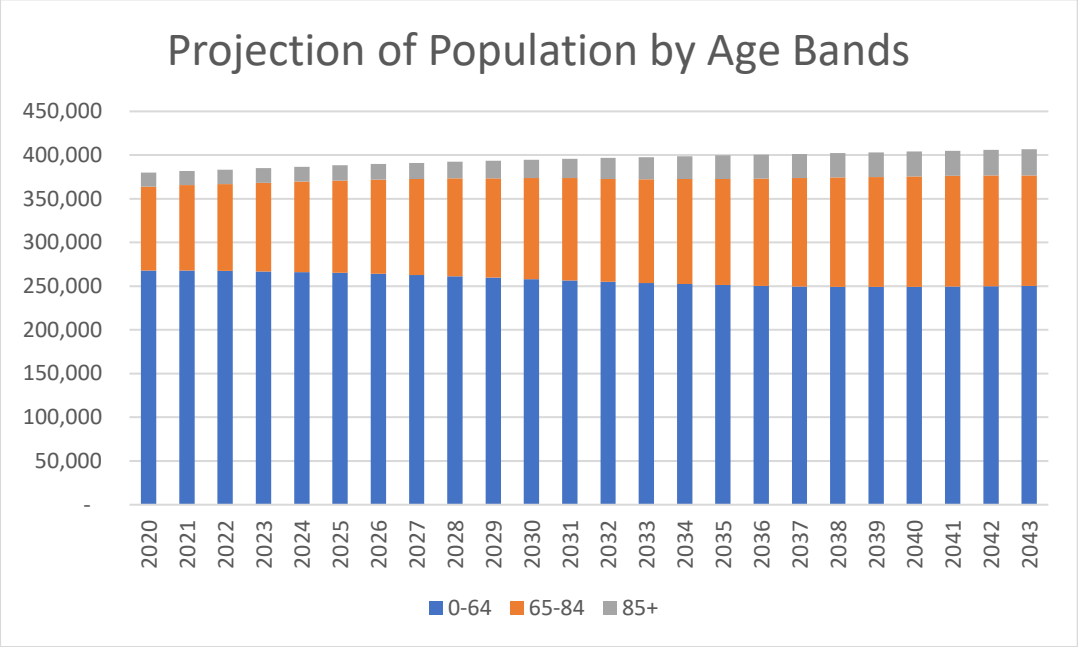
Liquidity was maintained at adequate levels during the year with no concerns over the ability to discharge creditors and other payments as they fell due.

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

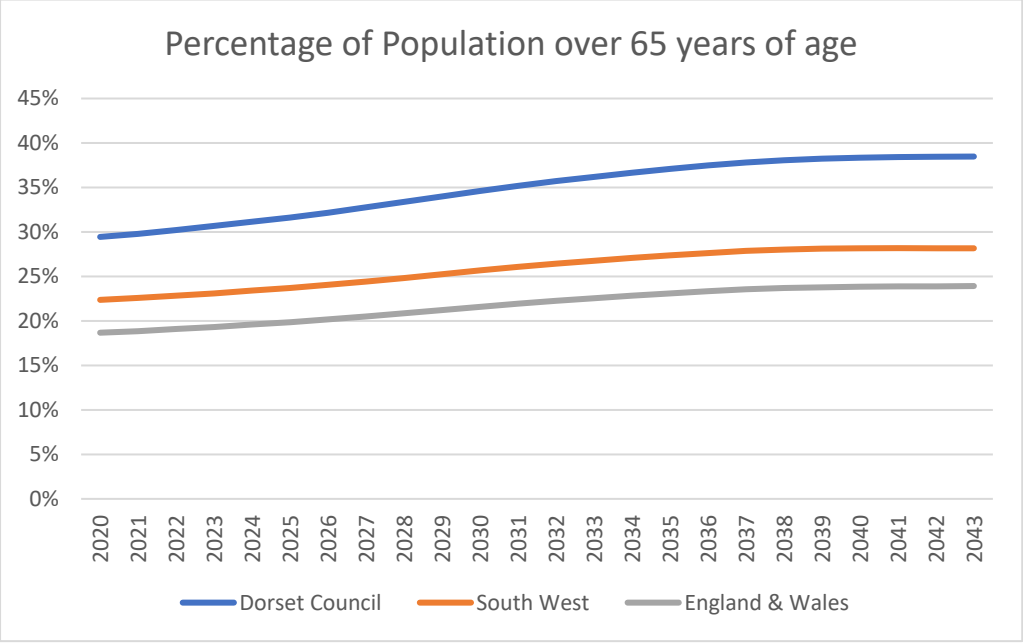
The Council provides services to a total estimated population of 388,291 (2024 being 386,725), with the projection for 2026 being 389,732, based on 2018 census projection data (current population 379,578).

Projections summarised in the chart below show the population of Dorset's residents with an estimated 27% being between 65 years of age and 84 years of age, and 5% being over 85 years of age in 2025. 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.



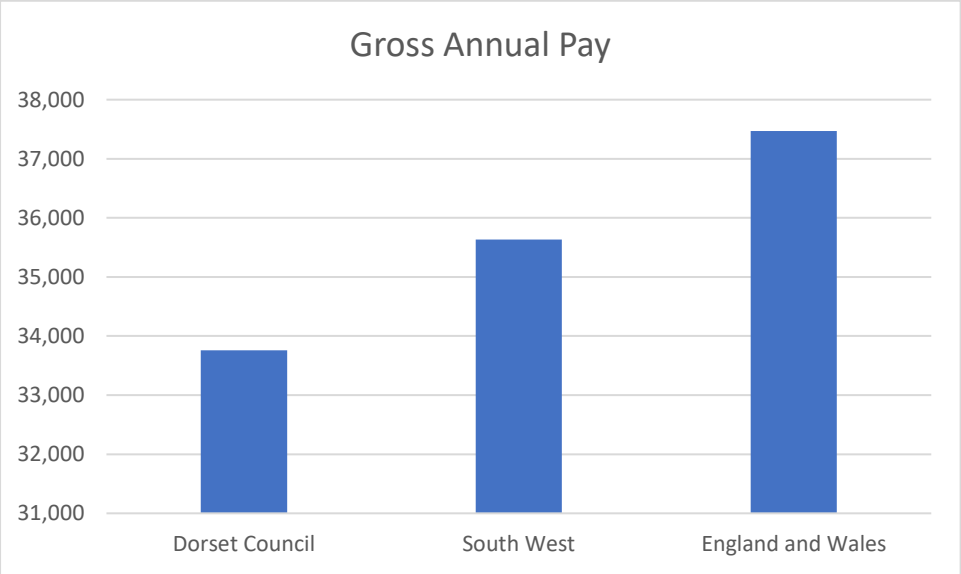
Source: 2018 Population Projections, Office for National Statistics (ONS)

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



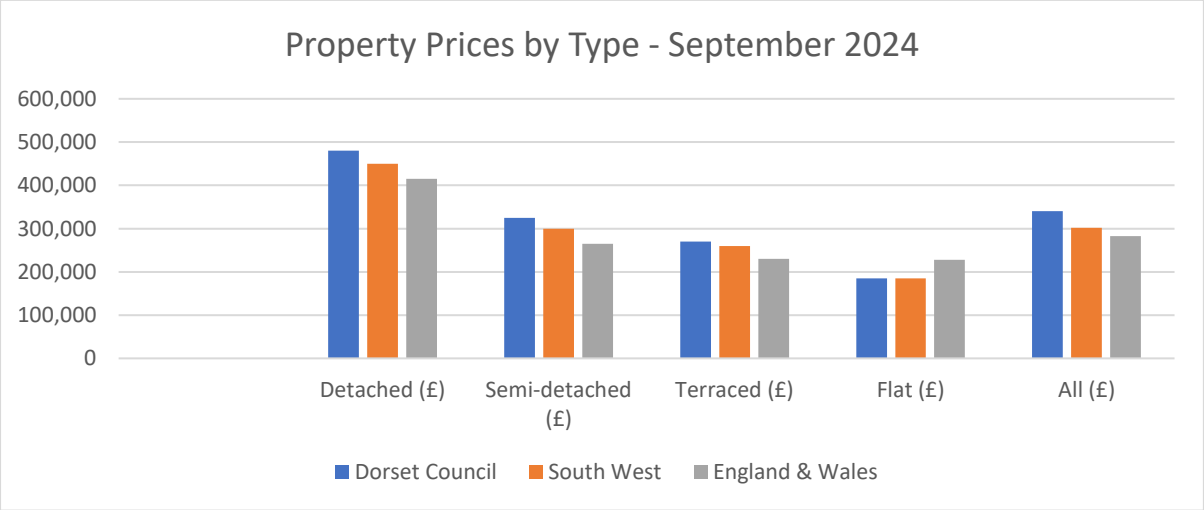
Source: 2018 Population Projections, Office for National Statistics (ONS)

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



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The average price of properties in the area served by the Council is shown in the chart below, 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.



Source: Housing affordability in England and Wales: 2024, 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 £292.961m.

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 46 and amounts to £31.631m.

The overspend in 2024/25 impacts on the ability to increase the general fund to the desired level for the next financial year. The overspend along with other financial commitments (DSG £5.1m, Compliance £5.0m and Colfox PFI £0.5k) have prevented the ability to increase the general fund to 10% of the 2025/26 budget which would be £41.7m. The general fund is currently operating at 7.58% (£31.6m) which is above the minimum operating range of 5% (£20.9m).

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.

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.

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.

As at 31 March 2025, the pension fund's assets were valued at £4.1bn in total, with Dorset Council's 'share' available to fund benefits estimated by the actuary to be approximately £1.5bn. The Council is the scheme's largest employer in Dorset as at 31 March 2022 (the date of the last full actuarial valuation).

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. At this date, the Council had 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).

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 £73m as at 31 March 2025.

Basis of preparation

The accounts for 2024/25 are prepared in accordance with:

- the Accounts and Audit Regulations 2015
- the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

This narrative statement provides context for the financial performance of the Council for the financial year and its financial position as at 31 March 2025. This includes an interpretation of the financial statements, providing information on the major influences affecting the 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 (i.e. those that can be applied to fund expenditure or reduce local taxation) 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.

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.



Sean Cremer

Corporate Director Finance & Commercial

(Chief Financial Officer & s151 Officer)

24 February 2026



Councillor Gary Suttle

Chair, Audit and Governance Committee

24 February 2026

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.

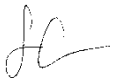
The Chief Financial Officer's responsibilities

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 2025 and of its income and expenditure for the year then ended.



Sean Cremer
Corporate Director Finance & Commercial
(Chief Financial Officer & s151 Officer)
24 February 2026

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.

Restated 2023/24					2024/25		
Gross Spending £'000	Gross Income £'000	Net Spending £'000	Gross Spending, Gross Income, Grants & Net Expenditure on Continuing Operations	Note	Gross Spending £'000	Gross Income £'000	Net Spending £'000
195,613	75,319	120,294	Adult Care Service User Related		218,922	87,701	131,221
18,394	4,531	13,863	Adult Care Operations		20,064	4,487	15,577
18,356	9,574	8,782	Commissioning & Improvements		18,092	10,684	7,408
4,643	874	3,769	Director's Office		3,286	1,253	2,033
16,895	8,339	8,556	Housing & Community Safety		16,057	8,360	7,697
253,901	**98,637**	**155,264**	**People - Adults**		**276,421**	**112,485**	**163,936**
86,505	76,241	10,264	Financial and Commercial		81,876	73,259	8,617
2,605	1,559	1,046	Human Resources		2,774	1,478	1,296
2,280	82	2,198	Digital & Change		1,812	87	1,725
11,428	893	10,535	ICT Operations		13,086	954	12,132
308	377	(69)	Director's Office		428	13	415
16,087	849	15,238	Strategy, Performance and Sustainability		16,573	709	15,864
1,064	98	966	Chief Executive's Office		1,134	110	1,024
1,960	40	1,920	Transformation & Change		2,852	38	2,814
122,237	**80,139**	**42,098**	**Corporate Development**		**120,535**	**76,648**	**43,887**
52,745	22,153	30,592	Highways		54,336	20,885	33,451
10,776	4,699	6,077	Planning		12,749	5,338	7,411
38,045	3,028	35,017	Dorset Travel		40,192	3,327	36,865
1,687	-	1,687	Business Support		1,892	-	1,892
25,924	14,257	11,667	Environment and Wellbeing		23,816	16,367	7,449
26,015	7,461	18,554	Waste - Commercial & Strategy		26,865	8,127	18,738
16,205	536	15,669	Waste - Operations		16,440	498	15,942
2,231	1,201	1,030	Director's Office		1,971	300	1,671
33,143	11,877	21,266	Assets and Regeneration		45,037	15,322	29,715
206,771	**65,212**	**141,559**	**Place**		**223,298**	**70,164**	**153,134**
70,077	6,545	63,532	Care & Protection		74,011	7,802	66,209
3,043	414	2,629	Quality Assurance and Safeguarding		3,226	476	2,750
18,600	10,301	8,299	Commissioning & Partnerships		17,628	10,259	7,369
97,470	6,685	90,785	Education & Learning		125,496	7,229	118,267
5,188	7,207	(2,019)	Director's Services		10,088	10,969	(881)
130,328	28,360	101,968	DSG Services		128,445	31,749	96,696
-	429	(429)	DSG Recharges		-	454	(454)
-	148,052	(148,052)	DSG - Funding		-	158,409	(158,409)
324,706	**207,993**	**116,713**	**People - Children**		**358,894**	**227,347**	**131,547**
1,523	55	1,468	Assurance		1,571	54	1,517
3,059	246	2,813	Democratic & Electoral Services		5,012	1,776	3,236
400	691	(291)	Land Charges		395	798	(403)
2,408	103	2,305	Legal Services		3,053	177	2,876
1,495	445	1,050	Archives		1,302	352	950
8,885	**1,540**	**7,345**	**Legal & Democratic Services**		**11,333**	**3,157**	**8,176**
7,297	4,133	3,164	Community & Public Protection		7,817	3,976	3,841
3,288	1,047	2,241	Public Health Joint Partnership Funding		1,489	1,440	49
27,089	27,659	(570)	Public Health		28,232	27,571	661
37,674	**32,839**	**4,835**	**Partnerships**		**37,538**	**32,987**	**4,551**
3,991	**1,176**	**2,815**	**Centrally Managed Costs**		**4,224**	**15**	**4,209**
958,165	**487,536**	**470,629**	**Deficit on Provision of Services**		**1,032,243**	**522,803**	**509,440**
			Other Operating Income & Expenditure				
-	3,122	(3,122)	Net loss/(gain) on disposal of non-current assets		-	(1,368)	**1,368**
18,587	100	18,487	Levies and Precepts		19,552	100	**19,452**
			Financing & Investment Income & Expenditure				
7,891	-	7,891	Interest Payable		9,821	-	**9,821**
-	6,155	(6,155)	Interest and Investment Income		-	6,394	**(6,394)**
-	685	(685)	(Gains)/losses on Investments		-	1,079	**(1,079)**
21,612	-	21,612	Net loss on disposal of Academies		95	-	**95**
10,068	-	10,068	Pensions Interest Cost & Expected Return on Assets	22.	4,679	-	**4,679**
1,016,323	**497,598**	**518,725**	**Net Operating Expenditure**		**1,066,390**	**529,008**	**537,382**
			Taxation & Non-Specific Grant Income				
		(654)	Revenue Support Grant				**(698)**
		(66,657)	Non-Domestic Rates				**(68,506)**
		(307,681)	Council Tax				**(330,764)**
		(34,583)	Other Central Grants				**(37,250)**
		(53,626)	Capital Grants				**(68,487)**
		(463,201)	**Total Finance**				**(505,705)**
		55,524	**Deficit for the Year**				**31,677**
			Items that will not be reclassified to the (surplus)/deficit on the provision of services				
		(35,823)	(Surplus) on the revaluation of Property, Plant & Equipment				**(13,777)**
		(133,616)	Remeasurements of the net defined benefit liability (asset)				**(76,857)**
		(113,915)	**Net Comprehensive (Income)/Expenditure**				**(58,957)**

Prior year comparative amounts have been restated on the Comprehensive Income and Expenditure Statement in line with movements for hierarchy and mapping changes of services between directorates in 2024/25, so that the financial performance is comparable between 2024/25 and 2023/24. These movements relate to the following lines:

Corporate Development

- Digital & Change
- Director's Office
- Chief Executive's Office

Place

- Waste Operations

People - Children

- Care & Protection
- Quality Assurance and Safeguarding
- Commissioning & Partnerships

Legal & Democratic Services

- Democratic & Electoral Services

Partnerships

- Community & Public Protection

Balance Sheet

The Balance Sheet is a record of the financial position of the Council at 31 March 2025. Figures relating to the Dorset County Pension Fund are excluded, except amounts specific to the Council, e.g. the Pensions Liability and Pensions Reserve. The summarised Pension Fund Accounts are set out in separate statements in a separate document. Detailed notes supporting the Balance Sheet are shown later in this document.

As at 31 March 2024			Note	As at 31 March 2025	
£'000	£'000			£'000	£'000
5,331		**Intangible Assets**		4,452	
		Property, Plant & Equipment			
		Operational Assets			
459,320		Land and Buildings		473,768	
-		Right of Use - Land and Buildings		22,779	
21,651		Vehicles, Plant, Furniture & Equipment		28,756	
-		Right of Use - Vehicles, Plant, Furniture & Equipment		51	
469,059		Infrastructure Assets (e.g. highways)		487,668	
12,884		Community Assets (e.g. country parks)		13,037	
		Non-operational Assets			
33,155		Assets under construction		33,769	
16,792		Surplus Assets		15,026	
	1,018,192		21		1,079,306
	3,082	Heritage Assets			3,026
	19,049	Long-term Investments	3		19,328
	6,865	Long-term Debtors	29		6,980
	1,047,188	**Long-term Assets**			1,108,640
		Current Assets			
1,998		Inventories		1,949	
119,531		Debtors and Payments in Advance	27	117,986	
32,452		Short-Term Investments	3	8,419	
2,067		Assets held for sale		1,817	
49,534		Cash & cash equivalents	29	69,390	
205,582				199,561	
		Current Liabilities			
(51,141)		Short-Term Borrowing	30	(54,953)	
(1,955)		Short-Term PFI Liability		(7,653)	
-		Short-Term Lease Obligations	12	(1,265)	
(109,606)		Creditors and Receipts in Advance	31	(89,955)	
(10,188)		Provisions	34	(5,805)	
(2,475)		Grants Receipts in Advance - Revenue	32	(497)	
(29,380)		Bank Overdraft	29	(39,100)	
(204,745)				(199,228)	
	837	**Net Current Assets**			333
	1,048,025	**Total Assets less Current Liabilities**			1,108,973
		Long-Term Liabilities			
(175,046)		Long-Term Borrowing	30	(240,010)	
(14,735)		Long-Term PFI Liability	11	(16,690)	
(57)		Other Long-Term Liabilities		(57)	
(1,864)		Long-Term Lease Obligations	12	(8,288)	
(159,218)		Pensions Liability	22	(73,428)	
	(350,920)	**Total Long-Term Liabilities**			(338,473)
	697,105	**Net Assets/(Liabilities)**			770,500
		Financed by:-			
		Usable Reserves			
44,775		General Fund Balance	46	39,760	
121,872		Earmarked Reserves	45	114,013	
9,730		Usable Capital Receipts Reserve	43	3,945	
113,093		Capital Grants Unapplied Account	39	135,243	
	289,470	**Total Usable Reserves**			292,961
		Unusable Reserves			
(59,573)		Dedicated Schools Grant Adj Account	15	(95,630)	
6,317		Collection Fund Adjustment Accounts	44	9,964	
217,735		Revaluation Reserve	40	225,807	
(159,218)		Pensions Reserve	22	(73,428)	
417,444		Capital Adjustment Account	37	424,790	
(5,129)		Accumulated Absences Account	38	(4,816)	
1,140		Deferred Capital Receipts Reserve		1,140	
1,291		Pooled Fund Adjustment Account	41	1,616	
(12,372)		Financial Instruments Adj Account	42	(11,904)	
	407,635	**Total Unusable Reserves**			477,539
	697,105	**Total Reserves**			770,500

These financial statements replace the unaudited financial statements, issued on 16 June 2025, confirmed by the Corporate Director Finance & Commercial, Sean Cremer, 24 February 2026.

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	Total General Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2023	42,149	140,905	183,054	4,819	109,066	296,939	286,251	583,190
	42,149	140,905	183,054	4,819	109,066	296,939	286,251	583,190
Movement in reserves during 2023/24								
Surplus/(Deficit) for the year	(55,524)		(55,524)			(55,524)	-	(55,524)
Total Other Comprehensive Income & Expenditure	-	-	-	-	-	-	169,439	169,439
Total Comprehensive Income & Expenditure	(55,524)	-	(55,524)	-	-	(55,524)	169,439	113,915
Net Increase/(Decrease) before Transfers	(55,524)	-	(55,524)	-	-	(55,524)	169,439	113,915
Total adjustments between accounting basis and funding basis under regulations (note 10)	32,867	-	32,867	4,911	10,277	48,055	(48,055)	-
Total transfers	25,283	(19,033)	6,250	-	(6,250)	-	-	-
Balance as at 31 March 2024	44,775	121,872	166,647	9,730	113,093	289,470	407,635	697,105

	General Fund Balance	Earmarked GF Reserves	Total General Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£'000	£000	£000	£000	£000	£000
Note	*46*	*45*		*43*	*39*			
Balance as at 31 March 2024	44,775	121,872	166,647	9,730	113,093	289,470	407,635	697,105
IFRS 16 opening balance adjustment to Capital Adjustment Account	14,438		14,438			14,438	-	14,438
MiRS Adj Gain on Recognition of IFRS16	(14,438)		(14,438)			(14,438)	14,438	0
Adjusted opening balance 1 April 2024	**44,775**	**121,872**	**166,647**	**9,730**	**113,093**	**289,470**	**422,073**	**711,543**
Movement in reserves during 2024/25								
Surplus/(Deficit) for the year	(31,677)		(31,677)			(31,677)	-	(31,677)
Total Other Comprehensive Income/(Expenditure)	-	-	-	-	-	-	90,634	90,634
Total Comprehensive Income/(Expenditure)	(31,677)	-	(31,677)	-	-	(31,677)	90,634	58,957
Net Increase/(Decrease) before Transfers	(31,677)	-	(31,677)	-	-	(31,677)	90,634	58,957
Total Adjustments between accounting basis and funding basis under regulations (note 10)	12,950	-	12,950	(5,785)	28,003	35,168	(35,168)	-
Total transfers	13,712	(7,859)	5,853	-	(5,853)	-	-	-
Balance as at 31 March 2025	**39,760**	**114,013**	**153,773**	**3,945**	**135,243**	**292,961**	**477,539**	**770,500**

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 2024 £'000		Note	**As at 31 March 2025 £'000**
(55,524)	Net surplus or (deficit) on the provision of services		**(31,677)**
59,684	Adjustment to surplus or deficit on the provision of services for noncash movements	*47*	**16,140**
(7,443)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	*47*	**(1,259)**
(3,283)	Net Cash flows from operating activities		**(16,796)**
(41,832)	Net Cash flows from Investing Activities	*48*	**(56,374)**
24,133	Net Cash flows from Financing Activities	*49*	**83,306**
(20,982)	Net increase or (decrease) in cash and cash equivalents		**10,136**
41,136	Cash and cash equivalents at the beginning of the reporting period		**20,154**
20,154	Cash and cash equivalents at the end of the reporting period		**30,290**
(20,982)	Change in cash and cash equivalents during the reporting period		**10,136**

Notes to the Accounts

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

The Authority is required 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.

From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of indexation will be.

From 1 April 2025, the Accounting Code will remove the requirement to measure Intangible Assets at fair value where there is an active market for the particular asset. The measurement basis for all Intangible Assets will be amortised historical cost. All of the Authority's intangible assets are held at historical cost and this accounting change will have no impact on the Authority's balance sheet.

There are no other changes in accounting requirements for 2025/26 that are anticipated to have a material impact on the Council's financial performance or financial position

2) Related party transactions

Local Authorities are required to disclose details of 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.

Other Local Authorities and Bodies levying demands on the council tax

Levies and precepts paid to other bodies during 2024/25 included the following material transactions:

2023/24 £'000		**2024/25 £'000**
573	Environment Agency	**582**
202	Southern Sea Fisheries Committee	**210**
17,814	Town & Parish Precepts	**18,762**

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 23.

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.

The consolidated turnover for Care Dorset Holding Limited for the year ended 30 September 2024 was £31.9m (£29.6m for 1 October 2022 to 30 September 2023).

Transactions with Care Dorset for 2024/25, excluding VAT, were as follows:

2023/24 £'000		2024/25 £'000
4,083	Payments due from Care Dorset Ltd	**3,123**
3,774	Debtors as at 31 March (amounts owing from entity)	**3,980**
413	Payments made to Care Dorset Ltd	**1,387**
-	Creditors as at 31 March (amounts owed to entity)	**-**
27,123	Payments made to Care Dorset Holding Limited	**29,340**
-	Creditors as at 31 March (amounts owed to entity)	**-**

The care contract with Dorset Council was £26.601m for April 2024 to March 2025 (£26.336m for April 2023 to March 2024).

Dorset Council is contracted to provide support services to Care Dorset; the value of this contract was £804k for April 2024 to March 2025 (£729k for April 2023 to March 2024).

The accounting year end for Care Dorset was 30th September until 2024, but will become 31st March as from 2026.

Care Dorset made a profit of £10k for the year ended 30 September 2024 (loss of £394k for the year ended 30 September 2023).

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 £6.2m for 2024/25 (£3.2m for 2023/24). The Dorset Centre of Excellence received fees from Dorset Council of £6.009m for 2024/25 (£2.989m for 2023/24).

The Dorset Centre of Excellence anticipate reporting a pre-tax surplus of £739k for 2024/25 (£494k pre-tax loss 2023/24).

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

Transactions with The Dorset Centre of Excellence for 2024/25, excluding VAT, were as follows:

2023/24 £'000		2024/25 £'000
1,327	Payments due from Dorset Centre of Excellence	**2,011**
212	Debtors as at 31 March (amounts owing from entity)	**276**
2,242	Payments made to Dorset Centre of Excellence	**6,253**
-	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)

Dorset Council charged £445k to the 2024/25 accounts (£432k for 2023/24) for services received by SWAP.

The accounting year end for SWAP is 31st March.

Transactions with SWAP for 2024/25, excluding VAT, were as follows:

2023/24 £'000		2024/25 £'000
-	Payments due from SWAP	-
-	Debtors as at 31 March	-
432	Payments made to SWAP	**445**
-	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. The Dorset Council share is now £33k following disaggregation with Bournemouth, Christchurch, Poole Council (BCP Council) at local government reorganisation as at 1 April 2019.

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 2024/25 Dorset Council received a dividend of £85k from the Company (£95k for 2023/24) and was charged £4k to the accounts for services purchased from the Company (£4k for 2023/24).

The accounting year end for TRICS is 31st December.

Transactions with TRICS for 2024/25, excluding VAT, were as follows:

2023/24 £'000		2024/25 £'000
-	Payments due from TRICS	-
-	Debtors as at 31 March	-
8	Payments made to TRICS	**1**
-	Creditors as at 31 March (amounts owed to entity)	-

Connect2Dorset

Connect2Dorset operates as a Limited Liability Partnership (LLP) established to provide agency staffing services. The LLP, named Dorset & Kent Commercial Services LLP, is jointly owned by Dorset Council and Commercial Services Kent Ltd, each holding a 50% stake, with neither party exercising overall control. This partnership became effective on 8 April 2024.

While the LLP primarily delivers services to Dorset Council, it also undertakes limited external trading with third-party organisations.

The LLP's accounting year ends on 31 March, and for the financial year 2024/25, Connect2Dorset reported a turnover of £9.7m and a net loss of £147k.

Although the LLP could be classified as a joint venture, its financial impact on Dorset Council is not material. As such, its results are not consolidated into the Council's group accounts.

Transactions with Connect2Dorset for 2024/25, excluding VAT, were as follows:

2023/24 £'000		**2024/25 £'000**
-	Payments due from Connect2Dorset	**5**
-	Debtors as at 31 March (amounts owing from entity)	**-**
-	Payments made to Connect2Dorset	**9,735**
-	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 ceased as the Clerk to Dorset & Wiltshire Fire and Rescue Authority as from 1 April 2025. The Council supplied services to related parties as detailed in the following table.

2023/24 £'000		**2024/25 £'000**
46	Dorset & Wiltshire Fire and Rescue Authority	**51**

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

2023/24 £'000		**2024/25 £'000**
52	Dorset & Wiltshire Fire and Rescue Authority	**4**

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.

Officers are aware that Cllr Holloway is the sole director of Goathorn Precision Engineering Ltd. Goathorn Precision Engineering is a tenant of the Council and as at 31 March 2025 Goathorn owed the Council £44k in unpaid rent and unpaid service charges. Cllr Holloway was a member of the Council's Cabinet until 8 November 2024 but had no responsibility for property matters and his company has been treated no differently than any other debtor. The Goathorn debt is managed through CBRE acting as agents for the Council.

Councillor Beryl Ezzard is: a Trustee of Purbeck Youth & Community Foundation, which received grants of £79k from Dorset Council during 2024/25 (£12k for 2023/24), and £15k from Dorset Council during 2024/25 under a service level agreement (£9k for 2023/24); Chair of Purbeck Community Rail Partnership, which has been successful in bidding for £5k from the Dorset Council Transport Fund.

Councillor Clare Sutton is a Trustee of STEPS The Club for Young People, which received grants of £10k from Dorset Council during 2024/25 (£5k for 2023/24).

Councillor David Morgan is: a Trustee of the Wimborne Museum, which received £50k from Dorset Council during 2024/25 under a service level agreement (£50k for 2023/24); an unpaid director and trustee of Priest House Museum which received £49,600 from Dorset Council in 2024/25 (£75,181 for 2023/24); a member of Vision Wimborne which received £15k from Dorset Council in 2024/25 (£nil for 2023/24); committee member of Planet Wimborne, which received a grant of £2k from Dorset Council during 2024/25 (£nil for 2023/24).

Councillor Derek Beer is a Trustee of Shaftesbury Abbey Museum, which received a grant of £10k from Dorset Council during 2024/25 (£7k for 2023/24).

Councillor Jon Orrell is a Trustee of Lantern Centre, Weymouth, which received a grant of £10k from Dorset Council during 2024/25 (£nil for 2023/24), and £108k from Dorset Council during 2024/25 under a service level agreement (£113k for 2023/24).

Councillor Louie O'Leary is Chairman of Littlemoor Community Action Group, which received a grant of £5k from Dorset Council during 2024/25 (£nil for 2023/24).

Councillor Nick Ireland's wife is a Trustee of Lantern Centre, Weymouth, which received a grant of £10k from Dorset Council during 2024/25 (£nil for 2023/24), and £108k from Dorset Council during 2024/25 under a service level agreement (£113k for 2023/24).

Councillor Paul Kimber is a Trustee of Portland Food Bank, which received a grant of £24k from Dorset Council during 2024/25 (£15k for 2023/24).

Councillor Richard Biggs is a member of Dorset Wildlife Trust, which received grants of £127k from Dorset Council during 2024/25 (£138k for 2023/24).

Councillor Rob Hughes is a Trustee of Portland Museum Trust, which received grants of £15k from Dorset Council during 2024/25 (£5k for 2023/24).

Councillor Robin Legg is a Trustee of Sherborne Museum, which received grants of £16k from Dorset Council during 2024/25 (£5k for 2023/24).

Councillor Shane Bartlett is: a member of Vision Wimborne which received £15k from Dorset Council during 2024/25 (£nil for 2023/24); a Trustee of Walford Mill Education Trust, which received grants of £13k from Dorset Council during 2024/25 (£10k for 2023/24).

Councillor Stella Jones is a Trustee of Dorchester Youth and Community Centre, which received grants of £23k from Dorset Council during 2024/25 (£8k for 2023/24).

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:

2023/24 Long-Term £'000	2023/24 Current £'000	Financial Assets	2024/25 Long-Term £'000	2024/25 Current £'000
		Amortised cost:		
-	15,784	Cash and Cash Equivalents	**-**	**32,207**
6,865	92,235	Debtors	**6,980**	**88,481**
		Fair value through profit and loss (FVTPL):		
	33,750	Investments in pooled funds (liquidity funds)		**37,183**
19,016	32,452	Investments in pooled funds (other)	**19,295**	**8,419**
33	-	Equity investments	**33**	**-**
25,914	174,222	**Total Financial Assets**	**26,308**	**166,290**

2023/24 Long-Term £'000	2023/24 Current £'000	Financial Liabilities	2024/25 Long-Term £'000	2024/25 Current £'000
		Borrowing (amortised cost)		
(78,446)	(12,611)	Public Works Loan Board (PWLB)	**(143,410)**	**(2,666)**
(96,600)	(38,530)	Other lenders	**(96,600)**	**(52,287)**
(175,046)	(51,141)	**Total Borrowing**	**(240,010)**	**(54,953)**
		Other Long-Term Liabilities (amortised cost)		
(14,735)	-	PFI Liability	**(16,690)**	**-**
(57)	-	Other Long Term Liabilities	**(57)**	**-**
(1,864)	-	Long-Term Lease Obligations	**(8,288)**	**-**
(16,656)	-	**Total Other Long-Term Liabilities**	**(25,035)**	**-**
		Current Liabilities (amortised cost)		
-	(29,380)	Bank overdraft	**-**	**(39,100)**
-	(1,955)	PFI Liability	**-**	**(7,653)**
-	-	Current Lease Obligations	**-**	**(1,265)**
-	(73,657)	Creditors (payable within 12 months)	**-**	**(57,744)**
-	(104,992)	**Total Current Liabilities**	**-**	**(105,763)**
(191,702)	(156,133)	**Total Financial Liabilities**	**(265,045)**	**(160,716)**

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, receipts in advance and the accrual for untaken leave which do not meet the criteria of a financial instrument. The following tables provide reconciliations to the total assets and liabilities on the balance sheet:

Financial assets	Non-current				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s
Fair value through profit or loss	19,049	19,328	-	-	66,202	45,602	-	-	85,251	64,930
Amortised cost	-	-	6,865	6,980	15,784	32,207	92,235	88,481	114,885	127,668
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total financial assets	**19,049**	**19,328**	**6,865**	**6,980**	**81,986**	**77,809**	**92,235**	**88,481**	**200,136**	**192,598**
Assets not defined as financial instruments	1,025,339	1,086,098	-	-	-	-	27,296	29,505	1,052,634	1,115,603
Total assets	**1,044,388**	**1,105,426**	**6,865**	**6,980**	**81,986**	**77,809**	**119,531**	**117,986**	**1,252,770**	**1,308,201**

Financial liabilities	Non-current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s	31-Mar 2024 £000s	31-Mar 2025 £000s
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Amortised cost	191,702	265,045	-	-	82,476	101,707	73,657	59,009	347,835	425,760
Total financial liabilities	**191,702**	**265,045**	**-**	**-**	**82,476**	**101,707**	**73,657**	**59,009**	**347,835**	**425,760**
Liabilities not defined as financial instruments	-	-	159,218	73,428	-	-	48,612	38,513	207,830	111,941
Total liabilities	**191,702**	**265,045**	**159,218**	**73,428**	**82,476**	**101,707**	**122,269**	**97,522**	**555,665**	**537,701**

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.)

2023/24				2024/25		
Level 1 £'000	Level 2 £'000	Level 3 £'000	**Financial Assets**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
32,452	19,016	-	Investments in pooled funds	**8,419**	**19,295**	**-**
-	-	33	Equity investments	**-**	**-**	**33**
-	6,865	-	Long Term Debtors	**-**	**-**	**6,980**
32,452	25,881	33	**Total**	**8,419**	**19,295**	**7,013**

Transfers between levels of the fair value hierarchy – Financial Assets

There were no transfers between input levels 1 and 2 during the year.

There has been a presentation change to show Long Term Debtors as Level 3 for 2024/25 (Level 2 for 2023/24).

2023/24 Level 1 £'000	2023/24 Level 2 £'000	2023/24 Level 3 £'000	Financial Liabilities	2024/25 Level 1 £'000	2024/25 Level 2 £'000	2024/25 Level 3 £'000
			Borrowing			
-	(91,057)	-	Public Works Loan Board (PWLB)	-	**(146,076)**	-
-	(135,130)	-	Other lenders	-	**(148,887)**	-
-	(226,187)	-	**Total Borrowing**	-	**(294,963)**	-
			Other Long Term Liabilities			
-	(14,735)	-	PFI Liability	-	-	**(16,690)**
-	(57)	-	Other Long Term Liabilities	-	**(57)**	-
-	(1,864)	-	Obligations Under Finance Leases	-	-	**(8,288)**
-	(16,656)	-	**Total Other Long Term Liabilities**	-	**(57)**	**(24,978)**
			Other Current Liabilities			
-	(1,955)	-	PFI Liability	-	-	**(7,653)**
-	-	-	Obligations Under Finance Leases	-	-	**(1,265)**
-	(1,955)	-	**Total Other Current Liabilities**	-	-	**(8,918)**
-	(244,798)	-	**Total**	-	**(295,020)**	**(33,896)**

Transfers between levels of the fair value hierarchy – Financial Liabilities

There were no transfers between input levels 1 and 2 during the year.

There has been a presentation change to show PFI and lease liabilities as Level 3 for 2024/25 (Level 2 for 2023/24).

Financial Instrument Gains and Losses

2023/24 £'000	Gains/(Losses)	2024/25 £'000
(7,891)	Interest payable	**(9,821)**
6,155	Interest and investment income	**6,394**
685	Gains/(losses) from changes in fair valu	**1,079**
(1,051)	**Net Gain/(Loss) for the Year**	**(2,348)**

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 2025 was £16.7m.

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 62% (2024: 86%), 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 2025, £nil (2024: £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 30.

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

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 2025 the Council had no variable rate borrowing or investments.

If interest rates had been 1% higher at 31 March 2025, the 12 month revenue impact is estimated as follows (with the movements reversed for a 1% fall):

2023/24 £'000	**Interest Rate Risk**	**2024/25 £'000**
-	Increase in interest payable on variable rate borrowings	-
-	Increase in interest receivable on variable rate investments	-
(867)	Decrease in fair value of investments held at FVTPL	**(399)**
(867)	**Impact on Surplus or Deficit on the Provision of Services**	**(399)**
-	Decrease in fair value of investments held at FVOCI	-
(867)	**Impact on Comprehensive Income and Expenditure**	**(399)**
-	Decrease in fair value of loans and investments at amortised cost *	-
(21,663)	Decrease in fair value of fixed rate borrowing *	**(19,058)**
	*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 2025 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 2025 would result in a £1.0m 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

There were no prior period adjustments made in the financial statements for 2024/25.

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.

	2024/25								2023/24
	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	119	(2,282)	(817)	3,310	(97)	620	(339)	**514**	486
Authority (Democratic) Costs	-	-	-	-	1,795	-	-	**1,795**	1,818
Pay Related Costs	29,821	37,434	57,557	157,098	6,965	9,871	7,309	**306,055**	288,749
Premises Related Costs	2,786	1,034	21,566	7,300	(11)	208	-	**32,883**	35,690
Transport Related Costs	651	471	30,987	3,146	42	90	-	**35,387**	35,101
Supplies and Service	55,729	12,465	33,499	155,723	2,674	3,877	(34)	**263,933**	226,534
Transfer Payments	67,489	66,657	5	2,123	-	-	-	**136,274**	132,961
Third Party Payments	118,806	401	31,204	20,142	140	23,269	-	**193,962**	181,931
Net Schools Budget adjs	-	-	-	1,323	-	-	-	**1,323**	1,121
Cost Centre Balances	(5)	-	-	558	-	-	-	**553**	615
Government Grants	(26,320)	(65,982)	(15,615)	(209,043)	(234)	(15,597)	-	**(332,791)**	(307,300)
Reimbursements and Contributions	(41,242)	(3,144)	(6,542)	(13,944)	(1,014)	(13,709)	(4)	**(79,599)**	(74,027)
Fees and Charges	(44,923)	(7,523)	(48,006)	(4,358)	(1,909)	(3,681)	(11)	**(110,411)**	(106,213)
Corporate Income & Expenditure	(154)	-	-	(1,081)	-	-	-	**(1,235)**	(200)
Funding	-	-	(140)	-	-	-	-	**(140)**	(68)
Transfers to/(from) Reserves	-	-	255	199	-	-	(454)	**-**	(7)
Reported in Management Accounts	**162,757**	**39,531**	**103,953**	**122,496**	**8,351**	**4,948**	**6,467**	**448,503**	417,191
IAS 19 Pension Adjustment	(1,525)	(1,841)	(2,957)	(4,283)	(307)	(441)	(2,258)	**(13,612)**	(15,389)
Capital Charges	2,704	6,197	52,138	13,334	132	44	-	**74,549**	68,827
Deficit on provision of services	**163,936**	**43,887**	**153,134**	**131,547**	**8,176**	**4,551**	**4,209**	**509,440**	470,629

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. The difference between the amount in the 'Reported in Management Accounts' line above for People Services, Children and the amount in the table in the Narrative Statement relates to the Dedicated Schools Grant (DSG) and amortisation of the Colfox School PFI asset.

8) Expenditure and Funding Analysis

2023/24 Restated				2024/25		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
154,268	996	155,264	People - Adults & Housing	**162,865**	**1,071**	**163,936**
40,446	1,652	42,098	Corporate Development	**39,543**	**4,344**	**43,887**
96,100	45,459	141,559	Place	**103,999**	**49,135**	**153,134**
108,292	8,421	116,713	People - Children	**122,674**	**8,873**	**131,547**
7,556	(211)	7,345	Legal & Democratic	**8,354**	**(178)**	**8,176**
5,365	(530)	4,835	Partnerships (DCC Leads)	**4,986**	**(435)**	**4,551**
6,529	(3,714)	2,815	Centrally Managed Costs	**7,187**	**(2,978)**	**4,209**
418,556	52,073	470,629	**Deficit on Provision of Services**	**449,608**	**59,832**	**509,440**
			Other Operating Income & Expenditure			
12	(3,134)	(3,122)	Net loss/(gain) on disposal of non-current assets	**15**	**1,353**	**1,368**
18,487	-	18,487	Levies and Precepts	**19,452**	**-**	**19,452**
			Financing & Investment Income & Expenditure			
-	21,612	21,612	Net loss on disposal of Academies	**-**	**95**	**95**
7,891	-	7,891	Interest Payable	**9,821**	**-**	**9,821**
(3,729)	(2,426)	(6,155)	Interest and Investment Income	**(3,368)**	**(3,026)**	**(6,394)**
(685)	-	(685)	Unrealised (gains)/ losses on investments	**(1,079)**	**-**	**(1,079)**
-	10,068	10,068	Pensions Interest Cost & Expected Return on Assets	**-**	**4,679**	**4,679**
16,577	(16,577)	-	CERA/MRP	**13,916**	**(13,916)**	**-**
(23,655)	23,655	-	Transfers to/from Dedicated Schools Grant reserve	**(36,056)**	**36,056**	**-**
			Taxation & Non-Specific Grant Income			
(654)	-	(654)	Revenue Support Grant	**(698)**	**-**	**(698)**
(63,847)	(2,810)	(66,657)	Non-Domestic Rates	**(68,885)**	**379**	**(68,506)**
(311,695)	4,014	(307,681)	Council Tax	**(326,737)**	**(4,027)**	**(330,764)**
(34,583)	-	(34,583)	Other Central Grants	**(37,250)**	**-**	**(37,250)**
(18)	(53,608)	(53,626)	Capital Grants	**(12)**	**(68,475)**	**(68,487)**
-	-	-	Gain on recognition of right of use assets on non commercial terms	**14,438**	**(14,438)**	**-**
(395,899)	(19,206)	(415,105)	**Total Other Income and Expenditure**	**(416,443)**	**(61,320)**	**(477,763)**
22,657	32,867	55,524	**(Surplus) / Deficit for the Year**	**33,165**	**(1,488)**	**31,677**
(25,283)			Transfers to/from earmarked General Fund reserves	**(13,712)**		
(2,626)			(Surplus) / Deficit on General Fund Balance	**19,453**		
(42,149)			Opening General Fund Balance as at 31 March 2024	**(44,775)**		
(2,626)			(Surplus) / Deficit on General Fund Balance	**5,015**		
(44,775)			**Closing General Fund Balance as at 31 March 2025**	**(39,760)**		

Prior year comparative amounts have been restated on the Expenditure and Funding Analysis. The explanation is on the Comprehensive Income and Expenditure Statement in line with movements for hierarchy and mapping changes of services between directorates in 2024/25, so that the financial performance is comparable between 2024/25 and 2023/24.

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.

2023/24 Restated Total Adjustments	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25 Adjustments for Capital Purposes	2024/25 Net Change for the Pensions Adjustments	2024/25 Other Differences	2024/25 Total Adjustments
£'000		£'000	£'000	£'000	£'000
996	People - Adults	**2,704**	**(1,525)**	**(108)**	**1,071**
1,652	Corporate Development	**6,197**	**(1,841)**	**(12)**	**4,344**
45,459	Place	**52,138**	**(2,957)**	**(46)**	**49,135**
8,421	People - Children	**13,334**	**(4,283)**	**(178)**	**8,873**
(211)	Legal & Democratic	**132**	**(307)**	**(3)**	**(178)**
(530)	Partnerships (DC Leads)	**44**	**(441)**	**(38)**	**(435)**
(3,714)	Centrally Managed Costs	**-**	**(2,258)**	**(720)**	**(2,978)**
52,073	**Deficit on Provision of Services**	**74,549**	**(13,612)**	**(1,105)**	**59,832**
(19,206)	**Other Income and Expenditure**	**(98,406)**	**4,679**	**32,407**	**(61,320)**
32,867	**Difference Between General Fund Surplus or Deficit**	**(23,857)**	**(8,933)**	**31,302**	**(1,488)**

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.

Prior year comparative amounts have been restated on the Notes to the Expenditure and Funding Analysis. The explanation is on the Comprehensive Income and Expenditure Statement in line with movements for hierarchy and mapping changes of services between directorates in 2024/25, so that the financial performance is comparable between 2024/25 and 2023/24.

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 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	55,639				55,639	(55,639)	-
Charges for depreciation of ROU Assets to CAA	-				-	-	-
Revenue expenditure funded from capital under statute	13,188				13,188	(13,188)	-
MiRS Adj Gain on Recognition of IFRS16 Peppercorn/nominal ROU Asset to CAA	-				-	-	-
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	-
Interest on Developer Contributions	(2,426)			2,426	-	-	-
Adjustments for Capital Purposes	**14,693**	**-**	**4,911**	**10,277**	**29,881**	**(29,881)**	**-**
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	**32,867**	**-**	**4,911**	**10,277**	**48,055**	**(48,055)**	**-**

Usable Reserves 2024/25	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	54,855				54,855	(54,855)	-
Charges for depreciation of ROU Assets to CAA	1,106				1,106	(1,106)	-
Revenue expenditure funded from capital under statute	18,585				18,585	(18,585)	-
MiRS Adj Gain on Recognition of IFRS16 Peppercorn/nominal ROU	(14,438)				(14,438)	14,438	-
Net gains/(losses) on disposal of non-current assets	1,354		1,259		2,613	(2,613)	-
Net gains/(losses) on disposal of Academies	95				95	(95)	-
Statutory provision for financing of capital investment	(12,723)				(12,723)	12,723	-
Capital Expenditure charged against the General Fund	(1,192)				(1,192)	1,192	-
Usable Capital Receipts funding revenue income from finance leases	14		(14)		-	-	-
Use of Capital Receipts to finance new capital expenditure			(7,030)		(7,030)	7,030	-
Transfer to Capital Grants Unapplied Reserves	(68,489)			68,489	-	-	-
Transfer from Capital Grants Unapplied to CAA				(43,512)	(43,512)	43,512	-
Interest on Developer Contributions	(3,026)			3,026	-	-	-
Adjustments for Capital Purposes	**(23,859)**	**-**	**(5,785)**	**28,003**	**(1,641)**	**1,641**	**-**
Reversal of items relating to retirement benefits charged in the Comprehensive Income & Expenditure Statement	33,948				33,948	(33,948)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	(42,881)				(42,881)	42,881	-
Net Change for the Pensions Adjustments	**(8,933)**	**-**	**-**	**-**	**(8,933)**	**8,933**	**-**
Amounts by which the finance costs charged to the Comprehensive Income & Expenditure Statement differ from statutory requirements	(468)				(468)	468	-
Mandatory statutory override for changes in fair value of investments in pooled funds	(325)				(325)	325	-
Amount by which Council tax income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	(4,026)				(4,026)	4,026	-
Amount by which Non-Domestic Rates income in the Comprehensive Income & Expenditure Statement differs from statutory requirements	379				379	(379)	-
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from statutory requirements	(313)				(313)	313	-
Net transfers to/from DSG Adjustment Account	36,057				36,057	(36,057)	-
Other Adjustments	**31,304**	**-**	**-**	**-**	**31,304**	**(31,304)**	**-**
Total Adjustments 2024/25	**(1,488)**	**-**	**(5,785)**	**28,003**	**20,730**	**(20,730)**	**-**

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 2023/24 £'000	Grants Rcvd 2023/24 £'000		**Payments 2024/25 £'000**	**Grants Rcvd 2024/25 £'000**
6,573	(2,546)	Street lighting (provider)	**6,676**	**(2,546)**
2,552	-	Street lighting (energy)	**2,117**	**-**
(874)	-	Contribution from Bournemouth, Christchurch and Poole	**(826)**	**-**
3,317	(1,559)	Colfox School (provider)	**3,480**	**(1,559)**

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

2023/24 Street lighting £'000	2023/24 Colfox School £'000	Assets	2024/25 Street lighting £'000	2024/25 Colfox School £'000
44,402	-	Opening balance	**45,539**	**-**
-	-	Remeasurement - IFRS 16 Implementation	**8,210**	
3,306	-	Additions/developments/lifecycle	**3,391**	**-**
(2,169)	-	Depreciation	**(2,721)**	**-**
45,539	-	**Closing balance**	**54,419**	**-**

The Sir John Colfox school transferred to Academy status since the commencement of the contract, therefore the asset value has been removed from the balance sheet as required under accounting standards. The liability for the PFI contract remains with the Authority, however there is no additional financial burden for the Authority.

2023/24 Street lighting £'000	2023/24 Colfox School £'000	Liabilities	2024/25 Street lighting £'000	2024/25 Colfox School £'000
(11,636)	(7,009)	Opening balance	**(10,489)**	**(6,201)**
-	-	Remeasurement - IFRS 16 Implementation	**(8,210)**	**(2,452)**
(3,306)	(448)	Additions/developments/lifecycle	**(3,390)**	**(457)**
4,453	1,256	Repayments	**5,198**	**1,658**
(10,489)	(6,201)	**Closing balance**	**(16,891)**	**(7,452)**

Private Finance Initiative (PFI) Remeasurement – IFRS 16 Implementation

From 1 April 2024, Dorset Council adopted IFRS 16 *Leases* in accordance with the Code of Practice on Local Authority Accounting. This change affects the accounting treatment of service concession arrangements, including Private Finance Initiative (PFI) contracts, which are now measured using principles consistent with lease accounting under IFRS 16.

Under the previous IAS 17-based model, indexation-linked increases in unitary payments were treated as contingent rent and expensed in the year incurred. IFRS 16 requires that such increases, where they relate to the capital element of the unitary charge, be incorporated into the measurement of the lease liability. This results in a remeasurement of the liability when actual changes in the relevant index (e.g. RPI or CPI) occur.

The transition to IFRS 16 has led to:

- An increase in the opening PFI liability as at 1 April 2024, reflecting cumulative indexation since contract commencement.
- Ongoing remeasurement of the PFI liability for actual indexation changes, with the resulting adjustments recognised in the lease liability and finance costs.

A corresponding asset remeasurement is recognised at a value consistent with the liability.

These changes do not affect the budgeting treatment of PFI schemes, nor do they alter the total unitary payments made under the contract. However, they do impact the timing and presentation of costs in the financial statements, particularly through increased interest charges and reduced contingent rent disclosures.

The value of charges through the Comprehensive Income and Expenditure Statement remain unchanged, with Minimum Revenue Provision being charged at the deemed capital repayment element through centrally managed costs instead contingent rent charges previously paid through service budgets under IAS 17.

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

2024/25	Payments due within one year £'000	Payments due between one and five years £'000	Payments due between six and ten years £'000	Total future payments £'000
Street lighting				
Capital repayment	**5,313**	**22,480**	**10,565**	**38,359**
Interest charges	**490**	**1,495**	**315**	**2,300**
Service charges	**2,170**	**9,213**	**4,307**	**15,689**
Street Lighting Total	**7,973**	**33,188**	**15,187**	**56,348**
Colfox				
Capital repayment	**1,642**	**7,423**	**-**	**9,065**
Interest charges	**745**	**1,458**	**-**	**2,203**
Service charges	**1,136**	**4,325**	**-**	**5,461**
ColfoxTotal	**3,523**	**13,205**	**-**	**16,729**
Total future payments	**11,496**	**46,393**	**15,187**	**73,077**

2023/24	Payments due within one year £'000	Payments due between one and five years £'000	Payments due between six and ten years £'000	Total future payments £'000
Street lighting				
Capital repayment	4,519	18,631	12,196	35,346
Interest charges	333	1,085	373	1,791
Service charges	2,997	12,949	11,114	27,060
Street Lighting Total	7,849	32,665	23,683	64,197
Colfox				
Capital repayment	1,344	6,028	898	8,270
Interest charges	666	1,637	37	2,340
Service charges	1,603	7,179	948	9,730
ColfoxTotal	3,613	14,844	1,883	20,340
Total future payments	11,462	47,509	25,566	84,537

12) IFRS 16 Leases – Right of Use assets

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

The Council adopted IFRS 16 Leases with effect from 1 April 2024. The main impact of IFRS 16 is for arrangements previously treated as operating leases where Dorset Council was lessee. Under IAS 17, these were not recognised on the balance sheet, but under IFRS 16 are now included on the balance sheet as a right-of-use asset and a lease liability.

The Council has applied the following IFRS 16 Lessee Recognition Exemptions:

- low value exemption: Applied where assets are below £15k when new
- short-term exemption: Applied where existing leases expire on or before 31 March 2025; or to new leases with a duration of less than 12 months.

Council as lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles, which are individually immaterial.

Right of Use assets

This table shows the change in the value of right-of-use assets held under leases by the Council.

2023/24 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Right of Use - Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Right of Use - Land and Buildings £'000**	**2024/25 £'000 Total £'000**
-	-	-	Balance at 1 April 2024	46	23,871	23,917
-	-	-	Additions	19	-	19
-	-	-	Revaluations	-	-	-
-	-	-	Depreciation and amortisation	**(14)**	**(1,092)**	**(1,106)**
-	-	-	Disposals	-	-	-
-	-	-	**Balance at 31 March 2025**	51	22,779	22,830

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

2023/24 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Right of Use - Land and Buildings £'000		**2024/25 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Right of Use - Land and Buildings £'000**
		Comprehensive Income and Expenditure Statement		
-	-	Interest expense on lease liabilities	3	551
-	-	Expense relating to short-term leases	-	-
-	-	Expense relating to leases of low-value assets	-	-
-	-	Variable lease payments not included in the measure of lease liabilities	-	-
-	-	**Total cash outflow for leases**	3	551
-	-	Income from subletting Right of Use assets	-	-
-	-	Gains or losses arising from sale and leaseback transactions	-	-
		Cash Flow Statement		
-	-	Minimum lease payments	75	16,484

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2023/24 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Right of Use - Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Right of Use - Land and Buildings £'000**	**2024/25 £'000 Total £'000**
-	-	-	Less than one year	18	1,247	1,265
-	-	-	One to five years	57	4,770	4,827
-	-	-	More than five years	-	10,468	10,468
-	-	-	**Total undiscounted liabilities**	75	16,485	16,560

Carrying Amount of Liabilities for Leases on Right of Use Assets

2023/24 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Right of Use - Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Right of Use - Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Right of Use - Land and Buildings £'000**	**2024/25 £'000 Total £'000**
-	-	-	Current Liabilities	18	1,247	1,265
-	-	-	Long-Term Liabilities	67	8,221	8,288
-	-	-	**Total Obligations**	85	9,468	9,553

Council as lessor

The authority leases out property operating leases for the following purposes:

• for the provision of community services, such as sports facilities, tourism services and community centres.

• for economic development purposes to provide suitable affordable accommodation for local businesses.

Transactions under leases

The authority made the following gains and losses as a lessor during the year:

2023/24 £'000 Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Land and Buildings £'000		**2024/25 £'000 Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Land and Buildings £'000**
		Finance Leases		
-	-	Selling gain or loss	-	-
-	33	Finance income on the net investment in the lease	-	32
-	-	Income relating to variable lease payments not included in the measurement of the net investment in the lease	-	40
		Operating Leases		
-	6,727	Total lease income	-	5,202
-	134	Share of lease income relating to variable lease payments that do not depend on an index or a rate	-	213

Net investment in finance leases

The authority experienced the following changes in the carrying amount of its net investment in finance leases during the year:

2023/24 £'000 Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Land and Buildings £'000**	**2024/25 £'000 Total £'000**
-	1,310	1,310	Net investment at 1 April	-	1,296	1,296
-	-	-	New leases entered into	-	-	-
-	(13)	(13)	Payments by lessees	-	(14)	(14)
-	-	-	Lease modifications	-	-	-
-	-	-	Impact of changes in unguaranteed residual values	-	-	-
-	-	-	Movements in impairment loss allowances	-	-	-
-	1,296	1,296	**Net investment at 31 March**	-	1,282	1,282

Maturity analysis of lease receivables

The finance lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

2023/24 £'000 Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Land and Buildings £'000**	**2024/25 £'000 Total £'000**
			Finance Leases			
-	46	46	Less than one year	-	46	46
-	46	46	One to two years	-	46	46
-	46	46	Two than three years	-	46	46
-	46	46	Three to four years	-	46	46
-	46	46	Four to five years	-	46	46
-	2,673	2,673	More than five years	-	2,626	2,626
-	2,903	2,903	**Undiscounted Receivables Finance Leases**	-	2,856	2,856

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

2023/24 £'000 Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Land and Buildings £'000**	**2024/25 £'000 Total £'000**
-	2,903	2,903	Total undiscounted lease receivables	-	2,856	2,856
-	**(1,607)**	**(1,607)**	Unearned finance income	-	**(1,574)**	**(1,574)**
-	-	-	Discounted amount of unguaranteed residual values	-	-	-
-	1,296	1,296	**Net investment in leases**	-	1,282	1,282

The operating lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

2023/24 £'000 Vehicles, Plant, Furniture & Equipment £'000	2023/24 £'000 Land and Buildings £'000	2023/24 £'000 Total £'000		**2024/25 £'000 Vehicles, Plant, Furniture & Equipment £'000**	**2024/25 £'000 Land and Buildings £'000**	**2024/25 £'000 Total £'000**
			Operating Leases			
-	6,593	6,593	Less than one year	-	4,989	4,989
-	4,814	4,814	One to two years	-	3,374	3,374
-	3,039	3,039	Two than three years	-	3,119	3,119
-	2,832	2,832	Three to four years	-	2,978	2,978
-	2,731	2,731	Four to five years	-	2,923	2,923
-	66,263	66,263	More than five years	-	72,431	72,431
-	86,272	86,272	**Undiscounted Receivables Operating Leases**	-	89,814	89,814

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 practice applied during the year, and the processes for accruals and other year-end adjustments.

	2024/25			
	Income from contracts with customers £'000	Other Income £'000	Service specific grants £'000	Revenue recognised for the year £'000
People - Adults & Housing	73,069	13,096	26,320	**112,485**
Corporate Development; Legal and Democratic and Centrally Managed	2,511	11,094	66,215	**79,820**
People - Children	573	17,730	209,044	**227,347**
Place	15,296	39,253	15,615	**70,164**
Partnerships	12,481	4,909	15,597	**32,987**
Total	**103,930**	**86,082**	**332,791**	**522,803**

	2023/24			
	Income from contracts with customers £'000	Other Income £'000	Service specific grants £'000	Revenue recognised for the year £'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**

14) Analysis of Government Grants

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

2023/24 £'000		**2024/25 £'000**
168,952	Education	**186,205**
60,990	Ministry for Housing, Communities and Local Government	**67,524**
65,867	Work & Pensions	**66,684**
28,014	Health	**30,788**
3,224	Environment, Food & Rural Affairs	**5,123**
5,501	Home Office	**4,943**
1,460	Other	**2,283**
2,393	Transport	**1,749**
255	Business and Trade	**256**
-	Department for Science, Innovation and Technology	**163**
5	Digital, Culture, Media & Sport	**148**
43	European Union	**8**
336,704		**365,874**

Agency Accounting

Energy Rebate Payments

No payments were received in 24-25 (£189k for 23-24) 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.

15) Deployment of Dedicated Schools Grant

These accounts have been produced in accordance with the Schools and Early Years Finance (England) Regulations 2020, which required local authorities to carry forward overspends of Dedicated School Grant (DSG)*. Further regulations which came into force on 29 November 2020 and mandated that any deficit must **not** be charged to the local authorities' revenue account but instead must be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget.

These regulations also mean that the use of funding from the revenue account to make good any deficit can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income.

As of 31 March 2025, cumulative DSG deficit is £95.629m. The statutory instrument, which prevents the deficit from being offset against useable reserves, expires on 31 March 2026. These accounts have been prepared on the basis the Government will find a solution towards dealing with the overspends before then as part of the Comprehensive Spending Review due in the summer of 2025.

*Such DSG deficits have accumulated over a number of years and are now common amongst upper tier councils responsible for SEND provision and have come about as a result of national policy decisions about the SEND system for which the grant is "far from sufficient to meet this demand" (Reference: Select Committee Report into Local Authorities in Financial Distress).

2023/24 £'000		Central Expenditure £'000	Individual Schools Budget (ISB) £'000	2024/25 £'000
309,205	Final DSG for 2024/25 before Academy and High Needs recoupment			**335,265**
(164,051)	Academy figure and High Needs figure recouped for 2024/25			**(176,988)**
145,154	Total DSG after academy and high needs recoupment for 2024/25			**158,277**
3,177	Plus: Brought forward from 2023/24			**-**
(35,918)	Less: Carry-forward to 2025/26 agreed in advance			**-**
112,413	Agreed initial budgeted distribution in 2024/25	52,948	105,329	**158,277**
(26)	In year adjustments	-	449	**449**
112,387	Final budgeted distribution in 2024/25	52,948	105,778	**158,726**
(91,924)	Less: Actual central expenditure	(89,764)		**(89,764)**
(76,859)	Less: Actual ISB deployed to schools		(105,018)	**(105,018)**
-	Plus Local Authority contribution for 2024/25	-	-	**-**
(56,396)	In Year Carry forward to 2025/26	(36,816)	760	**(36,056)**
35,918	Plus/Minus: Carry-forward to 2025/26 agreed in advance			**-**
-	Carry-forward to 2025/26			**-**
(39,095)	DSG unusable reserve at the end of 2023/24			**(59,573)**
(20,478)	Addition to DSG unusable reserve at the end of 2024/25			**(36,056)**
(59,573)	Total of DSG unusable reserve at the end of 2024/25			**(95,629)**
(59,573)	Net DSG position at the end of 2024/25			**(95,629)**

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 2024/25, the main areas of REFCUS expenditure financed in the year were: in Children's Services, across the SEND programme and schools Capital allocation (£3.3m), Climate schemes (£4.63m), Housing (£1.1m), IT (£0.86m) and Repairs and Maintenance (£2.57m).

2023/24 £'000		**2024/25 £'000**
13,188	Expenditure in Service Budgets funded from Capital Adjustment Account	**18,585**

17) Members' allowances

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

2023/24 £'000		**2024/25 £'000**
1,776	Members' allowances	**1,744**
28	Members Travel	**34**
-	Members Subsistence	**1**

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, in excess of £50,000 per annum.

2023/24 Non-schools	2023/24 LEA Schools	2023/24 VA/VC Schools	Group	**2024/25 Non-schools**	**2024/25 LEA Schools**	**2024/25 VA/VC Schools**
172	73	28	£50,000 to £54,999	**211**	**81**	**41**
91	31	31	£55,000 to £59,999	**96**	**58**	**30**
54	15	16	£60,000 to £64,999	**72**	**26**	**25**
9	9	6	£65,000 to £69,999	**18**	**12**	**10**
7	7	3	£70,000 to £74,999	**7**	**7**	**4**
12	7	1	£75,000 to £79,999	**9**	**6**	**4**
11	5	1	£80,000 to £84,999	**9**	**5**	**1**
4	1	5	£85,000 to £89,999	**13**	**4**	**-**
2	2	1	£90,000 to £94,999	**8**	**2**	**4**
3	-	1	£95,000 to £99,999	**3**	**2**	**2**
3	1	-	£100,000 to £104,999	**-**	**-**	**1**
2	-	-	£105,000 to £109,999	**3**	**3**	**-**
5	2	1	£110,000 to £114,999	**1**	**1**	**-**
-	-	-	£115,000 to £119,999	**2**	**-**	**-**
1	-	-	£120,000 to £124,999	**-**	**1**	**1**
-	2	1	£125,000 to £129,999	**1**	**-**	**-**
-	-	-	£135,000 to £139,999	**-**	**2**	**1**
376	155	95		**453**	**210**	**124**

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 2023/24 £'000	Post Holder Information	Name	Salary (can include redundancy) £'000	Additional emoluments (inc Elections Payments) £'000	Pension Contributions £'000	Total 2024/25 £'000
				Chief Executive					
-	-	-	-	Current Postholder	Sam Crowe (start date 1 March 2025)	**15**	-	**3**	**18**
181	-	31	212	Previous Postholder	Matt Prosser (end date 16 March 2025)	**178**	-	**31**	**209**
				Executive Director People, Adults					
-	-	-	-	Current Postholder	Jonathan Price (start date 1 April 2024)	**154**	-	**28**	**182**
156	-	29	185	Previous Postholder	Vivienne Broadhurst (end date 31 March 2024)	-	-	-	-
				Executive Director of Place					
-	-	-	-	Current Postholder	Jan Britton (start date 11 November 2024)	**64**	-	**12**	**76**
				Interim Director of Place					
60	-	2	62	Previous Postholder	Jan Britton (4 January until 10 November 2024)	**128**	-	-	**128**
				Executive Director of Place					
115	-	22	137	Previous Postholder	John Sellgren (end date 3 January 2024)	-	-	-	-
				Executive Director People, Children's					
-	-	-	-	Current Postholder	Paul Dempsey (start date 1 October 2024)	**135**	-	**24**	**159**
151	-	29	180	Previous Postholder	Theresa Leavy (end date 27 October 2024)	**85**	-	**16**	**101**
				Executive Director Corporate Development					
151	-	29	180	Current Postholder	Aidan Dunn	**154**	-	**29**	**183**
				Director of Public Health*					
-	-	-	-	Current Postholder	Rachel Partridge (start date 1 March 2025)	**12**	-	**2**	**14**
140	-	27	167	Previous Postholder	Sam Crowe (end date 28 February 2025)	**132**	-	**24**	**156**
				Director Legal & Democratic Services (Monitoring Officer)					
124	-	22	146	Current Postholder		**126**	-	**22**	**148**
1,078	-	**191**	**1,269**			**1,183**	-	**191**	**1,374**

19) Exit packages and termination benefits

The 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.

2023/24 Compulsory redundancies	2023/24 Other	2023/24 Total cost £	Value of exit package	2024/25 Compulsory redundancies	2024/25 Other	2024/25 Total cost £
			Non-Schools			
37	9	235,443	Up to £20,000	21	11	**174,732**
1	3	113,244	£20,001 to £40,000	3	4	**182,080**
1	3	188,074	£40,001 to £60,000	1	-	**58,159**
-	-	-	£60,001 to £80,000	1	-	**68,110**
39	15	536,761		26	15	**483,081**
			Schools			
2	1	30,281	Up to £20,000	1	4	**45,816**
-	-	-	£20,001 to £40,000		1	**23,902**
2	1	30,281		1	5	**69,718**
41	16	567,042	**Total**	27	20	**552,799**

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.

2023/24 Redundancies Number	2023/24 Redundancies £	Value of exit package	2024/25 Redundancies Number	2024/25 Redundancies £
4	46,492	Up to £20,000	**-**	**-**
2	53,412	£20,001 to £40,000	**-**	**-**
2	93,010	£40,001 to £60,000	**1**	**58,159**
-	-	£60,001 to £80,000	**1**	**68,110**
8	192,914		**2**	**126,269**

20) Audit fees

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

2023/24 £'000		2024/25 £'000
572	External audit services as appointed auditor for the year	**610**
10	Teachers Pensions Audit	**14**
25	Housing Benefit audit fee	**33**
607		**657**

21) 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 2024	**485,363**	**93,503**	**12,884**	**16,839**	**33,155**	**641,744**
Additions	14,311	11,724	123	22	18,178	44,358
IFRS 16 Leases Recognition	22,770	65				22,835
Adjust out In-year Dorchester Library lease Postings	3,738					3,738
Revaluation increases/(decreases) recognised in the revaluation reserve	(19,971)	-	-	(395)	-	(20,366)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(6,766)	-	-	(62)	-	(6,828)
Derecognition - disposals	(2,581)	(6,237)	-	(1,925)	-	(10,743)
Unplanned depn adjustment for Disposals/Transfers	1,154			283		1,437
Component Depreciation Adjustment	18,395			314		18,709
Other movements in cost or valuation	2,751	3,224	30	-	(17,564)	(11,559)
As at 31 March 2025	**519,164**	**102,279**	**13,037**	**15,076**	**33,769**	**683,325**
Accumulated depreciation and impairment						
As at 31 March 2024	**(26,043)**	**(71,853)**	**-**	**(48)**	**-**	**(97,944)**
Depreciation charge	(12,906)	(7,714)	-	119	-	(20,501)
Depreciation written out to the revaluation reserve	34,295	-	-	(152)	-	34,143
Depreciation written out to the surplus/deficit on the provision of services					-	-
Unplanned depn related to disposals and transfers which should be amended in top block	(1,154)			(283)		(1,437)
Derecognition - disposals	1,563	6,094	-	627	-	8,284
Component Depreciation Adjustment	(18,395)	-	-	(314)	-	(18,709)
Other movements in depreciation and impairment	24	-	-	-	-	24
As at 31 March 2025	**(22,616)**	**(73,473)**	**-**	**(51)**	**-**	**(96,140)**
Net book value						
As at 31 March 2025	**496,548**	**28,806**	**13,037**	**15,025**	**33,769**	**587,185**
As at 31 March 2024	459,320	21,650	12,884	16,791	33,155	543,800

Comparative movements for 2023/24 were as follows:

Cost or valuation	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
As at 31 March 2023	**451,904**	**93,111**	**12,808**	**26,125**	**55,572**	**639,520**
Additions	15,555	2,328	59	1,260	15,604	34,806
Revaluation increases/(decreases) recognised in the revaluation reserve	28,319	-	-	(29)	-	28,290
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)	-	(32,527)
Derecognition - other						-
Assets reclassified (to)/from held for sale						-
Other movements in cost or valuation	24,634	74	17	(7,804)	(38,021)	(21,100)
As at 31 March 2024	**485,364**	**93,503**	**12,884**	**16,839**	**33,155**	**641,745**
Accumulated depreciation and impairment						
As at 31 March 2023	**(16,496)**	**(66,102)**	**-**	**(7,047)**	**-**	**(89,645)**
Depreciation charge	(10,702)	(7,506)	-	(33)	-	(18,241)
Depreciation written out to the revaluation reserve	7,519	-	-	15	-	7,534
Derecognition - disposals	4,199	1,808	-	2,599	-	8,606
Other movements in depreciation and impairment	(10,564)	(52)	-	4,419	-	(6,197)
As at 31 March 2024	**(26,044)**	**(71,852)**	**-**	**(47)**	**-**	**(97,944)**
Net book value						
As at 31 March 2024	**459,320**	**21,651**	**12,884**	**16,792**	**33,155**	**543,802**
As at 31 March 2023	435,408	27,009	12,808	19,078	55,572	549,875

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:

- Carter Jonas
- Rural Solutions

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 51 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 2025 for the financial year 2024/25, and the basis of valuation is explained in the Statement of Accounting Policies.

	2024/25					
	Other land and buildings	Vehicles, plant, furniture & equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
NBV Held at historic cost		28,806	13,037		33,769	**75,612**
Total NBV per note 21	496,548			15,025		**511,573**
Remove Leases (Not Revalued)	(22,779)					
Manual Adjustment for South Walks House Long Term Debtor						
Total Per Asset History Sheet:	**473,769**			**15,025**		
Asset History Sheet NBV Revaluation Years Split:						
De Minimis Assets Not Revalued	28			-		
Valued/Acquired in 2021/22	207,959			6,283		
Valued/Acquired in 2022/23	5,412			100		
Valued/Acquired in 2023/24	172,509			1,333		
Valued/Acquired in 2024/25	87,861			7,310		
Total	**473,769**			**15,027**		
Total	**473,769**	**28,806**	**13,037**	**15,025**	**33,769**	**587,185**

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 2025	**£'000**
Net Book Value (Modified Historic Cost) as at 31 March 2024	**469,059**
Remeasurement - IFRS 16 Implementation	8,210
Additions	29,819
Derecognition	-
Depreciation	(30,981)
Depreciation on disposals	-
Other Movements	11,559
Net Book Value as at 31 March 2025	**487,666**

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

PFI Remeasurement – IFRS 16 Implementation

From 1 April 2024, Dorset Council adopted IFRS 16 *Leases*, which changed the accounting treatment of PFI contracts. Under IFRS 16, indexation of unitary payments linked to inflation is now included in the measurement of the PFI liability, rather than treated as contingent rent.

This has resulted in:

- An increase in the opening PFI liability to reflect cumulative indexation.
- A corresponding adjustment to reserves.
- Ongoing remeasurement of the liability as inflation indices change.

A corresponding asset remeasurement is recognised at a value consistent with the liability, as shown in the table above.

These changes affect the presentation of costs in the accounts but do not impact the actual payments made under the PFI contract.

22) 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.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

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.

2023/24 £'000		2024/25 £'000
	Cost of services:	
25,238	Service Cost	**29,269**
9,018	Net interest on the defined liability (asset)	**3,636**
1,050	Administration expenses	**1,043**
35,306	**Total post-employment benefits charged to the surplus or deficit on provision of services**	**33,948**
	Remeasurement of the net defined benefit liability comprising:	
82,661	Return on assets less interest	**(5,455)**
-	Other actuarial gains/(losses) on assets	**-**
33,767	Actuarial gains and losses on changes in financial assumptions	**207,543**
21,423	Actuarial gains and losses on changes in demographic assumptions	**3,998**
(4,235)	Experience gain/(loss) on changes on defined benefit obligation	**3,745**
-	Changes in impact of asset ceiling	**(132,974)**
133,616	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**76,857**
	Movement in reserves statement:	
(35,306)	Total post-employment benefits charged to the surplus or deficit on	**(33,948)**
40,626	Employers' contributions payable to the scheme	**42,881**
5,320	**Adjustments between accounting basis and funding basis under regulations for the Pensions Reserve**	**8,933**
	Actual amount charged against the General Fund balance for pensions in the year	
40,626	Employers' contributions payable to the scheme	**42,881**

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

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:

2023/24 % Assets	2023/24 £'000		2024/25 % Assets	2024/25 £'000
63%	878,969	Equities	**63%**	**913,580**
0%	10	Liability Driven Investment	**0%**	**-**
2%	29,617	Cash	**2%**	**31,784**
7%	91,890	Other Bonds	**7%**	**95,563**
7%	92,970	Diversified Growth Fund	**7%**	**97,150**
8%	110,117	Property	**7%**	**101,987**
7%	104,116	Infrastructure	**8%**	**111,906**
7%	96,689	Multi Asset Credit	**7%**	**104,647**
	1,404,378	Estimated Assets in Council Fund		**1,456,617**
	1,550,587	Present value of scheme liabilities		**1,387,959**
	-	Impact of asset ceiling		**132,974**
	13,009	Present value of unfunded liabilities		**9,112**
	1,563,596	Total value of liabilities		**1,530,045**
	(159,218)	Net Pensions Asset/(Liability)		**(73,428)**

Liabilities have been assessed by Barnett Waddingham LLP, 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:

2023/24 % p.a.	2023/24 Real		2024/25 % p.a.	2024/25 Real
2.90%	0.00%	CPI inflation	**2.90%**	0.00%
3.90%	1.00%	Rate of increase in salaries	**3.90%**	1.00%
2.90%	0.00%	Rate of increase in pensions	**2.90%**	0.00%
4.90%	2.00%	Rate for discounting scheme liabilities	**5.80%**	2.90%

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:

2023/24			2024/25	
Male	Female	Years	**Male**	**Female**
21.8	23.9	Retiring today	**21.8**	**24.0**
23.1	25.4	Retiring in 20 years	**23.1**	**25.4**

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

2023/24 £'000		2024/25 £'000
1,569,395	Opening defined benefit obligation	1,563,596
26,816	Current service cost	28,957
75,056	Interest cost	76,525
(33,767)	Change in financial assumptions	(207,543)
(21,423)	Change in demographic assumptions	(3,998)
4,235	Experience loss/(gain) on defined benefit obligation	(3,745)
(3,875)	Liabilities assumed/(extinguished) on settlements	1,020
(61,809)	Estimated benefits paid (net of transfers in)	(65,499)
234	Past service costs including curtailments	328
12,264	Contributions by scheme participants	10,992
(3,530)	Unfunded pension payments	(3,562)
1,563,596	Closing defined benefit obligation	1,397,071

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

2023/24 £'000		2024/25 £'000
1,271,241	Opening fair value of scheme assets	1,404,378
66,038	Interest on assets	72,889
82,661	Return on assets less interest	(5,455)
-	Other actuarial gains/(losses)	-
(1,050)	Administration expenses	(1,043)
37,096	Contributions by employer	39,319
3,530	Unfunded pension payments	3,562
12,264	Contributions by scheme participants	10,992
(61,809)	Estimated benefits paid (net of transfers in)	(65,499)
(3,530)	Unfunded pension payments	(3,562)
(2,063)	Settlement prices received/(paid)	1,036
1,404,378	Fair value of scheme assets at end of period	1,456,617

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

2023/24 £'000		2024/25 £'000
(298,154)	Surplus / (Deficit) brought forward	(159,218)
(25,238)	Service Cost	(29,269)
37,096	Employer contributions	39,319
3,530	Unfunded pension payments	3,562
(1,050)	Administration expenses	(1,043)
(9,018)	Net interest on the defined liability/(asset)	(3,636)
133,616	Actuarial Gain/(Loss)	76,857
(159,218)	Surplus/(Deficit) as at 31 March	(73,428)

The Authority is also required to provide a reconciliation of change in impact of asset ceiling

2023/24 £'000		**2024/25 £'000**
-	Opening impact of asset ceiling	**-**
-	Interest on impact of asset ceiling	**-**
-	Actuarial losses / (gains)	**132,974**
-	Closing impact of asset ceiling	**132,974**

The estimated employer contribution to the scheme for the period 1 April 2025 to 31 March 2026 is £39.495m. This excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025.

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 2024/25 the Council paid £14.1m to the TPA at 28.68% of pensionable pay. The figures for 2023/24 was £11.7m at 23.68% of pensionable pay. The cost of added years payments to ex-staff was £1.6m (£1.5m in 2023/24). 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 2024/25 the Council paid contributions of £103k 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 2024/25 the Council paid contributions of £6.9k to NEST at 3.0% of pensionable pay.

23) Pooled Budgets for Health and Social Care

Better Care Fund (BCF)

The BCF is the biggest ever financial incentive for the integration of health and social care. It requires Integrated Commissioning Boards and local authorities in every area of England to pool or align budgets and to agree an integrated spending plan for how they will use their Better Care Fund.

Dorset Council's Better Care Fund is overseen by the Health and Wellbeing Board which is responsible for the development and update of a Joint Strategic Needs Assessment, any Pharmaceutical Needs Assessment and the Better Care Fund. It also assists in the development and overseeing of various other plans and strategies in relation to health. The Board also encourages collaboration with other key health stakeholders including NHS England and any other health and wellbeing board.

2023/24			2024/25	
£'000	£'000		**£'000**	**£'000**
		Funding provided to the pooled budget:		
76,648		Dorset Council	**68,122**	
75,141		NHS Dorset Integrated Care Board	**84,836**	
	151,789			**152,958**
		Expenditure met from the pooled budget:		
76,648		Dorset Council	**68,122**	
75,141		NHS Dorset Integrated Care Board	**84,836**	
	151,789			**152,958**
	-	**Net surplus arising on the pooled budget during the year**		**-**

Integrated Community Equipment Store (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.

2023/24			2024/25	
£'000	£'000		**£'000**	**£'000**
		Funding provided to the pooled budget:		
1,562		BCP Council	**1,940**	
1,239		Dorset Council	**1,554**	
5,646		NHS Dorset Integrated Care Board	**7,055**	
1,506		HDP Contribution	**-**	
	9,953			**10,550**
		Expenditure met from the pooled budget:		
1,683		BCP Council	**1,687**	
1,152		Dorset Council	**1,278**	
7,118		NHS Dorset Integrated Care Board	**6,955**	
	9,953			**9,921**
	-	**during the year**		**629**
	-	**Authority share 15% of the net surplus**		**93**

24) 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:

2023/24 £000s		2024/25 £000s
1,021,274	Property, Plant & Equipment, Heritage Assets and Intangible Assets	**1,082,332**
2,067	Assets held for sale	**1,817**
1,023,341	Total Assets to be funded	**1,084,149**
(217,735)	Revaluation Reserve	**(225,807)**
(417,444)	Capital Adjustment Reserve	**(424,790)**
388,162	**Capital Financing Requirement 31 March**	**433,552**
(14,735)	Less Long Term PFI Liability	**(16,690)**
(1,864)	Less Long Term Obligations under Finance Leases	**(8,288)**
371,563	**Underlying Borrowing Requirement 31 March**	**408,574**

2023/24 £'000		2024/25 £'000
24,700	Increase/(Decrease) on the underlying need to borrow	**37,011**
24,700		**37,011**

25) Summary of capital expenditure and financing

This table gives details of capital spending by service, and how that spending was financed.

2023/24 £'000	2023/24 £'000		2024/25 £'000	2024/25 £'000
		Adults and Housing		
8,662		New Construction & Improvements (including REFCUS)	**3,207**	
166		Property Improvements	**1,691**	
-		ICT	**13**	
	8,828			**4,911**
		Cabinet/Whole Authority		
349		New Construction & Improvements (including REFCUS)	**365**	
-		Property Improvements	**874**	
2,572		Corporate Fleet Vehicle Replacements	**9,541**	
1,624		ICT	**1,591**	
	4,545			**12,371**
		Children's Services		
9,964		New Construction & Improvements (including REFCUS)	**11,625**	
2,369		Property Improvements	**3,169**	
103		ICT	**64**	
	12,436			**14,858**
		Place		
54,516		Infrastructure Improvements (including REFCUS)	**54,583**	
1,301		Property Improvements	**2,583**	
257		ICT	**122**	
	56,074			**57,288**
	81,883	**Total Capital Expenditure**		**89,428**
		Sources of Finance		
33,400		Borrowing (internal & external)	**37,695**	
45,769		Grants	**43,512**	
195		Revenue Contributions	**1,191**	
2,519		Use of Capital Receipts	**7,030**	
-		Use of Reserves and Balances	**-**	
	81,883	**Total Financing**		**89,428**

The analysis above includes expenditure referred to as Revenue Expenditure Funded from Capital Under Statute (REFCUS) set out in note 16.

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.

The amounts in the table above do not include capital expenditure or sources of finance for street lighting infrastructure assets accounted for as a Private Finance Initiative scheme, with relevant information for that shown in disclosure note 11. Long-term contracts (Private Finance Initiative).

2023/24 £'000	Long-term contracts (Private Finance Initiative)	2024/25 £'000
3,306	Street lighting PFI - Additions/developments/lifecycle	**3,391**

26) Future capital commitments

The Council has entered into contracts for a number of capital projects in 2024/25 and earlier years, which were not completed by 31 March 2025. Details of further expenditure on such major schemes which will be incurred in later years are set out below.

Previous year comparisons are not available, as a new method for data collection was agreed with our auditor for this financial year. Future years will include comparative figures, as the same methodology will be applied going forwards.

Commitments	2024/25 £'000	
Capital Subgroup: IT		
No Future Capital Commitments to Report	-	
Capital Subgroup: Highways & Engineering		
Local Transport Plan programme of works	4,000	
Parley Cross	354	
Upton Safety Scheme	250	
Maumbury Cross Junction Improvement	1,350	
Weymouth Relief Road	2,690	
Dinahs Hollow	100	
Highways Corporate Funding (EAP)	700	
Highways & Enginnering Total		**9,444**
Capital Subgroup: Property, Schools & People		
Weymouth FCRM OBC	336	
Dorset Waste Infrastructure - Blandford site	1,530	
SOCA Board programme	800	
006738 - Dorset Innovation Park, Quadrant 2 - Light Industrial Units	263	
Property, Schools & People Total		**2,929**
Capital Subgroup: Fleet		
Fleet Replacement Programme	3,032	
Fleet Total		**3,032**
Total future capital commitments		**15,405**

27) Debtors and payments in advance

An analysis of amounts due to the Council or paid in advance at 31 March 2025 is shown below:

2023/24 Debtors £'000	2023/24 Payments in advance £'000		2024/25 Debtors £'000	2024/25 Payments in advance £'000
38,085	-	Central Government Departments	**32,360**	**76**
5,054	27	Other Local Authorities	**5,572**	**27**
475	-	Health	**505**	**-**
19,037	-	Collection Fund	**18,407**	**-**
40,620	16,233	Other	**41,869**	**19,170**
103,271	16,260		**98,713**	**19,273**

Debtors in the other category at £42.2m (£40.6m for 2023/24) include: £39.2m sundry trade debtors for invoices raised to customers less £15.6m provision for bad debts on those invoices (£38.9m less £16.6m for 2023/24), £9.8m of accrued income processed as year-end adjustments to close the accounts (£8.8m for 2023/24), £1.5m of court costs and penalties for council tax and NNDR debts (£1.3m for 2023/24), £2.8m relating to housing benefits (£2.8m for 2023/24), and £4.5m for other debtors (£5.4m for 2023/24).

Payments in advance in the other category at £19.2m (£16.2m for 2023/24) include: £13.9m processed as year-end adjustments to close the accounts (£10.4m for 2023/24), £5.3m relating to private finance initiative (PFI) schemes (£5.3m for 2023/24), and no other prepayments (£0.5m for 2023/24).

Debtors for Local Taxation

Included in "Debtors and payments in advance" (Debtors) are the debtors (net of any provision for bad debts) for council tax and business rates. The past due but not impaired amount for local taxation (council tax and non-domestic rates) is analysed by age as follows:

2023/24 Gross Arrears £'000	2023/24 Provision for Bad Debts £'000	2023/24 Net Debtor £'000	Council Tax	2024/25 Gross Arrears £'000	2024/25 Provision for Bad Debts £'000	2024/25 Net Debtor £'000
12,843	(3,853)	8,990	Less than one year	14,112	(4,234)	9,878
14,049	(10,088)	3,961	Between one year and three years	14,673	(10,684)	3,989
14,950	(13,295)	1,655	More than three years	18,805	(16,560)	2,245
41,842	(27,236)	14,606		47,590	(31,478)	16,112

2023/24 Gross Arrears £'000	2023/24 Provision for Bad Debts £'000	2023/24 Net Debtor £'000	Business Rates	2024/25 Gross Arrears £'000	2024/25 Provision for Bad Debts £'000	2024/25 Net Debtor £'000
2,645	(2,044)	601	Less than one year	3,472	(1,736)	1,736
3,275	(2,456)	819	Between one year and three years	3,842	(2,881)	961
3,034	(3,034)	0	More than three years	4,526	(4,378)	148
8,954	(7,534)	1,420		11,840	(8,995)	2,845

28) Contingent Assets

In addition to the amounts included above, further sums estimated to amount to £82m 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.

29) 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.

30) Borrowing

An analysis of the Council's outstanding debt as at 31 March 2025 is shown below, analysed between the government's Public Works Loans Board (PWLB) and other lenders.

2023/24 PWLB £'000	2023/24 Other £'000	Analysis of Loans by maturity	2024/25 PWLB £'000	2024/25 Other £'000
12,611	38,530	**Short Term Borrowing** (less than 1 year)	**2,666**	**52,287**
2,536	-	Between 1 and 2 years	**17,536**	**-**
7,609	-	Between 2 and 5 years	**52,609**	**-**
22,681	-	Between 5 and 10 years	**30,181**	**-**
3,804	-	Between 10 and 20 years	**1,268**	**-**
41,816	-	Between 20 and 30 years	**41,816**	**-**
-	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**
78,446	96,600	**Long Term Borrowing**	**143,410**	**96,600**
86,226	124,549	**Fair Value of Borrowing**	**135,901**	**125,065**
4.33%	4.40%	Average rate of interest	**4.81%**	**4.10%**

Actual borrowing shown here is less than the Capital Financing Requirement shown in Note 24 because of unfinanced capital expenditure carried forward 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. Loans from the PWLB and other loans payable have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

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

31) Creditors and receipts in advance

An analysis of amounts owed by the Council or received in advance at 31 March 2025 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.

2023/24 Creditors £'000	2023/24 Receipts in advance £'000		2024/25 Creditors £'000	2024/25 Receipts in advance £'000
12,017	-	Central Government Departments	**1,818**	**-**
3,074	896	Other Local Authorities	**2,441**	**791**
560	-	Health	**560**	**-**
15,695	7,354	Collection Fund	**10,451**	**8,623**
62,860	7,150	Other	**57,624**	**7,647**
94,206	15,400		**72,894**	**17,061**

Creditors in the other category at £63.2m (£62.9m for 2023/24) include: £0.9m of accruals for trade creditors (£1.9m for 2023/24), £40.4m processed as year-end adjustments to close the accounts (£29.5m for 2023/24), £18.5m third party payroll deductions (£18.4m for 2023/24) £4.8m accrual for accumulated absences (£5.1m for 2023/24), and £(1.4)m for other creditors (£8.0m for 2023/24).

Receipts in advance in the other category at £7.6m (£7.1m for 2023/24) include: £7.4m processed as year-end adjustments for deferred income to close the accounts (£6.9m for 2023/24), and £0.3m for other receipts in advance (£0.3m for 2023/24).

32) Grants receipts in advance – revenue

An analysis of grants receipts in advance for the Council at 31 March 2025 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.

2023/24 Receipts in advance £'000		**2024/25 Receipts in advance £'000**
2,475	Central Government Departments	**497**
2,475		**497**

33) Grants receipts in advance – capital

2023/24 Receipts in advance £'000		**2024/25 Receipts in advance £'000**
-	Central Government Departments	**-**
-		**-**

34) 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 2025 are as follows:

	1 April 2024 £'000	Transfers In £'000	Transfers Out £'000	**31 March 2025 £'000**
Misc Provisions	180	96	(149)	**127**
NNDR appeals provision	6,172	6,424	(10,096)	**2,500**
General Insurance Provision	3,836	1,042	(1,700)	**3,178**
	10,188	7,562	(11,945)	**5,805**

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 £3.178m as at 31st March 2025 is for 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.

35) 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.

Virgin Media judgement

In June 2023, the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by actuarial confirmation certificates issued under section 37 of the Pension Schemes Act 1993. The Court of Appeal rejected an appeal of this decision in July 2024. The Local Government Pension Scheme (LGPS) is affected by this ruling. The Government Actuary's Department has so far been unable to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to

conclude whether there is any impact on the value of retirement benefits under IAS 19 or it if can be reliably estimated.

There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend section 37 to allow retrospective actuarial confirmation. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

36) 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 2024 £'000	Income £'000	Expenditure £'000	**Balance 31 March 2025 £'000**	**Capital 31 March 2025 £'000**
B Norwood Bequest	6	3	(1)	**8**	**63**
T Elliott Bequest	7	7	(2)	**12**	**55**
M Dorling Bequest	2	6	(7)	**1**	**64**
	15	16	**(10)**	**21**	**182**

37) 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.

2023/24 £'000		**2024/25 £'000**
430,675	Balance brought forward	417,444
-	MiRS Adj Gain on Recognition of IFRS16 Peppercorn/nominal ROU Asset to CAA	14,438
	Restated 2024/25 Opening balance	**431,882**
(51,247)	Depreciation & Impairment	**(49,860)**
-	Charges for depreciation of ROU Assets to CAA	**(1,106)**
(13,188)	Revenue expenditure funded from capital under statute (REFCUS)	**(18,585)**
(1,186)	Net gains/(losses) on disposal of non-current assets	**(1,925)**
(12,474)	Net gains/(losses) on disposal of Academy assets	**(73)**
16,381	Minimum Revenue Provision	**12,723**
195	Capital Expenditure Charged to the General Fund	**1,192**
45,769	Application of grants to capital financing from the capital grants unapplied account	**43,512**
2,519	Use of Capital Receipts	**7,030**
-	Transfer from revenue to fund capital expenditure	**-**
417,444	Balance carried forward	**424,790**

38) 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.

2023/24 £'000	£'000		2024/25 £'000	£'000
	(5,628)	Opening balance		(5,129)
5,628		Reverse previous year provision	5,129	
(5,129)		Current year provision	(4,816)	
	499	(Charge)/credit to I&E		313
	(5,129)	Closing balance		(4,816)

39) 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.

2023/24 £'000		2024/25 £'000
109,066	Balance brought forward	113,093
53,620	Receipts	68,489
2,426	Notional Interest	3,026
(45,769)	Transferred to Capital Adjustment Account	(43,512)
(6,250)	Adjusted to revenue earmarked reserves	(5,853)
113,093	Balance carried forward	135,243

40) 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.

2023/24 £'000		**2024/25 £'000**
198,562	Balance brought forward	**217,735**
62,289	Revaluation gains on property, plant & equipment	**28,834**
(26,466)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	**(15,057)**
(4,392)	Charges for depreciation & Impairment of non-current assets	**(4,995)**
(3,121)	Net (gains)/losses on reversing out historic upward revaluation on disposal of non-current assets	**(688)**
(9,137)	Net (gains)/losses on disposal of Academies	**(22)**
217,735	Balance carried forward	**225,807**

41) 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.

2023/24 £'000		**2024/25 £'000**
606	Balance brought forward	**1,291**
685	Gains/(Losses) on revaluation of investments	**325**
1,291	Balance carried forward	**1,616**

42) 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.

2023/24 £'000		2024/25 £'000
(12,553)	Balance brought forward	(12,372)
322	Release of deferred premia	322
(141)	Soft Loan Interest Adjustment	146
(12,372)	Balance carried forward	(11,904)

43) Usable Capital Receipts Reserve

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

2023/24 £'000		2024/25 £'000
4,819	Balance brought forward	9,730
7,443	Net (gains)/losses on disposal of non-current assets	1,259
(13)	Usable Capital Receipts funding revenue income from finance leases	(14)
(2,519)	Use of Capital Receipts to finance new capital expenditure	(7,030)
9,730	Balance carried forward	3,945

44) 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.

2023/24 £'000		2024/25 £'000
7,521	Balance brought forward	6,317
(1,204)	Movement in year	3,648
6,317	Balance carried forward	9,964

45) 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 2,022 £'000	Income and / or Transfers £'000	Payments and / or Transfers £'000	Balance 31 March 2024 £'000		Balance 1 April 2024 £'000	Income and / or Transfers £'000	Payments and / or Transfers £'000	**Balance 31 March 2025 £'000**
				General Fund				
5,689	12,933	-	18,622	(A) Financial strategy	18,622	6,080	(8,622)	**16,080**
6,977	376	(1,377)	5,976	(B) PFI Reserves	5,976	898	(1,552)	**5,322**
4,648	3,547	(5,870)	2,325	(C) Insurance Reserve	2,324	714	(1,005)	**2,033**
303	46	(17)	332	(D) Trading Account Reserves	333	-	(16)	**317**
6,103	31	(2,820)	3,314	(E) Transformation Fund	3,314	81	(2,848)	**547**
9,543	2,749	(548)	11,744	(F) Other Reserves	11,744	4,438	(1,617)	**14,566**
142	748	(136)	754	(G) Repairs & maintenance	754	1,000	(3)	**1,751**
41,399	13,837	(18,614)	36,622	(H) Unused Grant Funds	36,622	17,476	(16,948)	**37,150**
10,859	557	(1,669)	9,747	(I) Infrastructure related	9,747	1,003	(4,870)	**5,880**
722	216	(702)	236	(J) Innovation	236	320	(32)	**524**
86,385	**35,040**	**(31,753)**	89,672	**Sub-total**	**89,672**	**32,010**	**(37,513)**	**84,170**
41,360	1,900	(26,623)	16,637	(K) Section 31 Grant Reserve	16,637	2,130	(7,767)	**11,000**
4,442	598	(2,377)	2,663	(L) Public Health incl. Covid funding	2,663	15	(1,330)	**1,348**
8,500	4,400	-	12,900	(M) DSG recovery plan funding	12,900	10,274	(5,679)	**17,495**
217	-	(217)	-	(N) Covid	-	-	-	**-**
140,904	**41,938**	**(60,970)**	121,872	**Total Revenue Reserves**	**121,872**	**44,429**	**(52,289)**	**114,013**

A) Financial strategy
This reserve provides support for any possible changes in the spending review (£10m) and also includes the saving from Minimum Revenue Provision for 2024/25 (£6.1m).

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.

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 (Contain 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 £5.1m, which was approved by Full Council on 11th February 2025 for 2025/26.

N) Covid
Reserve specific for Covid related Council activities, excludes Public Health related activity, captured under (I).

46) Movement in General Fund balances

Total balances decreased by £5.0m during the year to £39.8m. There is more information on reserves and balances in the Narrative Statement.

2023/24 Total £'000		2024/25 General £'000	2024/25 LMS* £'000	2024/25 Total £'000
42,149	Brought forward	37,686	7,089	**44,775**
(7,396)	Net use in year	(6,054)	(7,089)	**(13,143)**
10,022	Additions/outturn	-	8,128	**8,128**
44,775	Carried Forward	31,632	8,128	**39,760**

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

Notes to the Cash Flow Statement

47) Net Cash flows from operating activities

As at 31 March 2024 £'000		As at 31 March 2025 £'000
(5,881)	Interest received	**(7,163)**
7,472	Interest paid	**9,009**
1,591		**1,845**

As at 31 March 2024 £'000		As at 31 March 2025 £'000
37,618	Depreciation	**43,253**
7,244	Impairment	**6,829**
706	Amortisation	**936**
(5,727)	Increase/(decrease) in impairment for bad debts	**978**
(15,504)	Increase/(decrease) in creditors	**(21,629)**
7,840	(Increase)/decrease in debtors	**452**
(127)	(Increase)/decrease in inventories	**49**
(5,320)	Movement in pension liability	**(8,933)**
35,601	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	**10,994**
-	MiRS Adj Gain on Recognition of IFRS16	**14,438**
(2,647)	Other non-cash items charged to the net surplus or deficit on the provision of services	**(31,226)**
59,684		**16,140**

48) Net Cash flows from investing activities

As at 31 March 2024 £'000		As at 31 March 2025 £'000
(72,001)	Purchase of property, plant and equipment and intangible assets	**(82,464)**
-	Purchase of short-term and long-term investments	**-**
7,443	Proceeds from the sale of property, plant and equipment and intangible assets	**1,259**
22,726	Proceeds from short-term and long-term investments	**24,831**
(41,832)	**Net cash flows from investing activities**	**(56,374)**

49) Net Cash flows from financing activities

As at 31 March 2024 £'000		As at 31 March 2025 £'000
66,990	Cash receipts of short- and long-term borrowing	**102,500**
-	Other receipts from financing activities	**-**
(2,033)	Cash payments for the reduction of outstanding liabilities relating	**15,342**
(40,824)	Repayments of short- and long-term borrowing	**(34,536)**
-	Other payments for financing activities	**-**
24,133	**Net cash flows from financing activities**	**83,306**

50) 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) Better Care Fund
In 2015/16 a Better Care Fund was established between Dorset County Council and Dorset NHS clinical commissioners, funded and controlled jointly by the partners. Following Local Government Reorganisation in Dorset, Dorset Council has administered the scheme since 1 April 2019. The arrangement has been accounted for as a joint operation - where each partner shows in its accounts its share of the expenditure, assets and liabilities of the Better Care Fund. Further details are disclosed in note 24, Pooled Budgets for Health and Social Care. If the Council had accounted for all the transactions of the Better Care Fund that it had processed (on behalf of all partners) then income and expenditure would have been inflated by £68.1 million (£75.1 million 2023/24).

(ii) 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 in note 2 Related party transactions.

iii) IFRS16 Leases

The Council adopted IFRS 16 Leases with effect from 1 April 2024. The main impact of IFRS 16 is for arrangements previously treated as operating leases where Dorset Council was lessee. Under IAS 17, these were not recognised on the balance sheet, but under IFRS 16 are now included on the balance sheet as a right-of-use asset and a lease liability.

The Council has applied the following IFRS 16 Lessee Recognition Exemptions:

- low value exemption: Applied where assets are below £15k when new
- short-term exemption: Applied where existing leases expire on or before 31 March 2025; or to new leases with a duration of less than 12 months.

51) Sources of estimation uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

However, because amounts cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting Actuaries, Barnett Waddingham LLP, is engaged to provide the Council with expert advice about the assumptions to be applied.	The present value of the total defined benefit obligation is £1,397 million and the actuary has provided sensitivity analysis: a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £20 million, and a reduction in life expectancy assumptions of 1 year reduces the pension liability by £50 million. Adjustments to salary and pension increases of 0.1% increase the pension liability of £23.3 million and £24.1 million respectively.
	Amounts charged to and income credited to the Comprehensive Income and Expenditure Statement and the valuation of the Pension Reserve in the Balance Sheet in respect of employee pension	The impact is not expected to be material.

	benefits are heavily influenced by the estimated future inflation and earnings on investments. The assumptions made in making these estimates are set out in disclosure note 22. The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this difference is not considered to be material.	

Property, Plant and Equipment (PPE)	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. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	In 2024/25 the total PPE depreciation charge was £51.5 million, comprising Buildings £12.9 million, Vehicles, Plant, Furniture and Equipment £7.7 million, an adjustment to surplus assets of -£100k and Infrastructure Assets £31 million. If the useful life of assets is increased, depreciation charges reduce and the carrying amount of the assets increase. It is estimated that the annual depreciation charges for buildings, equipment and infrastructure would reduce by £4.2 million for every year that useful lives are increased.
	The Council operates a rolling programme of valuation reviews which ensures all land and building assets are revalued at intervals no greater than five years. As part of the 2025 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	Of the £474 million of PPE assets measured using a current value basis, £87.8 million or 19% were acquired or revalued in 2024/25. PPE assets revalued before 2024/25 total £385.9 million or 81% of the PPE asset base measured at current value. A 1% change in the valuation of those assets revalued or acquired in 2024/25 would result in a change in carrying amount of £880k.

	indicate if an asset might be impaired or had any material economic change to its value. Specialised property assets are valued on the basis of Depreciated Replacement Cost (DRC) using indices and parameters, including the most recent regional construction cost information published by the RICS Building Cost Information Service (BCIS). The Valuer applies professional judgement to published indices, which can vary quarterly and an assessment of age and obsolescence affecting individual assets.	A 1% change in the valuation of those assets not revalued in 2024/25 would result in a change in carrying amount of £3.86 million.

52) 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 2025 relating to the BIDs are as shown below.

	Credits from previous years	Levy Income raised	Amounts paid to the BID	Amounts written off	Refunds	Provision for bad debts	Balance on the Account
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wimborne	(8)	(140)	129	-	6	-	(13)
Ferndown & Uddens	(14)	(203)	192	-	7	-	(18)
Dorchester	(22)	(119)	123	-	3	-	(15)
Weymouth	(121)	(288)	329	14	11	-	(55)
Total	(165)	(750)	773	14	27	-	(101)

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 (NDR).

	2023/24			2024/25		
	Council Tax £'000	NDR £'000	Total £'000	Council Tax £'000	NDR £'000	Total £'000
Income						
Council Tax	369,613	-	**369,613**	**394,602**	**-**	**394,602**
Council Tax S13A(1)C Relief	825	-	**825**	**146**	**-**	**146**
Non-Domestic Rates	-	90,297	**90,297**	**-**	**98,281**	**98,281**
Transitional Protection Payments		10,691	**10,691**		**3,353**	**3,353**
Business Rates Deferral Scheme			**-**			**-**
Grant Income to the Collection Fund			**-**			**-**
Discretionary Reliefs Income	-	-	**-**			**-**
Total income	**370,438**	**100,988**	**471,426**	**394,748**	**101,634**	**496,382**
Precepts / NDR Distribution						
Central Government	-	48,696	**48,696**	**-**	**50,227**	**50,227**
Dorset Council	290,510	47,722	**338,232**	**307,877**	**49,223**	**357,100**
Dorset Police Authority	42,767	-	**42,767**	**45,167**	**-**	**45,167**
Dorset Fire Authority	12,869	974	**13,843**	**13,377**	**1,005**	**14,382**
All Parishes	17,814	-	**17,814**	**18,762**	**-**	**18,762**
Previous Year Collection Fund Surplus / (Deficit) Redistributed						
Central Government	-	2,417	**2,417**	**-**	**2,431**	**2,431**
Dorset Council	3,605	2,369	**5,974**	**245**	**2,382**	**2,627**
Dorset Police Authority	493	-	**493**	**34**	**-**	**34**
Dorset Fire Authority	147	48	**195**	**10**	**49**	**59**
Allowances to charging authority						
Non-Domestic Rate Cost Of Collection	-	639	**639**	**-**	**643**	**643**
Transitional Protection Payments	-	-	**-**	**-**	**-**	**-**
Renewable Energy Scheme	-	1,186	**1,186**	**-**	**1,205**	**1,205**
Enterprise Zones	-	187	**187**	**-**	**277**	**277**
Provision for appeals						
Increase/(Decrease) To Provision	-	(8,308)	**(8,308)**	**-**	**(7,494)**	**(7,494)**
Provision for bad debts						
Increase/(Decrease) To Provision	6,961	30	**6,991**	**4,528**	**1,666**	**6,194**
Total Deductions	**375,166**	**95,960**	**471,126**	**390,000**	**101,614**	**491,614**
Surplus / (Deficit) Arising In Year	(4,728)	5,028	**300**	**4,748**	**20**	**4,768**
Balance B/F 1st April	5,213	5,954	**11,167**	**485**	**10,982**	**11,467**
Balance C/F 31st March	**485**	**10,982**	**11,467**	**5,233**	**11,002**	**16,235**

Notes to the Collection Fund

1. Income from Council Tax

The Council's Tax Base for 2024/25, 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)	20.9	5/9	11.6
A	12,196.4	6/9	8,130.9
B	22,647.7	7/9	17,614.9
C	34,640.8	8/9	30,791.8
D	32,043.0	9/9	32,043.0
E	25,609.1	11/9	31,300.0
F	14,737.6	13/9	21,287.6
G	7,565.3	15/9	12,608.8
H	621.8	18/9	1,243.6
	150,082.5		**155,032.2**
Class O exempt dwellings			765.3
Council Tax Base for Revenue Support Grant Purposes			**155,797.5**
Reduction due to the Council Tax Reduction Scheme			**(1,947.8)**
Council Tax Base for Council Tax Setting Purposes			**153,849.7**

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:

	2023/24	**2024/25**
Rateable value at year-end	321,548,956	324,182,690
National Multiplier	51.2p	54.6p
Small Business Multiplier	49.9p	49.9p

3. Allocation of Collection Fund Surplus / (Deficit)

2024/25	**COUNCIL TAX £'000**	**NDR £'000**	**TOTAL £'000**
Central Government	-	5,501	**5,501**
Dorset Council	4,438	5,391	**9,829**
Dorset Police Authority	613	-	**613**
Dorset Fire Authority	182	110	**292**
Total Surplus As At 31 March 2025	**5,233**	**11,002**	**16,235**

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**

1. General Principles

The Statement of Accounts summarises the authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. 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 out and Right of Use assets) are reported in service accounts.

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
Short-term employee benefits, such as wages, salaries, paid leave, and non-cash benefits, are recognised as expenses in the year services are provided. Annual leave not taken at the end of the financial year is accrued for in the Surplus or Deficit on the Provision of Services. Termination benefits arising from redundancy or early termination are recognised when the obligation becomes unavoidable or restructuring costs are incurred.

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. 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.

16. 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.

17. Leases - IFRS 16

The accounting policy for leases has changed for the financial year 2024/25, in line with the mandatory adoption of IFRS 16. The change in accounting policy is made in accordance with the transitional provisions in the CIPFA Code.

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

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

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

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

fair value by a RICS accredited external valuer.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for assets held under non-commercial leases.

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

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

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

• for low-value items that cost less than £15,000 when new, provided they are not highly dependent on or integrated with other items, or
• with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for items falling within the low value or short lease exemption are charged to the comprehensive income and expenditure statement.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

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

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 received 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 leased 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 authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg 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.

18. 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.

19. 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 (published on 19 October 2023, effective from 1 May 2024) and the IFRS based Code of Practice on Local Authority Accounting 2024/25 (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 2025 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 2024 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 2025 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 2025 by the following external professional RICS Accredited Scheme Valuers:

- Carter Jonas
- Rural Solutions

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

Impairment

Completed 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).

Deprecation 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 – straight line basis
-infrastructure – straight line basis.

Useful economic life ranges for each asset class are as follows:

	Asset Class	Starting UEL range			Remaining UEL range		
1100	Operational Buildings	6	-	100	1	-	99
1200	Surplus Assets	15	-	100	10	-	100
1400	Farms Assets	24	-	100	14	-	96
1500	Intangible Assets	2	-	60	0	-	55
2000	Vehicle	1	-	15	0	-	9
3000	Plant	3	-	20	0	-	15
4000	Equipment	1	-	20	0	-	15
5000	Fixtures & Fittings	1		10	0	-	6
6000	IT Equipment	3	-	10	0	-	5
7000	Infrastructure Assets	16	-	100	9	-	100

These figures exclude the UELs for de-minimis assets and assets written out in the current financial year.

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.

20. Private Finance Initiative (PFI) Schemes

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the authority at the end of the contracts for no additional charge, the authority carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

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). The secondary school converted to an academy in 2015, so is no longer held on Dorset Council's balance sheet, however the street lighting is maintained in the Council's Balance Sheet. Both PFI's have liabilities which are maintained in the balance sheet and discharged over the period of the contract.

The amounts payable to the PFI operators each year are analysed into four elements:

• **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
• **finance cost** – an interest charge based on the outstanding Balance Sheet liability, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement
• **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
• **lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

21. Provisions, Contingent Liabilities and Contingent Assets

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

Provisions are charged as an expense to the appropriate service line in the 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets, 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.

27. 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.

28. 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.

29. 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.

30. 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.





Annual Governance Statement 2024/25

Supported by:
Appendix A – Local Code of Corporate Governance

Revised February 2026

WELCOME TO DORSET COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR FINANCIAL YEAR 2024/25

Governance in public services is closely watched and sometimes criticised. The Accounts and Audit Regulations (2015) require the Council to review its internal control system's effectiveness at least once a year. This review is reported in this Annual Governance Statement, which is included with the Statement of Accounts.

Dorset Council must ensure its operations comply with laws and standards, safeguard public money, and use resources efficiently and effectively. This document outlines the processes and procedures that help the council function effectively and continuously improve.

The Chartered Institute of Public Finance and the Society of Local Authority Chief Executives (CIPFA/SOLACE) published "Delivering Good Governance" in 2016. This document measures Dorset Council's arrangements against seven core principles of good governance.

The Council is satisfied that this Annual Governance Statement demonstrates that generally adequate internal control, governance and risk management is in place. However, it is also recognised that the investigation commissioned by the Council into Health and Safety Compliance, and assurance work on Contract and Expenditure Compliance with the Council's Constitution and Scheme of Delegation indicated that a series of corporate procurement and finance controls were either circumvented or absent which has led to significant governance and control failings. This Annual Governance Statement, alongside the annual internal audit opinion for 2024/25, therefore offers a limited assurance. The Council strives for continual improvement and this statement identifies a number of areas where the Council can improve further. An improvement action plan forms part of this statement, and identified improvements will be monitored through the year by senior officers and elected councillors.

Dorset Council



Catherine Howe, Chief Executive



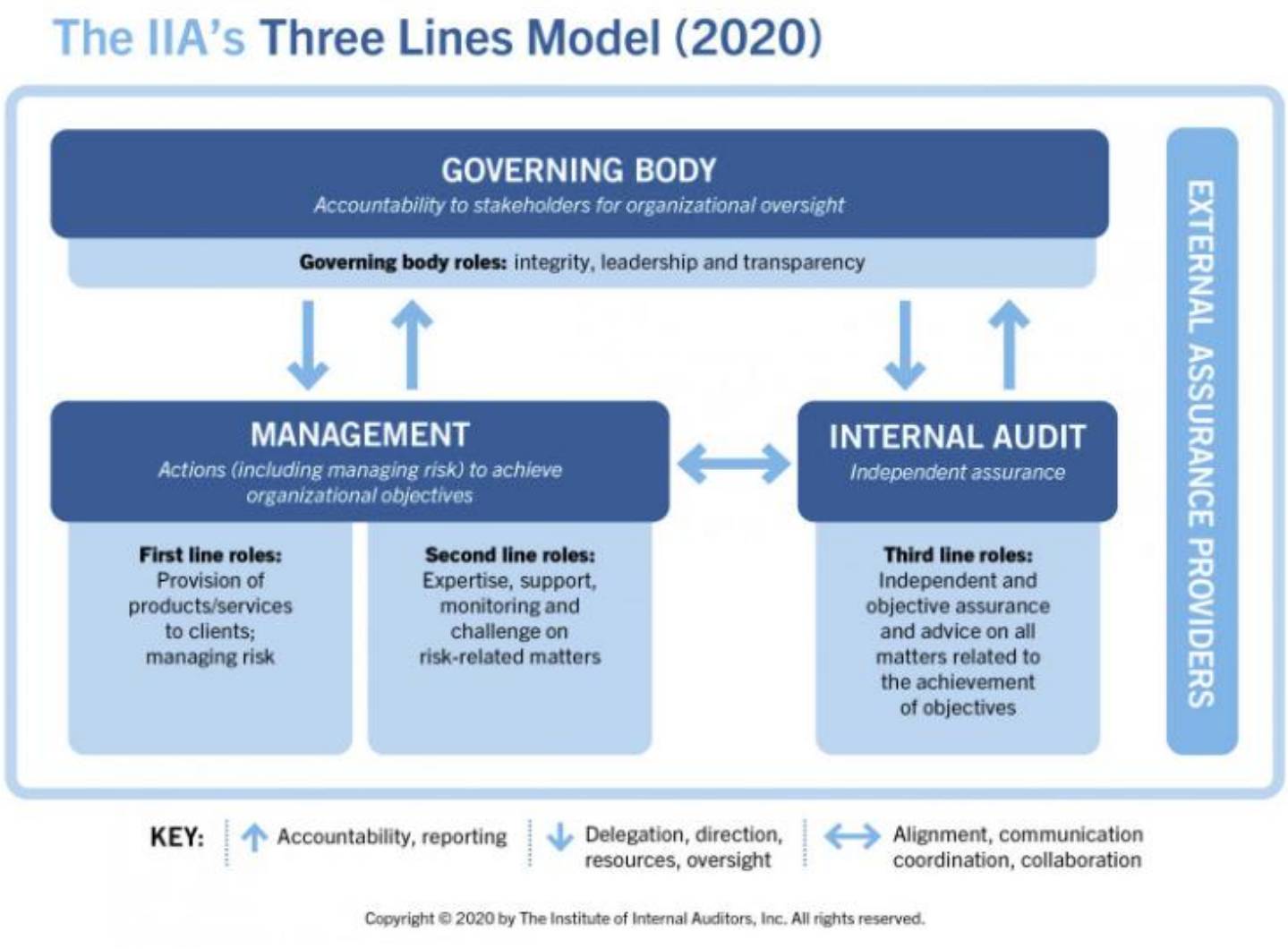
Cllr Nick Ireland, Leader

The Governance Framework

The governance framework includes the systems, processes, culture, and values that guide and control the authority. It also covers how the authority engages with and leads the community. This framework helps the authority monitor its strategic objectives and ensure they lead to cost-effective services.

The internal control system is a key part of the governance framework. It manages risks to a reasonable level but cannot eliminate all risks. It provides reasonable, not absolute, assurance of effectiveness. This system identifies and prioritizes risks to Dorset Council's goals, evaluates their likelihood and impact, and manages them efficiently and effectively.

This governance framework has been in place at Dorset Council for the year ending 31 March 2025 and up to the approval date of the annual statement of accounts.



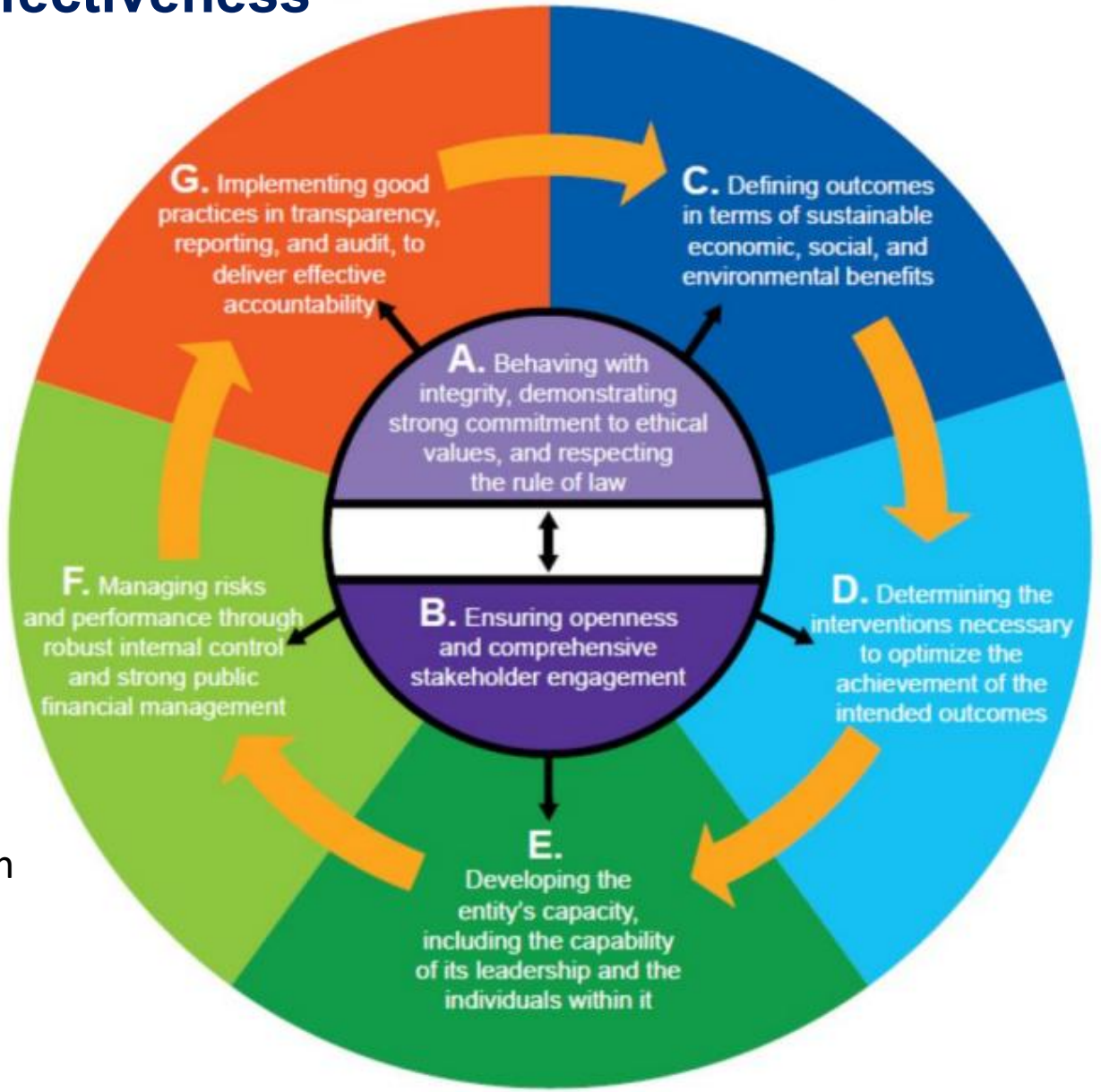
Dorset Council

Review of Effectiveness

The Council continuously reviews and monitors its governance arrangements. This statement explains how the Council follows its Local Code of Corporate Governance and meets the Accounts and Audit (England) Regulations 2015. It includes a review of the internal control system's effectiveness and the publication of an annual governance statement.

Dorset Council follows the seven core principles of good practice from the CIPFA/SOLACE Governance Framework. More details are available in the Council's Local Code of Corporate Governance, which supports this Annual Governance Statement. The content of this Local Code is subject to review at least annually by the officer lead for each of these identified principles.

An assessment on the level of assurance provided by this statement has been made by the Service Manager for Assurance in conjunction with the Monitoring Officer, and consulted upon with both the Leader and Chief Executive.



Dorset Council

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 and Prevention comprise the Council's senior leadership team.

Senior officer appointments are overseen by the Staffing Committee.

Dorset Council

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

What improvements have we made in 2024/25?

Induction of new councillors following elections in May 2024 including code of conduct

Revised complaints process for members code of conduct

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 process was reviewed by Audit and Governance Committee during 2024 and a revised process approved by Full Council in February 2025.

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.

What further work is planned for 2025/26?

Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) – Completed

Respond to recommendations within internal audit on Contract and Expenditure compliance with Council constitution and scheme of delegation and wider SWAP investigation, with Councillor group overview

Dorset Council

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.

B) Ensuring openness and comprehensive stakeholder engagement

What improvements have we made in 2024/25?

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

Approval of new customer strategy

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. During 2024 the Council engaged with customers via "A Big Conversation"

A new **customer strategy** was approved by Place and Resources Overview Committee on 30 January 2025

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** is available on the Council' 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 further work is planned for 2025/26?

Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) – Completed

Dorset Council

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

What improvements have we made in 2024/25?

The Council plan was revised

Our council plan was revised in 2024 to reflect the new administrations priorities:

- Provide affordable and high-quality housing
- Grow our economy
- Communities for all
- Respond to the climate and nature crisis

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 the "Natural Environment, Climate and Ecological Decision Tool"

What further work is planned for 2025/26?

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

Dorset Council

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

What improvements have we made in 2024/25?

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

A value for money framework sets out how to develop value for money service benchmarking across the council. For Local Government bodies, the National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria. Improving economy, efficiency and effectiveness, Financial Sustainability & Governance

Each Cabinet member has been assigned as a specific **Portfolio Holder** with roles and responsibility for different themes:

i) Property & Assets and Economic Growth;
ii) Adult Social Care;
iii) Childrens Services, Education & Skills;
iv) Corporate Development & Transformation;
v) Customer, Culture & Community Engagement;
vi) Finance & Capital Strategy;
vii) Health & Housing;
viii) Place Services; and
ix) Planning and Emergency Planning

The **Leader of the Council** is the portfolio holder for Climate, Performance and Safeguarding, as well as governance and communications.

What further work is planned for 2025/26?

Deliver on the Our Future Council transformation programme 2025-29

Embedding a new strategic performance framework and reporting tool - Completed

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

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

Our Future Council is a whole council transformation plan, that aims to change the way we work, to not only make sure our services are financially sustainable for the future, but are also achieving the best outcomes for our residents, families, communities and businesses across the county.

Plans for Our Future Council were approved by Cabinet on Tuesday 28 January 2025. There has been a refocussing of transformation plans during the 2025/26 financial year which has continued to be reported to councillors, and will be reflected more fully within the 25/26 statement.

The business case for Our Future Council sets out our new operating model, a new way of working, as well as how it might be implemented as part of a 3-year programme from 2025-2028.

The business case focuses on 4 functions: customer, business support/ management, strategic and enabling services, commissioning and procurement, and community partnerships. By working differently and as one council, we will be able to deliver more sustainable, consistent and better services to the residents, families and communities we serve across Dorset.

Our Future Council reports to Transformation Board. This allows for a one council approach to governance of the programme. The Board reviews progress and takes actions/decisions as informed by exception reports and data contained within the transformation dashboard. These include the following:

- strategic risk management
- resource management, investment and monitoring of spend
- benefits realisation: financial, customer and efficiency, including attribution of savings from correct budgets
- programme specific issue management and resolution of blockers

Organisation-wide design principles are applied during business case development.

What further work is planned for 2025/26?

Develop organisational learnings and actions tracker

Dorset Council

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

What improvements have we made in 2024/25?

Induction of new councillors, post May elections

Completed governance review.

Work with Our Future Council programme on enhanced partnership working

Improved mandatory training compliance rates

Developed People and Culture Strategy

The Council has developed a People and Culture strategy

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.

An extensive **member induction** programme is put in place after the 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.

Our values act as guiding principles, defining what we believe is important in the ways we work together. Our values are Respect, Together, Accountability, Openness and Curiosity.

The **Staffing Committee** appoints and manages performances issues relating to senior officers.

The Public Health shared service has been disaggregated, and a new Public Health and Prevention Directorate established

What further work is planned for 2025/26?

Launch of a new Employee Assistance Programme providing employees with access to a broader wellbeing support offer - Completed

Manage the transfer of staff into the new operating model – Completed for new hubs

Dorset Council

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

What improvements have we made in 2024/25?

Revised approach to risk management, improving performance

Developed Strategic Information Governance Action Plan

Established an AI / Automation Policy

Fraud checks on new employees and agency workers

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 further work is planned for 2025/26?

Respond to remaining internal audit actions on embedding risk management, including revising the risk appetite statement - Completed

Implement the Strategic Information Governance Action Plan

Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) - Completed

Respond to Business Continuity Action Plan - Completed

Dorset Council

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 three working groups: i) Operational Information Governance Group; ii) Cyber Security Technical Group; and iii) an Organisational Compliance and Risk Learning Group. The Board works to an action plan, based on the Information Commissioners Accountability Framework, and reported annually to the Audit and Governance Committee.

The **Business Continuity** Framework includes a Business Impact Analysis setting out the criticality of services, supported by service level action cards. An action plan has been developed to improve business continuity across the Council.

The **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.

Dorset Council continues to support Ukrainian refugees and is offering support to the Ukrainian families living and working in Dorset. As a result of the conflict, energy and fuel prices continue to be unstable.

The Council identified potential non-compliance with contract procedure rules, Council's constitution and the scheme of delegation. SWAP Internal Audit was commissioned to conduct a thorough and independent investigation. The findings identified a number of weaknesses, which have been reported to the Audit and Governance Committee in June 2025. A further report will be considered on 30 June. An improvement action plan was developed to respond to these identified weaknesses, and led by an officer group overseen by Audit and Governance Committee. Contract Review Procedures will need to be reviewed, in the context of changes to the financial section of the Scheme of Delegation, which will be reflected in the 25/26 Annual Governance Statement.

Dorset Council

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

What improvements have we made in 2024/25?

Audit action tracking built into new strategic reporting tools/dashboards

Working with Deloittes to finalise outstanding financial statements

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. A dashboard is available for senior managers and councillors.

The following six internal audits were reported with Limited Assurance, compared to eight in the previous financial year. Management are progressing action plans:

- Temporary Accommodation;
- Childrens Services Social Care Complaints;
- Effectiveness of Business Continuity Plans;
- Estates Income and Debt Management
- Capital Programming and Accuracy
- Contract and Expenditure Compliance with Scheme of Delegation and Councils constitution

An advisory ICT assurance mapping audit report issued in January 2026 notes a High operational risk. Management has commenced immediate action to address the report. This will be reported fully in the 25/26 statement

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 further work is planned for 2025/26?

Respond to recommendations from external inspections and peer reviews

Respond to actions from internal audits

Respond to actions from External Auditors 2023/24 report

Dorset Council

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

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. Reporting during 2024/25 included presentation and sign off of the outstanding statements.

External audit raised a risk regarding a vulnerability associated with people permanently having debugger access to the SAP system as part of their 2024 audit. In response to the 2024 audit findings, the debugger role was removed from the IT Technical Support Team and can now only be granted temporarily on request and for a specific purpose, after which it is removed. A solution has also been implemented which removes the debugger role from the payroll role.

Dorset Council learns from **external inspection** and **peer reviews**, with improvement action plans

The 2023/24 Auditor's Annual Report identified three significant weaknesses, alongside recommendations:

- Arrangements for Dedicated Schools Grant;
- Governance arrangements identified relating to the Council's procurement arrangements;
- Non-compliance with contract procedural rules and scheme of delegation

Recommendations were also made in relation to:

- Contingency plans should existing savings plans not progress adequately;
- Consulting with residents on budget priorities;
- Reporting to members on progress of savings;
- Regular reporting to Cabinet on significant risks;
- Improving timeliness of response to internal audit recommendations;
- Add legal implications to considerations on committee reports;
- Conduct a self assessment of Audit and Governance Committee;
- Develop formal process for officer declarations of interest;
- Responding to data breaches;
- Improve public visibility of performance information;
- Progress plans for benchmarking

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

The interim 2024/25 external auditors report identified three significant weaknesses:

- Not satisfied that there are proper arrangements re value for money work for securing economy, efficiency and effectiveness in the use of resources;
- Arrangements for Dedicated Schools Grant (ongoing from 23/24);
- Governance and securing economy, efficiency and effectiveness in the use of resources due to the significant findings identified through the Building Health and Safety investigations (ongoing from 23/24). It was noted that police investigations are ongoing.

Due to the backstop legislation, areas on which auditors are unable to conclude are the closing balance of property, plant and equipment, the net defined benefit liability and reserve balances.

The following risks have been identified:

- Management override of controls (significant)
- Valuation of land and buildings (significant)
- Valuation of the defined benefit pension liability (Significant)
- Implementation of IFRS 16

As these issues have been raised during 2025/26, they will be addressed within that years Annual Governance Statement, but recorded here as raised prior to the publication of the 2024/25 statement.

Dorset Council

Our Most Significant Risks Moving in to 2025/26

A successful cyber-attack to IT systems causes loss of service or data

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. Baseline Microsoft E5 capabilities have been implemented as of December 2024.

Dorset Council

Instability in the High Needs Block budget may create an increased deficit in the Dedicated Schools Grant (DSG) resulting in a deficit in Dorset Councils financial position

What are we doing? Demand and cost increases in the High Needs Block creates budget instability resulting in a deficit in Dorset Councils financial position. There is a comprehensive plan to address systemic change across the local areas partnership, to move to early intervention and support for families; 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 is taking place within a challenging national and local context of increasing need.

Extensive work has been undertaken to ensure more children can join and/or remain in their local mainstream school, wherever appropriate, through schools expanding the skills of their workforce, hosting inclusion hubs and special schools and learning centres providing outreach to support mainstream schools and potential satellite bases to ensure specialist expertise is available alongside mainstream settings. We have also invested in a comprehensive programme with a reputable SEND consultancy service, to strengthen the ambition for inclusion across the partnership, enhance the leadership of SEND co-ordinators in schools and improve the confidence and trust of parent / carers.

Improvement Action Plan

Ref	Identified Improvement	Responsible Officer
A01	Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) - Completed	Service Manager for Assurance
A02	Induction of new Chief Executive - Completed	SLT
A03	Respond to recommendations within internal audit on Contract and Expenditure compliance with Council constitution and scheme of delegation and wider investigations – Completed, but ongoing work to further develop culture	SLT
C01	Embedding a new strategic performance framework and reporting tool, to include enhanced 'customer voice/feedback' monitoring/KPIs and risk dashboarding - Completed	Head of Strategy
D01	Deliver on the Our Future Council transformation programme 2025-29	SLT
D02	Implement the corporate performance framework that links financial planning and assumptions to service performance and emerging risks	Head of Strategy
D03	Develop organisational learnings and actions tracker	Service Manager for Assurance
E01	Launch of a new Employee Assistance Programme providing employees with access to a broader wellbeing support offer - Completed	Head of Workforce and People
E02	Manage the transfer of staff into the new operating model – Completed for Customer and Business Support Hub	SLT

Improvement Action Plan

Ref	Identified Improvement	Responsible Officer
F01	Respond to remaining internal audit actions on embedding risk management, including revising the risk appetite statement - Completed	Head of Strategy
F02	Implement the Strategic Information Governance Action Plan – Implemented, but some longer term actions within remain outstanding	Service Manager for Assurance
F03	Respond to Business Continuity Action Plan - Completed	Service Manager for Assurance
G01	Respond to recommendations from external inspections and peer reviews	SLT
G02	Respond to actions from External Auditors 2023/24 report	SLT

Dorset Council

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.

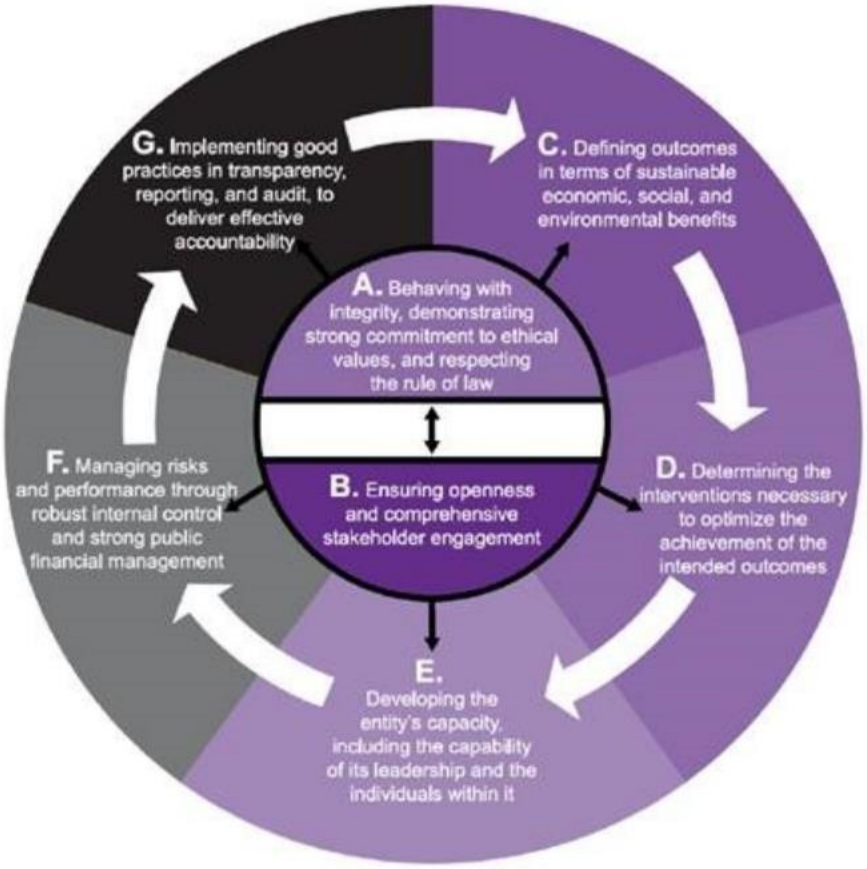
Dorset Council is committed to the seven core principles of good practice contained in the CIPFA framework.

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	
Dorset Council	• 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.
Cabinet	• 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.
Audit and Governance Committee	• 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.
Overview and Scrutiny Committees	• 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.
Head of Paid Service	• 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.
Chief Finance Officer	• 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.

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Monitoring Officer	• 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.
Senior Leadership Team	• 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.
Corporate Leadership Team / Extended Leadership Team	• Wider pool of decision makers, incorporating Corporate Directors and direct reporting Heads of Service
Heads of Service and Service managers	• 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.		
i) 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** **"Our Values" (behaviours framework** **Anti-fraud and corruption strategy** **Complaints policies (corporate, childrens social care, adults) and Annual Report** **Managing Customer Behaviour Protocol** **Policy schedule** Councillor Induction Programme	**Identified Improvement for 2025/26** Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) *(Accountable Officer – Service Manager for Assurance)*

ii) To demonstrate strong commitment to ethical values (Lead – Jonathan Mair, Director for Legal and Democratic)		
• 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:** **Officer and member codes of conduct** **"Our Values" (behaviours framework** **Whistleblowing policy** **Commercial strategy** **Equality, Diversity and Inclusion Strategic Board and Strategy** **Job evaluation scheme (Internal link)** **Protocol for officer and member relations** **Audit and Governance Committee** **Anti-fraud, Bribery and Corruption policy** **Caldicott Guardian**	**Identified Improvement for 2025/26** Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) *(Accountable Officer – Service Manager for Assurance)*

iii) To respect the rule of law (Lead – Jonathan Mair, Director for Legal and Democratic / Grace Evans, Head of Legal Services)		
• 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.	**Evidenced by:** **Monitoring Officer** **Legal Services** **Committee report clearance process and Democratic Services Hub (Internal Link)** **Financial regulations** **Audit and Governance Committee** **Codes of conduct** **Register of Interests** **Register of Gifts and Hospitality** **Compliments and Complaints Procedure (corporate, childrens social care, adults)** **Constitution** **Equality, Diversity and Inclusion Strategic Board and Strategy**	**Identified Improvement for 2025/26**

	Anti-fraud, Bribery and Corruption policy	

PRINCIPLE B. Ensuring openness and comprehensive stakeholder engagement.		
i) To ensure openness (Lead - Jen Lowis, Head of Strategic Comms and Engagement / Jacqui Andrews, Service Manager for 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, streamed and accessible on Youtube (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** **"Our Values" (behaviours framework** **Performance Management Framework** **Freedom of Information compliance and disclosure log**	**Identified Improvement for 2025/26**

	Right of Access Compliance (Subject Access Requests) **Open data** **"A Big Conversation" Consultation**	

ii) To engage comprehensively with stakeholders (Lead - Jen Lowis, Head of Strategic Comms and Engagement)		
• 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	**Evidenced by:** **Consultation and engagement policy** **Public consultations on key decisions** **Equality, Diversity and Inclusion Strategic Board and Strategy** **"A Big Conversation" Consultation** **Dorset Council news magazine** **Dorset Council constitution** **Complaints policy (corporate, childrens social care, adults) and Annual Report**	**Identified Improvement for 2025/26**

• 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		
i) To define outcomes (Lead – Head of Service - Strategy)		
• 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 1to1s /"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 2025/26** Embedding a new strategic performance framework and reporting tool, to include enhanced 'customer voice/feedback' monitoring/KPIs and risk dashboarding *(Accountable Officer – Head of Strategy)*
ii) 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 2025/26**

intended outcomes and short-term factors such as the political cycle or financial constraints; • 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.	**Risk management** **Climate and Ecological Emergency Strategy** **Commercial Strategy** **Equality Diversity and Inclusion Strategy** **Natural Environment, Climate and Ecological Decision Tool embedded into committee papers**	

PRINCIPLE D. Determining the interventions necessary to optimise the achievement of the intended outcomes.		
i) To determine and plan interventions (Lead – Steve Ford, Corporate Director for Strategy, Performance and Sustainability / Sean Cremer, Corporate Director for Finance and Commercial / Liz Crocker, Head of Strategy)		
• 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;	**Evidenced by:** **Dorset Council constitution** **Corporate and Service risk registers** **State of Dorset** **Performance framework** **Committee report clearance process and Democratic Services Hub (Internal Link)** **Portfolio holders** **Climate change decision making** **Consultation and engagement policy** **"A Big Conversation" Consultation** **Financial Strategy - reviewed annually.**	**Identified Improvement for 2025/26** Embedding a new strategic performance framework and reporting tool, to include enhanced 'customer voice/feedback' monitoring/KPIs and risk dashboarding *(Accountable Officer – Head of Strategy)* Develop organisational learnings and actions tracker *(Accountable Officer – Service Manager for Assurance)* Deliver on the Our Future Council transformation programme 2025-29 *(Accountable Officer – SLT)*

• 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	**Business Continuity Plans** (internal link) **Assurance Service Lessons Learnt processes (Emergency Planning / data breach /complaints)** **Anti-fraud, Bribery and Corruption policy** **Anti Money Laundering Policy** **Organisational Compliance and Risk Learning Group** **Equality Impact Assessments** **Transformation plan and supporting programme** **Budget cafes for councillors** **Capital Strategy** **Property Strategy and Asset Management Plan** Budgets and spending - Dorset Council	

ii) To optimise achievement of intended outcomes (Lead – Sean Cremer, Corporate Director for Finance and Commercial)		
• 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 that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	**Evidenced by:** Budgets and spending - Dorset Council **Annual Audit and Inspection letter** **Scrutiny Committees**	**Identified Improvement for 2025/26**

PRINCIPLE E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.		
i) 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 and Culture strategy and 'My Roadmap' appraisals** **Management Academy** **Staff Development Scheme** **Learning and Development Plans** **Chief Executive role defined in Authority Procedural Rules** **Staffing Committee** **Partnership working** Mandatory Training regime Leadership Forum Recruitment & Attraction Team	**Identified Improvement for 2025/26** Deliver Our Future Council transformation programme 2025 – 2029 (Executive Director for Corporate Development) Launch of a new Employee Assistance Programme, providing employees with access to a broader wellbeing support offer (Head of HR)

ii) 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; • 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: ○ 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;	**Evidenced by:** **Roles set out in the Council's constitution** **People and Culture Strategy** **Scheme of Delegation** **My Roadmap' appraisals and 1to1s** **Induction** **Mentoring and coaching** **Peer reviews and external inspections** **Staff consultative panels** **Leadership and Employee Forums** (internal link) **HR policy framework** (internal link) **Member Development and Support Officer** **Staff Surveys**	**Identified Improvement for 2025/26**

• 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 • 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.	**Management Academy** (internal link) **Eploy recruitment system**	

PRINCIPLE F. Managing risks and performance through robust internal control and strong public monetary management		
i) To manage risks (Lead – Liz Crocker, Head Strategy / 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 2025/26** Respond to internal audit actions on embedding risk management, including reassessment of Council's risk appetite. *(Accountable Officer – Head of Strategy)* Update the strategic performance and risk framework including an updated risk strategy and moving to integrated reporting on both *(Accountable Officer – Head of Strategy)*

ii) To manage performance (Lead – Liz Crocker, Head of Strategy)		
• 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).	**Evidenced by:** **Performance Management Framework and dashboards** **Separate Overview and Scrutiny Committees** **Council Plan** **Transformation plan and supporting programme** **Delivery Plan** **Supporting strategies** **Data and BI strategy**	**Identified Improvement for 2025/26** Update the strategic performance and risk framework including an updated risk strategy and moving to integrated reporting on both *(Accountable Officer – Head of Strategy)*
iii) To ensure robust internal control (Lead – Marc Eyre, Service Manager for Assurance)		
• 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;	**Evidenced by:** **SWAP Internal Audit Services** **Chief Internal Auditors report**	**Identified Improvement for 2025/26** Review of fraud, money-laundering and whistleblowing policies (3 yearly cycle) *(Accountable Officer – Service Manager for Assurance)*

• 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:
  ○ 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.
	Anti-fraud and corruption policy
	
	Anti Money Laundering Policy
	
	Whistleblowing Policy
	
	Cifas fraud checks on all new employees and agency workers
	
	Quarterly reporting to elected members
	
	Audit and Governance Committee
		Respond to recommendations within internal audit on Contract and Expenditure compliance with Council constitution and scheme of delegation and wider investigations
		(Accountable – SLT)

iv) To manage data (Lead – Marc Eyre, Service Manager for Assurance / Liz Crocker, Head of Strategy)		
• 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	**Evidenced by:** **Information Compliance Team and Data Protection Officer** **Senior Information Risk Owner** **Caldicott Guardian** **Strategic Information Governance Board and supporting groups.**	**Identified Improvement for 2025/26** Ongoing implementation of the Strategic Information Governance Action Plan *(Accountable Officer – Service Manager for Assurance)* Respond to Business Continuity Action Plan *(Accountable Officer – Service Manager for Assurance)*

	Data sharing agreements **Annual Information Governance report** **Mandatory data protection and cyber security training** **Information Governance Policy Framework** **AI / Automation Policy** **Cyber security and ICT continuity Lead** **Data Protection Impact Assessments** **Record retention policy and identified Information Asset Owners** **SWAP Internal Audit Partnership**	
v) To ensure strong public monetary management (Lead – Sean Cremer, Corporate Director for Finance and Commercial)		
• 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.	**Evidenced by:** **Section 151 Officer** **Performance Management Framework**	**Identified Improvement for 2025/26**

	Medium Term Financial Plan **Budget update reports to committee** **Pay Policy Statement** **Annual Governance Statement** **Annual Outturn and Financial Statements** **Quarterly Report including performance**	

PRINCPLE G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.		
i) 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 2025/26** Respond to recommendations from external inspections and peer reviews, as appropriate
ii) To implement good practices in reporting (Lead – Liz Crocker, Head of Strategy)		
• 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 2025/26**

• 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.	**Council plan and supporting performance reporting.** **Accountable officers for performance indicators** **Accountable officers for risks**	Update the strategic performance and risk framework including an updated risk strategy and moving to integrated reporting on both *(Accountable Officer – Head of Strategy)*
iii) To provide assurance and effective accountability (Lead – Marc Eyre, Service Manager for Assurance / Sean Cremer, Corporate Director for Finance and Commercial)		
• 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	**Evidenced by:** **Audit and Governance Committee** **Internal audit delivered by SWAP Internal Audit Services including Head of Audit annual opinion** **Monitoring and reporting of audit recommendations, via action tracking dashboard**	**Identified Improvement for 2025/26** Respond to actions from internal audits Respond to actions from External Auditors 2023/24 report *(Accountable Officer – Executive Director for Corporate Development)*

	Quarterly audit reporting to Audit and Governance Committee **External audit / Annual Report** **Periodic peer reviews and external inspections** **Legal and Procurement teams**	

Independent auditor's report to the members of Dorset Council on the pension fund financial statements of Dorset Pension Fund

Qualified opinion

We have audited the financial statements of Dorset Pension Fund (the 'Pension Fund') administered by Dorset Council (the 'Authority') for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for qualified opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements, including for the Pension Fund, for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

As a result of the limitations imposed by the backstop date, we were unable to obtain sufficient appropriate audit evidence over the corresponding figures and opening balances reported in the Pension Fund's financial statements or whether there was any consequential effect on the Fund Account's and in-year movements reported in the Net Asset Statement for the year ended 31 March 2024. We issued a disclaimer of opinion on the financial statements for the year ended 31 March 2024 accordingly. Our audit opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Financial Officer and Section 151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer and Section 151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Chief Financial Officer and Section 151 Officer's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer and Section 151 Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's financial statements. The Chief Financial Officer and Section 151 Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority and the Chief Financial Officer and Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer and Section 151 Officer. The Chief Financial Officer and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's 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 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Chief Financial Officer and Section 151 Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Audit and Accountability Act 2024 and the Local Government Act 2003, Public Service Pensions Act 2013, Local Government Pension Scheme Regulations 2013, and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- We enquired of management and the Audit and Governance Committee**,** concerning the Authority's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, Internal Audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management

override of controls. We determined that the principal risks were in relation to material post year-end journals, journals posted by senior finance personnel and unapproved manual journals.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
  - journal entry testing, with a focus on unusual journals as defined above,
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 2 and 3 investments and valuation of directly held properties, and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Julie Masci

Julie Masci, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

27 February 2026

APPENDIX C: PENSION FUND ACCOUNTS 2024-25

2023/24		FUND ACCOUNT	Note	2024/25	
£'000	£'000			£'000	£'000
		Dealings with members, employers and others directly involved in the Fund:			
	156,866	**Contributions**	*7*		**174,620**
121,979		Employer contributions		138,248	
34,887		Member contributions		36,372	
	15,871	**Transfers in from other pension funds**	*8*		**22,951**
	172,737	**Total additions from dealing with members etc.**			**197,571**
	(159,280)	**Benefits**	*9*		**(181,830)**
(135,005)		Pensions		(147,340)	
(19,660)		Commutation and lump sum retirement benefits		(31,218)	
(4,615)		Lump sum death benefits		(3,272)	
	(12,922)	**Payments to and on account of leavers**	*10*		**(27,631)**
(502)		Refunds of contributions		(508)	
(12,420)		Transfers to other pension funds		(27,123)	
	535	**Net additions/(withdrawals) from dealings with members and others**			**(11,890)**
	(20,955)	**Management expenses**	*11*		**(22,204)**
	(20,420)	**Net additions/(withdrawals) including Fund management expenses**			**(34,094)**
		Returns on investments:			
	18,514	**Investment Income**	*12*		**21,937**
	399,575	**Profit/(loss) on disposal of investments and changes in the value of investments**			**177,810**
	418,089	**Net return on investments**			**199,747**
	397,669	**Net increase/(decrease) in assets available for benefits during the year**			**165,653**
	3,521,995	**Opening net assets of the Fund**			**3,919,664**
	3,919,664	**Closing net assets of the Fund**			**4,085,317**

NET ASSETS STATEMENT

31 March 2024			Note	31 March 2025	
£'000	£'000			£'000	£'000
	722	**Long term investments**	*13*		**750**
722		Brunel Pension Partnership Ltd		750	
	3,921,466	**Investment assets**	*14*		**4,070,553**
77		Equities		60	
3,464,168		Pooled investment vehicles		3,631,761	
138,390		Private equity		137,149	
235,645		Property		211,980	
81,929		Cash & cash equivalents		88,239	
528		Derivative contracts	*16*	782	
729		Other investment assets		582	
	(3,352)	**Investment liabilities**			**-**
(3,352)		Derivative contracts	*16*	-	
-		Other investment liabilities		-	
	3,918,836	**Total net investments**			**4,071,303**
	12,925	**Current assets**			**22,209**
11,584		Contributions due from employers		17,925	
1,341		Other current assets		4,284	
	(12,097)	**Current liabilities**			**(8,195)**
(1,259)		Unpaid benefits		(470)	
(10,838)		Other current liabilities		(7,725)	
	3,919,664	**Net assets available to fund benefits**			**4,085,317**

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, 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 2024		31 March 2025
346	**Total Employers**	**345**
	Employees	
6,546	Administering Authority	6,523
19,234	Other Scheduled Bodies	19,587
846	Admitted Bodies	664
26,626	**Total Employees**	**26,774**
	Pensioners	
9,954	Administering Authority	10,199
15,109	Other Scheduled Bodies	15,995
2,148	Admitted Bodies	2,254
27,211	**Total Pensioners**	**28,448**
	Deferred Pensioners	
9,407	Administering Authority	9,070
17,592	Other Scheduled Bodies	16,910
1,585	Admitted Bodies	1,577
28,584	**Total Deferred Pensioners**	**27,557**
82,421	**Total Members**	**82,779**

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 2025. 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 2024/25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("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. There are no changes in accounting requirements for 2025/26 that are anticipated to have a material impact on the Fund's financial performance or financial position.

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 9).

- 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 as follows:

Administrative expenses:

All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.

Oversight and Governance:

All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund.

Investment management expenses:

Investment fees are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. The costs of the time spent by officers on investment management activity are also included.

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 18). 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 18 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, subject to minimal risk of changes in value and are close to maturity at the time of acquisition, generally within three months or less.

Loans and receivables
Financial assets are carried in the net asset statement at amortised cost.

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 23.

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 25).

NOTE 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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. 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 financial statements and notes and by 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 pension fund's financial position. 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.

NOTE 6. 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:

Private equity investments (Note 18)
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.

Private equity investments are valued at £137m in the financial statements. 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, by up to 15% i.e. an increase or decrease of £21m.

Freehold and leasehold property (Note 18)
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.

Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 15% i.e. an increase or decrease of £32m on carrying values of £212m.

Level 2 and 3 investments (Note 18)
The Fund's remaining level 2 and 3 investments (excluding private equity investments and freehold and leasehold property mentioned above) are valued at £3,269m and £384m respectively, £3,653m in total. Uncertainty will exist when investments are not valued using quoted prices in active markets, or by reference to markets which are not considered to be active and are valued based on alternative pricing sources supported by observable inputs. Level 3 investments will have significant unobservable inputs.

For every 1% increase in the value of level 2 and 3 investments, the value of the Fund will increase by £37m with a decrease having the opposite effect.

Actuarial present value of promised retirement benefits (Note 22)
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 LLP, is engaged to provide the Fund with expert advice about the assumptions to be applied.

If actual results differ from key assumptions:
- a 0.1% p.a. increase in the discount rate would reduce future pension liabilities by c. £200m
- a 0.5% p.a. increase in earnings inflation would increase future pension benefits by c. £180m
- a 0.25% p.a. increase in long-term rate of mortality improvement would increase future pension benefits by c. £170m.

NOTE 7. 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).

Reforms to LGPS asset pooling arrangements in England and Wales (non-adjusting event)

The 86 administering authorities in England and Wales currently manage their LGPS assets through eight investment pools. The Fund's assets, together with the assets of nine other LGPS pension funds, are managed by Brunel Pension Partnership Ltd (Brunel), a company owned wholly in equal shares by the ten administering authorities. In April 2025, as part of its 'fit for future' pensions review, the Government wrote to the administering authorities from two pools (Brunel and ACCESS) directing them to join one of the six continuing pools, with a 'decision in principle' on which pool they planned to join required by 30 September 2025. The Council has selected Local Pension Partnership Investments (LPPI) as its preferred new investment pooling partner.

Considerable uncertainties remain on how any new arrangements will be adopted and on the future of Brunel. The value of the Fund's shareholding in Brunel reported in the Net Assets Statement was £750,000 as at 31 March 2025, which is not considered to be material.

No other events after the reporting date have been identified.

NOTE 8. CONTRIBUTIONS RECEIVABLE

By category:

2023/24		2024/25
£'000	**Employer contributions**	£'000
103,624	Contributions re future service costs	108,094
16,819	Contributions re past service costs (deficit recovery)	18,676
261	Voluntary additional contributions	-
1,275	Augmentation cost of early retirements	5,908
-	Exit payments from employers	5,570
-	Exit credits to employers	-
121,979	**Total employer contributions**	**138,248**
34,887	**Member contributions**	**36,372**
156,866	**Total contributions receivable**	**174,620**

By type of employer:

2023/24		2024/25
£'000		£'000
49,016	Administering authority	51,567
103,070	Other scheduled bodies	113,540
4,780	Admitted bodies	9,513
156,866	**Total contributions receivable**	**174,620**

NOTE 9. TRANSFERS IN FROM OTHER PENSION FUNDS

2023/24		2024/25
£'000		£'000
15,587	Individual transfers from other pension funds	22,896
-	Group transfers from other pension funds	-
284	AVC to purchase scheme benefits	55
15,871		**22,951**

NOTE 10. BENEFITS PAYABLE

By category:

2023/24		2024/25
£'000		£'000
135,005	Pensions	147,340
19,660	Commutation and lump sum retirement benefits	31,218
4,615	Lump sum death benefits	3,272
159,280	**Total benefits payable**	**181,830**

By type of employer:

2023/24		2024/25
£'000		£'000
54,019	Administering authority	59,473
92,525	Other scheduled bodies	108,371
12,736	Admitted bodies	13,986
159,280	**Total benefits payable**	**181,830**

NOTE 11. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2023/24		2024/25
£'000		£'000
502	Refunds to members leaving service	508
-	Group transfers to other pension funds	8,431
12,420	Individual transfers to other pension funds	18,692
12,922		**27,631**

NOTE 12. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

2023/24		2024/25
£'000		£'000
2,338	Administrative expenses	2,726
571	Oversight and governance costs	610
18,046	Investment management expenses	18,868
20,955	**Total management expenses**	**22,204**

The scale fee for the 2024/25 external audit is £93,992 and is included in oversight and governance costs above. Additional fees for the audit relating to 2024/25 are estimated to be £10,000. The total fee for the 2024/25 external audit is estimated to be £103,992.

There is a non-audit service fee of £1,100 for 2024/25 in relation to the provision of an IAS19 assurance letter to United Learning Trust, a scheduled body of the pension fund.

Investment management expenses consisted of:

2023/24 £'000		2024/25 £'000
15,385	Investment management fees	15,699
320	Performance related fees	32
23	Custody fees	21
1,457	Transaction costs	1,758
861	Other fees and costs	1,358
18,046	**Total investment management expenses**	**18,868**

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.

The following table summarises investment management expenses by asset class:

2023/24 £'000		2024/25 £'000
13,517	Pooled investments	15,294
61	Pooled property investments	-
3,744	Private Equity	2,873
663	Property	516
38	Derivatives (FX contracts)	164
23	Custody Costs	21
18,046	**Total investment management expenses**	**18,868**

NOTE 13. INVESTMENT INCOME

2023/24 £'000		2024/25 £'000
6	Equities	6
1,617	Pooled Investments	3,433
2,067	Pooled Property Investments	2,427
11,406	Direct Property	11,824
84	Private Equity	214
3,065	Interest from Cash Deposits	3,413
1	Other Income	0
1	Class Action Income	-
268	Fee Rebate Income	620
18,514	**Total Investment Income**	**21,937**

NOTE 14. 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 £750k (£722k at 31 March 2024).

NOTE 15. INVESTMENT ASSETS

31 March 2024			31 March 2025	
Market Value		Description / Investment Manager	Market Value	
%	£'000		£'000	%
0.0%	**77**	**Equities**	**60**	**0.0%**
0.0%	77	Investec	60	0.0%
3.5%	**138,390**	**Private Equity**	**137,149**	**3.4%**
1.6%	63,088	HarbourVest	56,205	1.4%
0.3%	13,928	Patria	8,029	0.2%
0.3%	12,569	Capital Dynamics Global Secondary Fund V	11,365	0.3%
0.3%	12,217	Neuberger Berman Private Equity Impact Fund	14,002	0.4%
0.4%	14,528	Neuberger Berman SCIOP IV	16,603	0.4%
0.1%	3,625	Neuberger Berman Clifton Fund III	11,039	0.3%
0.2%	5,993	Ardian LBO Fund	5,394	0.1%
0.1%	4,373	Vespa Capital III	5,519	0.1%
0.1%	2,514	Summit Eur Growth EQ III SCSP LP	2,760	0.1%
0.1%	5,555	Alpinvest Secondaries Fund VII Limited Partnership	4,886	0.1%
0.0%	-	Neuberger Berman Clifton Private Equity IV	1,345	0.0%
6.0%	**235,645**	**Property (directly owned)**	**211,980**	**5.2%**
6.0%	235,645	CBRE Global Investors	211,980	5.2%
		Pooled Investment Vehicles:		
6.5%	**256,367**	**Bonds**	**267,053**	**6.6%**
6.5%	256,367	Royal London Mutual Insurance Mutual Fund	267,053	6.6%
8.7%	**339,906**	**UK Equities - Quoted**	**436,080**	**10.7%**
3.5%	135,774	LGIM UK Equity Index (passive)	212,237	5.2%
5.2%	204,132	Brunel UK Equities	223,843	5.5%
50.3%	**1,973,886**	**Global Equities - Quoted**	**1,979,734**	**48.6%**
8.9%	348,876	LGIM Smart Beta Fund	373,355	9.2%
6.2%	243,048	LGIM World Developed Equities Index Fund	229,038	5.6%
6.8%	267,710	LGIM Paris Aligned Benchmark Developed Equities	-	0.0%
8.3%	325,323	Brunel Global High Alpha Equities	270,952	6.7%
3.8%	147,803	Brunel Emerging Markets Equities	157,228	3.9%
10.0%	393,596	Brunel Global Sustainable Equities	383,022	9.3%
6.3%	247,530	Brunel Smaller Companies Equities	262,841	6.4%
0.0%	-	Brunel Low Volatility	303,298	7.5%
6.9%	**269,755**	**Multi Asset Credit (MAC)**	**292,439**	**7.2%**
1.5%	56,299	CQS Global Funds Mutual Fund	61,883	1.5%
1.4%	55,083	Oaktree (LUX) III SA SICAV Mutual Fund	60,013	1.5%
4.0%	158,373	Neuberger Berman Investment Mutual Fund	170,543	4.2%
1.8%	**71,574**	**Property Funds**	**73,026**	**1.8%**
0.0%	23	Lend Lease Retail Partnership	-	0.0%
0.1%	3,444	Standard Life UK Shopping Centre Trust	2,290	0.1%
0.3%	13,917	CBRE UK Long Income Property Fund	13,912	0.3%
0.7%	26,809	Aberdeen Standard Long Lease Property Fund	28,030	0.7%
0.7%	27,381	M&G Secured Income Property Fund	28,794	0.7%
6.7%	**262,203**	**Diversified Returns Funds**	**270,705**	**6.7%**
6.7%	262,203	Brunel Diversifying Returns Fund	270,705	6.7%
7.4%	**290,476**	**Infrastructure**	**312,725**	**7.7%**
2.1%	83,652	Hermes GPE Infrastructure Funds	77,642	1.9%
4.1%	161,422	IFM Global Infrastructure Fund	171,151	4.2%
0.6%	24,479	Greencoats Renewable Income Infrastructure Fund	27,435	0.7%
0.6%	20,923	STEPSTONE B III	36,497	0.9%
88.3%	**3,464,168**	**Total - Pooled Investments**	**3,631,761**	**89.3%**

31 March 2024			31 March 2024	
Market Value		Description / Investment Manager	Market Value	
2.1%	81,929	Cash & Cash Equivalents	88,239	2.2%
0.0%	528	Derivatives	782	0.0%
0.0%	729	Investment Receivables	582	0.0%
100.0%	3,921,466	Total Investment Assets	4,070,553	100.0%

Single investments exceeding 5% of total value of the net assets are shown in the table above.

Investments analysed by fund manager:

31 March 2024			31 March 2025	
Market Value		Description / Investment Manager	Market Value	
%	£'000		£'000	%
83.2%	3,263,084	Investments managed by the Brunel Pension Partnership Asset Pool:	3,439,681	84.5%
0.7%	26,809	Aberdeen Standard Investments	28,030	0.7%
0.1%	5,555	Alpinvest Partners	4,886	0.1%
0.2%	5,993	Ardian	5,394	0.1%
40.3%	1,580,587	Brunel Pension Partnership Ltd	1,871,889	46.0%
0.3%	12,569	Capital Dynamics	11,365	0.3%
1.4%	56,299	CQS	61,883	1.5%
0.6%	24,479	Greencoat Capital	27,435	0.7%
25.4%	995,409	LGIM	814,629	20.0%
0.7%	27,381	M&G Investments	28,794	0.7%
4.8%	188,743	Neuberger Berman	213,533	5.2%
1.4%	55,083	Oaktree	60,013	1.5%
6.5%	256,367	Royal London	267,053	6.6%
0.5%	20,923	StepStone Infrastructure and Real Assets	36,497	0.9%
0.1%	2,514	Summit Partners	2,760	0.1%
0.1%	4,373	Vespa Capital	5,519	0.1%
14.7%	575,195	Investments managed outside the Brunel Pension Partnership Asset Pool:	541,269	13.3%
6.5%	253,029	CBRE Investment Management	228,182	5.6%
2.1%	83,652	Federated Hermes	77,642	1.9%
1.6%	63,088	HarbourVest	56,205	1.4%
4.1%	161,422	IFM Investors	171,151	4.2%
0.0%	77	Investec	60	0.0%
0.4%	13,928	Patria	8,029	0.2%
2.1%	83,186	Cash, derivatives and investment receivables:	89,603	2.2%
2.1%	81,929	Cash	88,239	2.2%
0.0%	528	Derivatives	782	0.0%
0.0%	729	Investment Receivables	582	0.0%
100.0%	3,921,466	Total Investment Assets	4,070,553	100.0%

NOTE 15B. PROPERTY HOLDINGS

The pension fund's investment portfolio includes a number of directly owned properties that are leased commercially to various tenants. Details of these properties are as follows:

31 March 2024		31 March 2025
£'000		£'000
245,859	Opening balance	235,645
2,281	Purchases	716
(6,131)	Disposals	(23,966)
(6,364)	Change in market value	(415)
235,645	Closing balance	211,980

The future minimum lease payments receivable are as follows:

31 March 2024 £'000		31 March 2025 £'000
10,777	Within one year	9,498
26,313	Between one and five years	20,667
41,482	Later than five years	37,360
78,572	**Total future lease payments due under existing contracts**	**67,524**

NOTE 16. RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

The following tables summarise details of purchases, sales and changes in the market valuation of investments in the fund during the financial year and prior year.

2024-25	Value 1 April 2024 £'000	Purch's & Derivative payments £'000	Sales & Derivative receipts £'000	Change in market value £'000	Value 31 March 2025 £'000
Long Term Investments	722	-	-	28	750
Equities	77	-	-	(17)	60
Pooled Investment Vehicles	3,464,168	420,731	(417,196)	164,058	3,631,761
Private Equity	138,390	14,478	(20,827)	5,108	137,149
Property	235,645	716	(23,966)	(415)	211,980
Total Securities	**3,839,002**	**435,925**	**(461,989)**	**168,762**	**3,981,700**
Forward Foreign Exchange	(2,824)	-	-	3,606	**782**
Total Securities and Derivatives	**3,836,178**	**435,925**	**(461,989)**	**172,368**	**3,982,482**
Other Investment Balances:					
Cash & cash equivalents*	81,929			5,448	**88,239**
Other investment assets	729			(6)	**582**
Other investment liabilities	-			-	-
Total Net Investments	**3,918,836**			**177,810**	**4,071,303**

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	-			-	-
Total Net Investments	**3,518,062**			**399,575**	**3,918,836**

The closing value of securities and derivatives equals the opening value plus purchases and derivative payments, less sales and derivative receipts, plus increases (or less decreases) in market value over the period. The value of other investment balances will change with cashflows over the year and therefore closing values do not 'cast' from opening values in the same way as for securities and derivatives.

*The change in market value shown for cash and cash equivalents is the net increase/(decrease) in cash balances resulting from the realised profits or losses on forward foreign currency contracts during the period.

NOTE 17. 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	36,936	EUR	43,722	185	(0.3)
2-6 months	GBP	34,747	JPY	6,557,632	478	(0)
2-6 months	GBP	329,365	USD	424,943	119	0
2-6 months	USD	11,230	GBP	8,701	0	0
Open Forward Currency Contracts at 31 March 2025					**782.1**	**(0.3)**
Net Forward Currency Contracts at 31 March 2025						**781.8**

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)**

NOTE 18. 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 form 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.

During the year ended 31 March 2025 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.
	Cash and cash equivalents	Where held in vehicles priced once a month.	Not required.	Not required.
Level 3:				
	Freehold and leasehold properties	Valued at fair value at the reporting date by Savills, 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.
	Unquoted equity	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and the IPEV Board's Special Valuation Guidance (March 2020).	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.
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.

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 2025.

	Valuation range % (+/-)	Value at 31 March 2025 £'000	Value on Increase £'000 £'000	Value on Decrease £'000 £'000
Pooled Investment Vehicles	15.00%	384,405	442,066	326,744
Private Equity	15.00%	137,149	157,721	116,577
Property	15.00%	211,980	243,777	180,183
Total		**733,534**	**843,564**	**623,504**

	Valuation range % (+/-)	Value at 31 March 2024 £'000	Value on Increase £'000 £'000	Value on Decrease £'000 £'000
Pooled Investment Vehicles	15.00%	362,050	416,358	307,743
Private Equity	15.00%	138,390	159,149	117,632
Property	15.00%	235,645	270,992	200,298
Total		**736,085**	**846,499**	**625,673**

The following tables provides an analysis of the Fund's assets and liabilities by fair value hierarchy.

31 March 2025	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit and loss				
Equities	60	-	-	60
Pooled investments	-	3,247,356	311,379	3,558,735
Pooled property investments	-	-	73,026	73,026
Private equity	-	-	137,149	137,149
Derivative contracts	-	782	-	782
Cash and cash equivalents	61,864	21,180		83,044
Sub-total	**61,924**	**3,269,318**	**521,554**	**3,852,796**
Non financial assets at fair value through profit and loss				
Property	-	-	211,980	211,980
Financial liabilities at fair value through profit and loss				
Derivative contracts	-	-	-	-
Total	**61,924**	**3,269,318**	**733,534**	**4,064,776**

31 March 2024 (restated)	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	-	3,102,118	290,476	3,392,594
Pooled property investments	-	-	71,574	71,574
Private equity	-	-	138,390	138,390
Derivative contracts	-	528	-	528
Cash and cash equivalents	53,623	26,042		79,665
Sub-total	**53,700**	**3,128,688**	**500,440**	**3,682,828**
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	**53,700**	**3,125,336**	**736,085**	**3,915,121**

Prior period restatement:
The 'cash and cash equivalents at fair value through profit and loss' row was omitted in prior period financial statements. The 31 March 2024 table above has been restated to include this. The amount of the correction for the year ending 31 March 2024 is £79,665k, split between £53,623k level 1 and £26,042k level 2.

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 2024	**362,050**	**138,390**	**235,645**	**736,085**
Purchases and derivative payments	21,731	14,478	716	36,925
Sales and derivative receipts	(5,347)	(20,827)	(23,966)	(50,140)
Unrealised gains and losses	11,350	(8,289)	(415)	2,646
Realised gains and losses	(5,379)	13,397	-	8,018
Closing value at 31 March 2025	**384,405**	**137,149**	**211,980**	**733,534**

	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	104,778	17,624	2,281	124,683
Sales and derivative receipts	(69,622)	(16,939)	(6,131)	(92,692)
Unrealised gains and losses	(4,964)	(8,289)	(6,364)	(19,617)
Realised gains and losses	(1,224)	10,145	-	8,921
Closing value at 31 March 2024	**362,050**	**138,390**	**235,645**	**736,085**

NOTE 19. CLASSIFICATION OF FINANCIAL INSTRUMENTS

As at 31 March 2025	Fair value through profit and loss £'000	Assets at amortised cost £'000	Liabilities at fair value through profit & loss £'000	Liabilities at amortised cost £'000
Financial assets				
Long term investments	750			
Equities	60	-		
Pooled investments	3,558,735	-		
Pooled property investments	73,026	-		
Private equity	137,149	-		
Derivative contracts	782	-		
Cash and cash equivalents	83,044	5,195		
Other investment balances	-	582		
Debtors	-	4,284		
Total	**3,853,546**	**10,061**		
Financial liabilities				
Derivative contracts			-	
Other investment balances				-
Sundry creditors				8,195
Total			**-**	**8,195**

As at 31 March 2024 (restated)	Fair value through profit and loss £'000	Assets at amortised cost £'000	Liabilities at fair value through profit & loss £'000	Liabilities at amortised cost £'000
Financial assets				
Long term investments	722			
Equities	77	-		
Pooled investments	3,392,594	-		
Pooled property investments	71,574	-		
Private equity	138,390	-		
Derivative contracts	528	-		
Cash and cash equivalents	79,665	2,264		
Other investment balances	-	729		
Debtors	-	1,341		
Total	**3,683,550**	**4,334**		
Financial liabilities				
Derivative contracts			3,352	
Other investment balances				-
Sundry creditors				12,097
Total			**3,352**	**12,097**

Prior period restatement:
The figures in the 'cash and cash equivalents' row of the 31 March 2024 table above had not been split between fair value through profit and loss and assets at amortised cost in the prior period financial statements. The full amount had incorrectly been shown as assets at amortised cost. The 31 March 2024 table above has therefore been restated to include the correct split. The amount of the correction for the year ending 31 March 2024 is £79,665k now shown as fair value through profit and loss.

NOTE 19A. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

2023/24		2024/25
£'000		£'000
	Financial assets	
383,103	Fair value through profit and loss	172,783
	Financial liabilities	
	Fair value through profit and loss	
383,103	**Total**	**172,783**

NOTE 20. 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 Pension Fund Committee. The Pension Fund 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 Pension Fund 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 2025	Value	Change	Increase	Decrease
	£'000	%	£'000	£'000
Equities	60	15.00%	9	(9)
Pooled Investment Vehicles	3,631,761	15.00%	544,764	(544,764)
Private Equity	137,149	15.00%	20,572	(20,572)
Property	211,980	15.00%	31,797	(31,797)
Cash & cash equivalents	88,239	0.00%	-	-
Derivatives	782	15.00%	117	(117)
Other investment assets	582	0.00%	-	-
Total	**4,070,553**		**597,259**	**(597,259)**

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**		**575,822**	**(575,822)**

(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 2025 and 2024 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 2025	Market Value £'000	Impact of 1% Rate Decrease £'000	Impact of 1% Rate Increase £'000
Cash & cash equivalents	88,239	-	-
Assets held in pooled investment vehicles:			
Bonds	267,053	15,342	15,342
Multi Asset Credit (MAC)	292,439	7,086	(7,086)
Total	**647,730**	**22,428**	**8,256**

As at 31 March 2024	Market Value £'000	Impact of 1% Rate Decrease £'000	Impact of 1% Rate Increase £'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)
Total	**608,051**	**21,651**	**(21,651)**

(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 Equites 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 2025	Total Exposure	Unhedged Exposure	Potential Movement
	£'000	£'000	£'000
Equities	60	30	4
Pooled Investment Vehicles	2,714,029	1,802,776	270,416
Private Equity	137,149	137,149	20,572
Total	**2,851,237**	**1,939,954**	**290,993**

As at 31 March 2024	Total Exposure	Unhedged Exposure	Potential 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**

(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 2025 and 31 March 2024.

Investment	31 March 2025 £'000	31 March 2024 £'000
Cash and Cash Equivalents	88,239	81,929
Assets held in pooled investment vehicles:		
Bonds	267,053	256,367
Multi Asset Credit (MAC)	292,439	269,755
Total	**647,730**	**608,051**

(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 2025, liquid assets were £3,368m representing 82% of total net assets (£3,220m at 31 March 2024 representing 82% of total net assets at that date).

NOTE 21. FUNDING ARRANGEMENTS

In accordance with the LGPS Regulations, the Fund's actuary, Barnett Waddingham LLP, 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 2025 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 22. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary, Barnett Waddingham LLP, 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 2025 is set out in Appendix D to these financial statements.

NOTE 23. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC)

The Council administers an in-house AVC Scheme with two designated providers, Prudential Plc 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 £1,714k in 2024/25 (£1,352k in 2023/24).

The market value of the separately invested additional voluntary contributions as at 31 March 2025 was £9,551k (£8,855k as at 1 April 2024).

NOTE 24. 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 Pension Fund has transactions with Brunel Pension Partnership (BPP Ltd), company number 10429110. BPP Ltd was formed on 14 October 2016 and oversees the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire funds. Each of the ten administering authorities, including Dorset Council, own 10% of BPP Ltd. Transactions with BPP Ltd were £1,598k for 2024/25 and £1,306k for 2023/24.

The Council remits monthly contributions to the Fund in arrears, and total contributions for the year were £48m. £3.6m of this related to March 2025 contributions and was accrued as at 31 March 2025. Management and administration costs of £2.6m were incurred by the Council and recharged to the Fund in 2024/25. 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.

Note 24A. KEY MANAGEMENT PERSONNEL

Senior officers of the Council are members of the Fund as employee contributors. As at 31 March 2025, no members of the Pension Fund Committee were contributing members of the Fund. The key management personnel of the Fund are the members of the Pension Fund Committee, the Council's Chief Financial Officer (who is the Fund Administrator) and the Deputy Chief Financial Officer. The £2.6m recharge from the Council includes a charge of £22k for the Deputy Chief Financial Officer's time spent working for the Fund. The £22k charge is categorised as a short-term employee benefit.

NOTE 25. 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 2025 do not reflect any potential recovery of tax.

Commitments to private markets' portfolios
Outstanding capital commitments (investments) at 31 March 2025 were approximately £135m. 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.

Virgin Media case
The Fund is aware that in June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Ltd) ruled that certain historical amendments for contracted-out defined benefit schemes

were invalid if they were not accompanied by the correct actuarial confirmation. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

It is not yet known whether this case has any implications to public sector pension schemes, including the Local Government Pension Scheme. Therefore, no allowance for the potential impact of the Virgin Media case has been recognised in the financial statements.

BARNETT WADDINGHAM

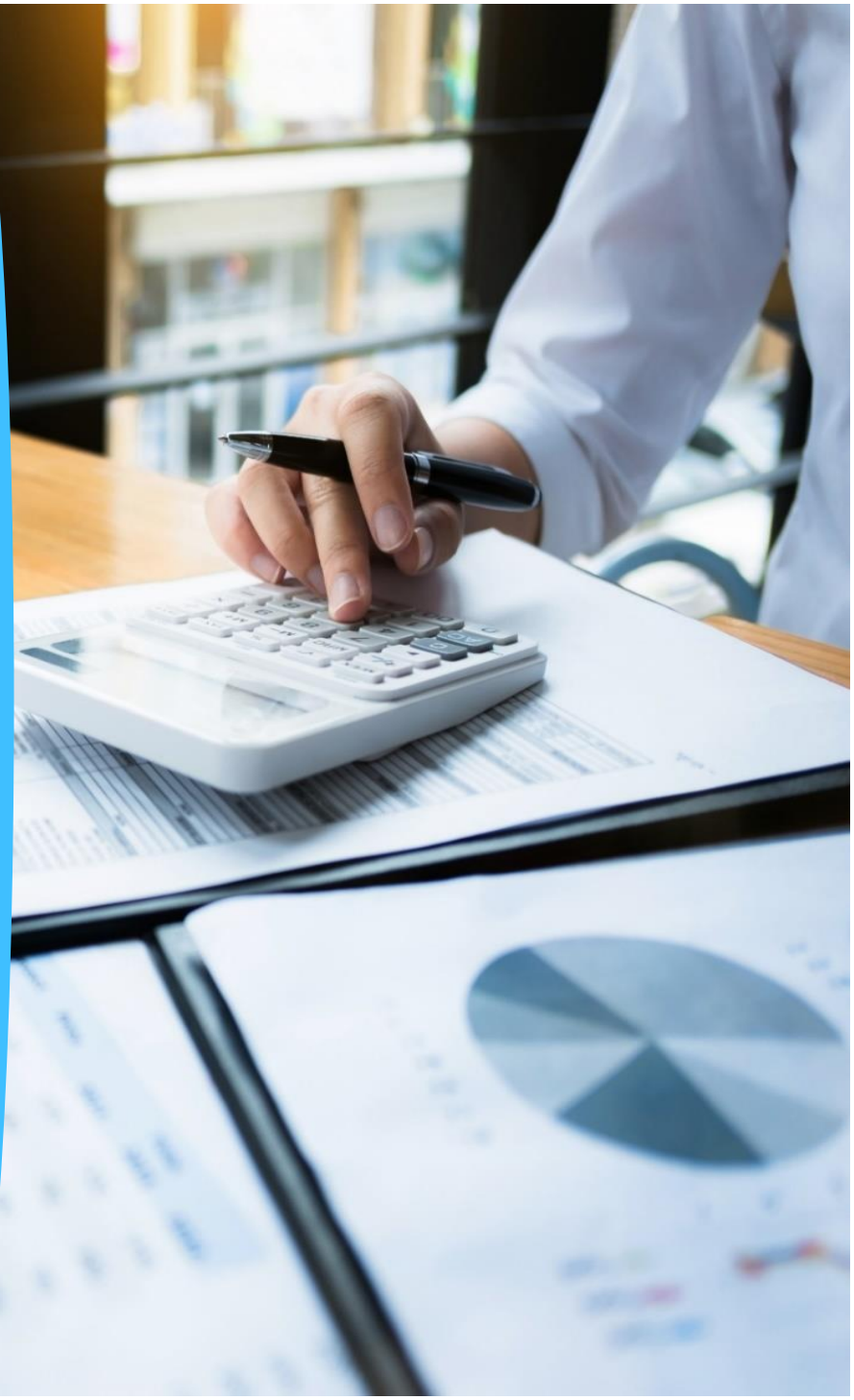
Part of HOWDEN

Dorset County Pension Fund

IAS26 Report as at 31 March 2025

v2

6 June 2025



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 2025. 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.

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 2025.

This report supersedes previous versions of this report and has been updated to reflect the use of updated asset figures.

We would be pleased to answer any questions arising from this report.



Hagen Eichel FFA
Senior Consulting 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 2024
Actual Fund returns to	n/a
Fund asset statement as at	31 March 2025
Fund income and expenditure items to	31 March 2025
Details of any new unreduced early retirement payments out to	31 March 2025

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.

Fund 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 2025	£518,004,000

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 2025.
We have been notified of 82 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 £819,800.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2025 is calculated to be 5.15% 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 2025		31 Mar 2024	
	£000s	%	£000s	%
Equities	2,553,773	63%	2,452,982	63%
Cash	102,835	3%	80,134	2%
Other Bonds	267,053	7%	256,367	7%
Diversified Growth Fund	271,487	7%	262,731	7%
Property	285,006	7%	307,219	8%
Infrastructure	312,725	8%	290,476	7%
Multi Asset Credit	292,438	7%	269,755	7%
Total	**4,085,317**	**100%**	**3,919,664**	**100%**

Actuarial methods and assumptions

Details of the actuarial methods and derivation of the assumptions used can be found in the 31 March 2025 briefing note issued alongside this report unless noted otherwise below. The key assumptions used are set out below.

Financial assumptions	31 Mar 2025 p.a.	31 Mar 2024 p.a.	31 Mar 2023 p.a.
Discount rate	5.85%	4.90%	4.80%
Pension increases (CPI)	2.90%	2.90%	2.85%
RPI inflation	3.20%	3.20%	3.20%
Salary increases	3.90%	3.90%	3.85%

Projected unit method is used in our calculations.

We have allowed for actual ONS CPI inflation observed between March 2024 and March 2025. This is reflected in the Experience loss/(gain) on defined benefit obligation figure in the results.

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 2025	31 Mar 2024
Base table	S3PA	S3PA
Multiplier (M/F)	95% / 100%	95% / 100%
Future improvements model	CMI_2023	CMI_2022
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%	0%
2021 weight parameter	0%	0%
2022 weight parameter	15%	25%
2023 weight parameter	15%	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 2025	31 Mar 2024
Retiring today	Males	21.8	21.8
	Females	24.0	23.9
Retiring in 20 years	Males	23.1	23.1
	Females	25.4	25.4

Fund duration

The estimated Macaulay duration of the Fund's liabilities as at the accounting date using the assumptions set out above is 16 years.

Results

Balance sheet Net pension asset in the statement of financial position	As at 31 Mar 2025 £000s	As at 31 Mar 2024 £000s	As at 31 Mar 2023 £000s
Present value of the defined benefit obligation	3,723,670	4,227,493	4,138,310
Fair value of Fund assets (bid value)	4,085,317	3,919,664	3,517,354
Net liability in balance sheet	**(361,647)**	**307,829**	**620,956**

The present value of the defined benefit obligation consists of £3,685,312,000 in respect of vested obligation and £38,358,000 in respect of non-vested obligation.

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Opening defined benefit obligation	**4,227,493**	**4,138,310**
Current service cost	93,459	92,282
Interest cost	203,612	195,770
Change in financial assumptions	(632,328)	(38,056)
Change in demographic assumptions	(10,473)	(54,510)
Experience loss/(gain) on defined benefit obligation	(10,006)	14,733
Liabilities assumed / (extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(185,416)	(154,060)
Past service costs, including curtailments	3,848	936
Contributions by Scheme participants	33,481	32,088
Closing defined benefit obligation	**3,723,670**	**4,227,493**

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31 Mar 2025 £000s	Year to 31 Mar 2024 £000s
Opening fair value of Fund assets	**3,919,664**	**3,517,354**
Interest on assets	191,276	168,611
Return on assets less interest	9,821	245,944
Other actuarial gains/(losses)	-	-
Administration expenses	(2,909)	(2,904)
Contributions by employers	119,400	112,631
Contributions by Scheme participants	33,481	32,088
Estimated benefits paid net of transfers in	(185,416)	(154,060)
Settlement prices received / (paid)	-	-
Closing Fair value of Fund assets	**4,085,317**	**3,919,664**

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	3,668,727	3,723,670	3,779,972
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	3,727,680	3,723,670	3,719,693
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	3,777,540	3,723,670	3,671,094
Adjustment to life expectancy assumptions	**+1 Year**	**None**	**- 1 Year**
Present value of total obligation	3,850,365	3,723,670	3,601,627

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)	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. 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.
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.