



**UNAUDITED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2022  
**SURREY HEATH BOROUGH COUNCIL**

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Surrey Heath is a local government district with borough status in Surrey. It lies at the North-Western edge of Surrey and borders Hampshire to the West and Berkshire to the North. The Borough covers 36.7 square miles and combines urban and rural environments. Surrey Heath has a vibrant economy with an attractive environment.

The borough consists of a mixture of urban and rural areas. Much of the rural area is within the green belt and includes extensive areas of heath and woodland. There are five sites of Special Scientific Interest in the Borough, four of which are part of the Thames Basin Heaths Special Protection Area of European importance as a habitat for certain endangered bird species. This issue significantly impacts upon development potential in the borough and has led to more intensive development in the urban areas.

The resident population of Surrey Heath according to the 2021 Census is 90,500, which is a 5.1% increase since the last Census in 2011. A Surrey County-wide trend noted since the last Census is the continuing growth of an ageing population. The largest 5 years cohort across Surrey are those residents aged 50-54 years and the fastest growing cohort across the county are those aged 70-74 years. Other older age groups have also increased in Surrey – 75-79 years (18.2%) and over 80 years (14.5%).

With London and its international airports, Heathrow and Gatwick, only an hour away by car or train, and major towns and cities in the south within easy reach, Surrey Heath is an ideal location for business. Not surprisingly, Surrey Heath is a sought-after area for residential and commercial development, but development has been difficult due to issues around the supply of land. Surrey Heath is rated as one of the most prosperous areas in the country with one of the best qualities of life and amongst the highest per-capita incomes.

The financial impact of national and international events on the wider UK economy continues to affect the Council's finances through changes to interest rates, inflation, wages and rental income.

## Finance Service

The organisational benefits following the successful implementation of the Civica financial accounting system continue to be realised with in that Council finance and non-finance teams are now comfortable using the system to monitor their budgets and purchase goods and services.

Continual investment in property assets and the fact that the Council continues to act as lead authority in the provision of joint waste services means that Finance is uniquely placed within the organisation to provide sound operational support to other non-finance areas on a daily basis.

## Council Performance

Achievements 2021/22

During the financial year the Council made substantial progress in achieving key strategic objectives. These targets are outlined within the Council's annual performance report which is presented to Executive on 17<sup>th</sup> July 2022.

Highlights are as follows:

- **New Leisure Centre:** The Places Leisure Camberley opened in July 2021, featuring state-of-the-art facilities and attracting high visitor numbers, peaking at over 80,000 visits in January 2022.
- **Playground Refurbishments:** Multiple playgrounds were refurbished and opened, including Orchard Way and London Road Recreation Ground, based on community feedback and consultations.
- **Climate Change Initiatives:** Progress made on the Climate Change Action Plan with ongoing efforts in electric vehicle charging points and energy audits, despite some delays.
- **Community Services Partnership:** Successfully implemented with Runnymede Borough Council, enhancing service delivery and achieving cost savings.

- **Economic Development:** Supported post-COVID economic recovery through business grants and the establishment of a Youth Hub, assisting numerous young people into employment and education.
- **Town Centre Regeneration:** Continued efforts in regenerating Camberley Town Centre, including public realm improvements and strategies to utilise vacant spaces, with plans for future enhancements.

## Financial Performance

### Financial context

**Revenue Outturn:** The Council reported an overspend of £0.453 million at the end of the financial year. This was lower than initially projected overspend of £0.893m due to various savings and adjustments made throughout the year.

**Budget Carry Forwards:** Requests for carrying forward revenue budgets amounting to £283,489 from the financial year 2021/22 to 2022/23 were noted. These carry forwards are intended to cover commitments and projects that span financial years.

**Service-specific Performance:**

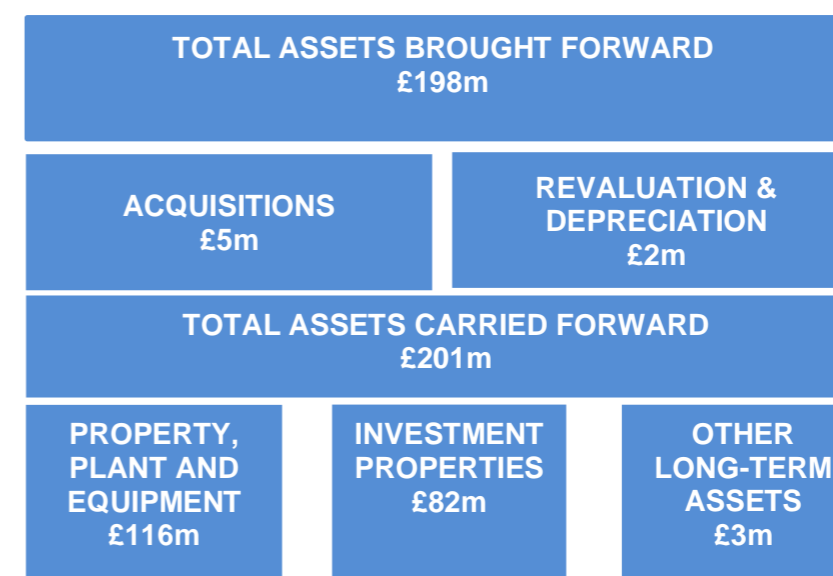
**Community Services:** This service achieved significant savings, particularly from lower expenditure on partnership services and grants.

**Corporate Management:** Higher costs were incurred due to increased spending on legal and professional fees.

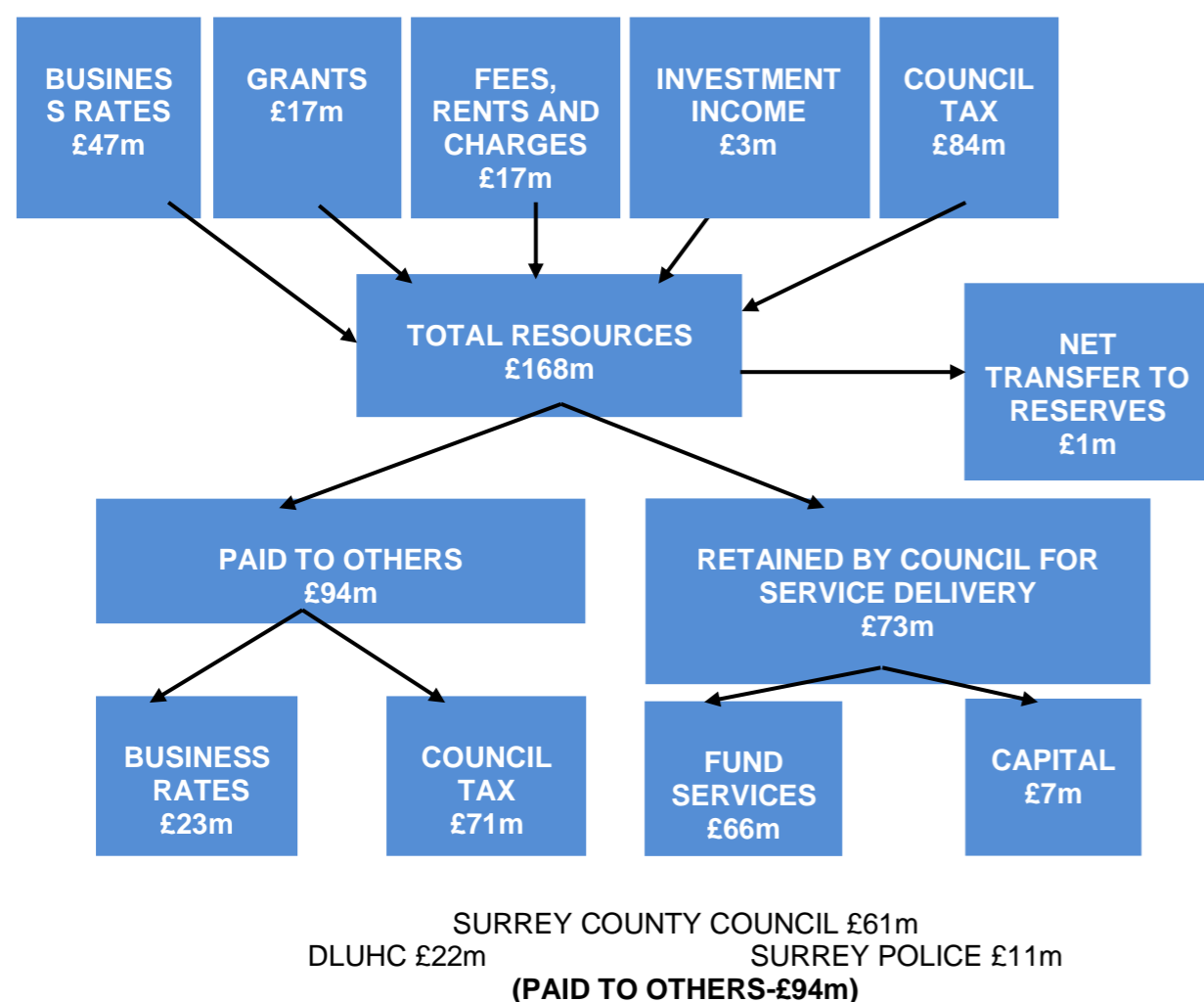
**Investment and Development:** Experienced reduced rental income due to lower occupancy rates and pandemic impacts, contributing to the overall overspend.

**Overall Financial Management:** The Council managed to contain its overall expenditure despite the challenging financial environment caused by the pandemic. Adjustments and savings across various services helped mitigate the total overspend.

### Capital cashflows



## Revenue cashflows



Consistent with other Local Authorities, the Council has experienced a steady reduction in core funding streams.

## Council tax and business rates

The Collection Fund Statement itemises a financial year surplus on council tax of £1.688 million and a deficit on business rates of £12.934 million. The business rates deficit decreased due to the repayment of previous year deficit. The Council released £4.4 million from the earmarked Business Rates Equalisation Reserve to repay its share of deficit.

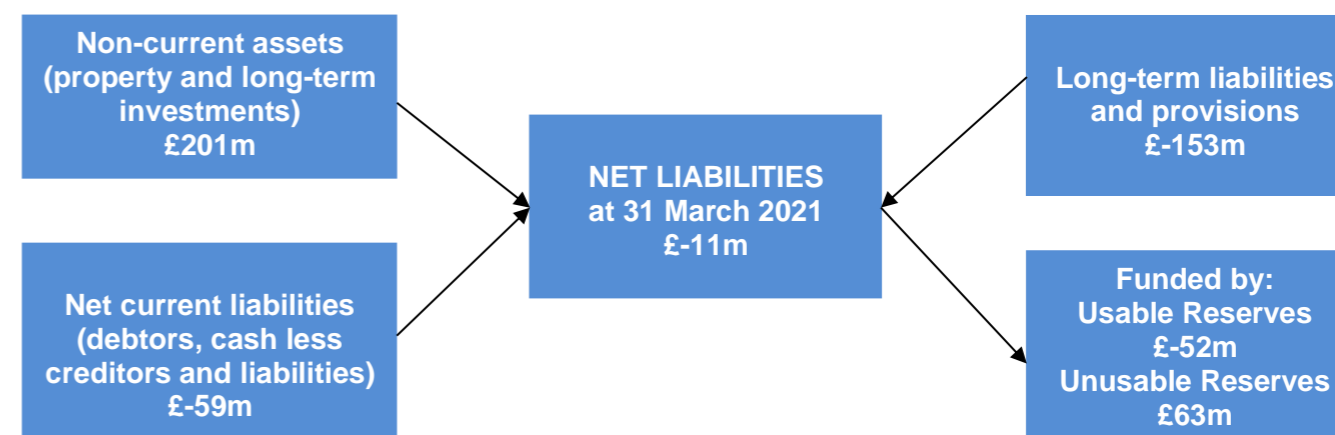
## Pension liability

The pension liability, calculated in accordance with accounting standards, is £47 million for 2021/22 (2020/21: £56 million).

The Council's share of the deficit on the Surrey Pension Fund continues to reduce the Council's overall net assets position.

## Financial position

The Council's Balance Sheet:



The net assets of the Council have decreased during the financial year, but cash-backed reserves have increased, this reflecting the Council making prudent provision for future financial obligations.

## Changes to accounting policies

There were no significant changes to accounting policies during this financial year.

## Current borrowing facilities and capital borrowings

The Council has external borrowings which total £185 million. £100 million is long-term borrowings and £85 million is short-term borrowings. During the year, £2.3 million was charged for interest and a further £4.5 million was borrowed in year, all of which was covered by additional income generated from assets acquired.

## Internal and external sources of finance available to fund the Capital Programme

The Council has £52 million of usable reserves, of which £15 million could be used to support the Capital Programme. The Council could also borrow up to its Capital Financing Requirement of £218 million if the need arose.

## Impact of the economic climate upon the Council

The Covid 19 pandemic impacted all sectors of the economy, but Local Government and Health services were particularly affected by the need to manage the initial emergency response.

Across 2021/22 focus shifted towards containment and recovery with less Government imposed lockdowns and restrictions, but greater emphasis on public health measures and social care support to protect the vulnerable and those struggling with Covid-19. The Council's day to day activities were still heavily impacted by Covid-19 in 2021/22 and some legacy impacts are likely to continue into 2022/23 and beyond.

During the 2021/22 financial year, the Council continued to manage the financial impact of the pandemic well.

The additional funding received from the Government has enabled the Council to manage the financial impacts on the Council, as well as provide additional financial support to local businesses and residents.

## **The Council's workforce**

The Authority's workforce seeks to reflect the diversity of the borough's population. The Council continues to hire apprentices and interns in a wide variety of roles.

This employment policy has enabled the Council to focus on addressing skills shortage gaps and future skills growth areas, in addition to mitigating risks in services where permanently employed specialists may soon be reaching retirement age. The Council regards the development of its employees as integral to providing quality services and therefore sufficient funding has been retained in the staff training budget.

## **Corporate risks**

The Council has a Corporate Risk Group which assesses corporate risks to the Council's ability to provide services and the achievement of wider corporate objectives. The Corporate Risk Register outlines these risks and is presented to Members on an annual basis.

Key corporate risks are considered in the Annual Governance Statement. These typically include:

- Information management, data sharing and data Security
- Loss of funding for services
- Business continuity systems and processes
- Failure of a major contractor or supplier
- Exposure to treasury risk
- Exposure to property risk
- Vulnerable people
- Contaminated land
- Cyber security
- Risk to note recruitment and retention

## **Summary position**

The Council's financial and non-financial performance in 2021/22 has been robust. The Council continues to treat the regeneration of the surrounding town centre as a key strategic target. Whilst there are still financial challenges ahead the Council is taking the right steps to deal with them.

## **Receipt of further information**

If you wish to receive further information relating to these financial statements, please contact me at the Finance Department, Surrey Heath Borough Council, Knoll Road, Camberley, Surrey GU15 3HD.

## **Acknowledgements**

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, particularly from the Finance team, who have worked hard on the preparation of these financial statements and to thank them for all their support and assistance during the year.

**Bob Watson**  
**Strategic Director - Finance and Customer Service**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Council, that officer is the Strategic Director – Finance and Customer Service;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

## **Assigned Responsibilities**

The Strategic Director – Finance and Customer Service is responsible for the preparation of the 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 Strategic Director – Finance and Customer Service 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 are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities and maintained such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I confirm that the Statement of Accounts presents a true and fair view of the financial position for the year to which it relates and of the income and expenditure for 2021/22.

**Bob Watson FCMA, CGMA, CPFA**  
**Strategic Director - Finance and Customer Service**  
18 July 2024



# Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement discloses the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities 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 Notes to the Accounts and the Movement in Reserves Statement.

2020/21			Service	Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
163	0	163	Chief Executive		156	0	156
37,920	(33,939)	3,981	Environment and Community		38,704	(27,025)	11,679
20,682	(16,573)	4,109	Finance and Customer Services		19,284	(15,190)	4,094
0	(1,680)	(1,680)	Planning		196	(3,145)	(2,949)
4,063	(147)	3,916	HR Performance and Communications		4,386	(475)	3,911
1,384	(1,222)	162	Investment and Development		5,305	(6,567)	(1,262)
1,062	(92)	970	Legal and Democratic Services		1,507	(325)	1,182
<b>65,274</b>	<b>(53,653)</b>	<b>11,621</b>	<b>Cost of Services</b>		<b>69,538</b>	<b>(52,727)</b>	<b>16,811</b>
616	(2)	614	Other operating expenditure	9	617	(582)	35
8,313	(4,978)	3,335	Financing and investment income and expenditure	10	3,431	(6,945)	(3,514)
0	(15,703)	(15,703)	Taxation and non-specific grant income and expenditure	11	0	(17,259)	(17,259)
<b>74,203</b>	<b>(74,336)</b>	<b>(133)</b>	<b>Deficit on Provision of Services</b>		<b>73,586</b>	<b>(77,513)</b>	<b>(3,927)</b>
	(5,765)	(5,767)	Surplus or deficit on revaluation of property, plant and equipment assets	20(a)		(1,681)	(1,681)
	15	0	Surplus or deficit on revaluation of available for sale financial assets	20(f)		(368)	(368)
	9,758	9,758	Remeasurement of the net defined benefit liability	20(c)		(12,116)	(12,116)
<b>0</b>	<b>4,008</b>	<b>3,991</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>0</b>	<b>(14,165)</b>	<b>(14,165)</b>
<b>74,203</b>	<b>(70,328)</b>	<b>3,858</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>73,586</b>	<b>(91,678)</b>	<b>(18,092)</b>

More information on each service area can be found at:

<https://www.surreyheath.gov.uk/about-council/strategy-policy-and-management/management-structure>

# Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the authority, analysed into usable reserves (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 authority's reserves are analysed between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The increase or decrease line shows the statutory General Fund movements in the year following those adjustments.

	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>		<b>(1,522)</b>	<b>(43,933)</b>	<b>(1,953)</b>	<b>(4,617)</b>	<b>(52,025)</b>	<b>81,300</b>	<b>29,275</b>
Opening balance adjustment (capital financing)		0	0	(1,365)	645	(720)	720	0
<u>Movement in Reserves during 2021/22</u>	-							0
Total Comprehensive Income and Expenditure	CIES	(3,927)	0	0	0	(3,927)	(14,165)	(18,092)
Adjustments between Accounting Basis and Funding Basis under Regulations	7	2,698	0	1,909	(95)	4,512	(4,512)	0
<b>(Increase) or decrease in 2021/22</b>		<b>(1,229)</b>	<b>0</b>	<b>1,909</b>	<b>(95)</b>	<b>585</b>	<b>(18,677)</b>	<b>(18,092)</b>
Transfer to or from Earmarked Reserves	8	871	(871)	0	0	0	0	0
<b>Balance at 31 March 2022 carried forward</b>		<b>(1,880)</b>	<b>(44,804)</b>	<b>(1,409)</b>	<b>(4,067)</b>	<b>(52,160)</b>	<b>63,343</b>	<b>11,183</b>
<b>Balance at 31 March 2020</b>		<b>(1,104)</b>	<b>(33,489)</b>	<b>(3,771)</b>	<b>(4,317)</b>	<b>(42,681)</b>	<b>68,098</b>	<b>25,417</b>
<u>Movement in Reserves during 2020/21</u>	-							
Total Comprehensive Income and Expenditure	CIES	(133)	0	0	0	(133)	3,991	3,858
Adjustments between Accounting Basis and Funding Basis under Regulations	7	(10,729)	0	1,818	(300)	(9,211)	9,211	0
<b>(Increase) or Decrease in Movement 2020/21</b>		<b>(10,862)</b>	<b>0</b>	<b>1,818</b>	<b>(300)</b>	<b>(9,344)</b>	<b>13,202</b>	<b>3,858</b>
Transfer to or from Earmarked Reserves	8	10,444	(10,444)	0	0	0	0	0
<b>Balance at 31 March 2021 carried forward</b>		<b>(1,522)</b>	<b>(43,933)</b>	<b>(1,953)</b>	<b>(4,617)</b>	<b>(52,025)</b>	<b>81,300</b>	<b>29,275</b>



# Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves i.e. those reserves 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 Capital Receipts Reserve which can only be used to fund capital expenditure or repay debt). The second category of reserves is those reserves that the Council is not able to use to fund services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available for service delivery 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".

31-Mar-21		Note	31-Mar-22
£'000			£'000
	<b>Property, plant and equipment</b>		
81,514	Other land and buildings	12	103,307
3,106	Vehicles, plant and equipment	12	2,967
18	Infrastructure assets	12	25
3,197	Community assets	12	3,231
961	Surplus assets not held for sale	12	961
28,195	Assets under construction	12	5,297
<b>116,991</b>	<b>Total property, plant and equipment</b>		<b>115,788</b>
334	Heritage assets	13	334
78,102	Investment properties	14	81,505
212	Intangible assets		131
2,091	Long-term investments	22	2,459
303	Long-term debtors	16	303
<b>81,042</b>	<b>Long-term assets</b>		<b>84,732</b>
0	Short-term investments	22	20,000
14	Inventories		23
37,914	Short-term debtors	16	22,601
22,365	Cash and cash equivalents	17	18,856
<b>60,293</b>	<b>Current assets</b>		<b>61,480</b>
(103,931)	Short-term borrowings	22	(85,282)
(44,936)	Short-term creditors	18	(35,019)
<b>(148,867)</b>	<b>Current liabilities</b>		<b>(120,301)</b>
(4,503)	Long-term creditors	18	(4,551)
(1,822)	Provisions	19	(1,707)
(76,378)	Long-term borrowings	22	(99,596)
(56,031)	Other long-term liabilities	21	(47,028)
<b>(138,734)</b>	<b>Long-term liabilities</b>		<b>(152,882)</b>
<b>(29,275)</b>	<b>Net liabilities</b>		<b>(11,183)</b>
(52,025)	Usable reserves	MIRS	(52,160)
81,300	Unusable reserves	20	63,343
<b>29,275</b>	<b>Total reserves</b>		<b>11,183</b>

**Bod Watson**  
**Strategic Director - Finance and Customer Service**  
**18 July 2024**

# Cash Flow Statement

The Cashflow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Cashflow Statement summarises how the Council generates and uses cash and cash equivalents by classifying cashflows as operating, investing and financing activities. The amount of net cashflow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded via 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. Cashflows arising from financing activities are useful in predicting claims on future cashflows by providers of capital i.e. borrowings to the Council.

2020/21			2021/22
£'000		Note	£'000
(63)	Net deficit on the provision of services		3,927
14,875	Adjustments for non-cash movements	24	12,503
0	Adjustments for items that are investing and financing activities	24	(2,213)
<b>14,812</b>	<b>Net cash inflows from operating activities</b>		<b>14,217</b>
(25,369)	Investing activities	25	(22,295)
19,608	Financing activities	26	4,569
<b>9,051</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,509)</b>
13,314	Cash and cash equivalents at the beginning of the reporting period		22,365
22,365	Cash and cash equivalents at the end of the reporting period		18,856
<b>9,051</b>	<b>Movement in cash</b>		<b>(3,509)</b>

## 1 Accounting Policies

### General

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"), supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – the assumption that the functions of the authority will continue in operational existence for the foreseeable future.
- Accrual of income and expenditure – accrual accounting shows the effect of transactions on the Council's economic resources and claims when those effects occur, even if the resulting cash receipts and payments occur in a different period.

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

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. The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

### Non-current assets

Expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis in the financial statements.

Assets are initially measured at cost and then are valued, as far as practicable, on the basis recommended by CIPFA. Property, plant and equipment are classified into the groupings required by the Code. The following basis has been used:

- Land, operational properties and other operational assets are included in the Balance Sheet at current value, determined as the amount that would be paid for the asset in existing use where there is an active market of the asset. Where there is no active market or the asset is specialised, depreciated replacement cost is used
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the Balance Sheet at fair value based on highest and best used from a market participant's perspective. Investment property is property held solely to earn rentals or for capital appreciation or both
- Infrastructure and community assets are included in the Balance Sheet at depreciated historical cost
- Heritage assets are assets with historical, artistic, scientific, technological or environmental qualities held and maintained for their contribution to knowledge or culture. From 2011/12 heritage assets have been separately disclosed in the financial statements using their insurance valuation where available. Where no such valuation is available then the historical cost is used in the first instance otherwise an estimate of the asset value is used
- Where non-property assets have short useful lives or low values, depreciated historical cost is used as a proxy for current value

Revaluations of non-current assets are carried out on a rolling programme although material changes in asset valuation will be adjusted when necessary. Valuations are carried out by external Royal Institution of Chartered Surveyors (RICS) qualified valuers in accordance with RICS guidelines. For valuations after 1st April 2010 components parts of assets over £1 million have to be depreciated separately to the rest of the asset. This will only be considered for assets valued over £1 million with components greater than £200,000.

At 31 March 2021 there have been no material components recognised that have a significantly different useful life from that of the asset.

The Revaluation Reserve contains revaluation gains, since recognised, since the 1st April 2007 only, the date of its formal implementation. Gains arising before that date are consolidated into the Capital Adjustment Account.

Where valuations of non-current assets have demonstrated a revaluation decrease at the Balance Sheet date, the value of the loss is first taken from the Revaluation Reserve if a balance for that individual asset exists. Any remaining loss is then charged to the Comprehensive Income and Expenditure Statement.

### Heritage assets

These assets have historical or artistic significance and are held primarily due to their contribution to art and culture. Such assets have indeterminate useful economic lives and are not depreciated. Heritage assets' carrying values are reviewed where there is evidence of disrepair or ruin. Any such impairment is subsequently treated in accordance with the Council's accounting policy on impairment.

### Investment properties

Investment properties are those that are held solely to earn rentals and/or capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually based upon prevailing market conditions at year-end. Revaluation gains and losses are posted to the Financing and Investment Income and Expenditure heading in the Comprehensive Income and Expenditure Statement.

### Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Council due to past events, and future economic benefit or service potential must be expected to flow from the intangible asset to the Council. The most common class of intangible asset in local authorities is computer software. If an item does not meet the definition of an intangible asset (identifiability, control and economic benefits), expenditure to fund it or generate it internally is recognised as an expense upon purchase.

Upon recognition, an intangible asset is measured at cost. Expenditure incurred on an intangible asset after it has been recognised will typically be charged to the surplus/deficit on the provision of services as incurred. Only rarely will subsequent expenditure meet the recognition criteria in the Code. Where this does occur, the expenditure is accounted for as an addition to the existing carrying value of the asset.

The Council applies amortisation to intangible assets with finite useful lives on a reducing balance basis during the useful life of the asset, and from the point at which the asset is available for use.

Assets with indefinite useful lives are not amortised but are tested for impairment on an annual basis, and whenever there is an indication that the asset may be impaired. The useful life of the asset shall be reviewed annually thereafter.

### Depreciation

Depreciation is provided for on all property, plant and equipment where a finite useful life has been determined.

Depreciation is charged on operational buildings. There is no requirement to depreciate the land element of operational property, community assets or investment property.

For newly acquired assets depreciation is not provided in the year of acquisition. In addition, assets in the course of construction are not depreciated until they are brought into use. When identified separately in accordance with the non-current assets policy components are depreciated over the component's useful life.

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 for non-current assets

In addition to depreciation, amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or for transfers to earmarked reserves are disclosed separately in the Movement in Reserves Statement. These amounts are often set aside in line with statutory accounting requirements. These requirements specify that the Council is not obliged to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation.

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

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## Debtors and creditors

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice. This means that sums due to or from the Council during the year are included in the accounts where they are significant whether or not the cash has been actually received or paid in the year.

## Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement where an event has taken place which gives the Council a legal or constructive obligation that likely requires settlement by a transfer of economic benefits or service potential, and a reliable estimate of the obligation can be determined. Provisions are charged at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account key risks and uncertainties.

## Employee benefits

Where employees have holiday entitlement which has not been used at the Balance Sheet date the value of the outstanding days are accrued in the Comprehensive Income and Expenditure Statement. A provision is made for the value of the holiday due and is included within current liabilities on the Balance Sheet. The movement in the employee benefit accrual is transferred between the accumulate absences account reserve and the General Fund Balance.

## Revenue recognition

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

The Council's various income streams have been assessed and classified in accordance with the Code and revenue has been recognised accordingly. Specific consideration has been given to implied or stated contractual terms for exchange transactions, obligating events and/or conditions attached to non-exchange transactions and the significance of the income stream to the Council.

## Termination benefits

Termination benefits are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement (where they relate to pension enhancements) at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council accounts for restructuring costs.

## Reserves

The Council's individual Unusable Reserves are itemised within Note 28.

The Council sets aside reserves to meet general, rather than specific, future revenue or capital expenditure. Any use or contribution to these reserves is shown in the Movement in Reserves Statement.

The Council also sets aside amounts for specific future expenses which are likely or certain to be incurred but by their inherent nature the amount or timing cannot be determined.

Details of the Council's reserves are provided in the notes to the Balance Sheet and Movements in Reserves Statement.

## Leases

Leases are classified as either finance or operating leases in accordance with IAS 17 Leases as implemented in the Code.

Finance leases are where substantially all the risks and rewards are transferred to the Council. Assets acquired under finance leases are capitalised and shown on the Balance Sheet at current value. The in-year payments are apportioned between the liability in the Balance Sheet, and interest which is charged to the Comprehensive Income and Expenditure Statement.

Rentals paid by the Council under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased asset. Charges are accounted for on a straight-line basis during the life of the lease, even if this does not match the pattern of payments.

Where the Council grants an operating lease over a property or a Property, Plant and Equipment asset, the item is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not equate to the pattern of payments made.

## Pensions

Employees of the Council are members of two separate pension schemes:

- the Local Government Pension Scheme, administered locally by Surrey County Council
- arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement.

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- the Surrey Pension Fund liabilities attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method
- liabilities are discounted to their value at current prices, using a predetermined discount rate (based upon the indicative rate of return on relevant high quality corporate bonds)



- the Surrey Pension Fund assets attributable to the Council are accounted for in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into the following elements:

- Service cost, comprising:
  - current service cost, allocated in the Comprehensive Income and Expenditure Statement to the service(s) for which the employees worked
  - past service cost – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs
  - net interest on the net defined benefit liability-charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement
- Remeasurements, comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined liability – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pension liability which arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Surrey Pension Fund – not accounted for as an expense in the Comprehensive Income and Expenditure Statement.

The unfunded defined benefit arrangement recognises liabilities at the point at which discretionary post-retirement benefits are awarded upon early retirement. No investment assets have been accumulated to fund the pension liabilities as they fall due and therefore cash must be generated to fund the actual pension payment commitments.

## Grants

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

- the Council will comply with any 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 the Council has fulfilled any conditions attached to the grant and/or contribution which would require repayment if not met.

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or the taxation and non-specific grant income line (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

## Designation of pooled funds

For most assets, including shares in money market funds and designated pooled funds, the fair value is extracted from the market price and taken through Other Comprehensive Income and Expenditure.

## Financial instruments

### Amortised cost

Most financial instruments (whether financial assets or financial liabilities) are valued on an amortised costs basis using the Effective Interest Rate (EIR) method. For most of the borrowings that the Authority has however this means that the amount presented in the Balance Sheet is the outstanding principal amount repayable (plus accrued interest); and interest costs charged to the Comprehensive Income and Expenditure Statement are the EIR and not the actual interest rate being applied during the year.

### Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, assuming the transaction was negotiated between parties who are knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiation other than to secure a fair price. The fair values are based on comparable new borrowing/deposit rate for the same financial instrument from a comparable lender. A consistent approach has been applied to both assets and liabilities.

### Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in a period of no more than 3 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 cashflow statement, cash and cash equivalents are shown net of bank overdrafts that are payable on demand and form an integral part of the Council's cash management.

## Business Improvement Districts

A Business Improvement District (BID) Scheme operates in Camberley Town Centre. Collectively Camberley is made up of all the businesses in the Town Centre and aims to encourage people to visit the Town Centre and use the fantastic range of shops, entertainment and business services that it has to offer.

The scheme is funded by a BID levy paid by the Town Centre non-domestic ratepayers. The Council acts as the principal responsible for the collection of the BID levy and accounts for income received and expenditure incurred (including contribution to the BID project) with the relevant services within the Comprehensive Income and Expenditure Statement.

## Community Infrastructure Levy

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement and then transferred to the Capital Grants Unapplied Account in accordance with the accounting policy for government grant and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

## Contingent assets and liabilities

### Contingent assets

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

## Contingent liabilities

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

Neither contingent assets or liabilities are recognised in the Balance Sheet but instead disclosed in a note to the accounts.

## 2 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the Balance sheet date, the following new accounting standard and amendments had not yet been adopted by the code:

IFRS16 - Leases removes the existing classifications of operating and finance leases under IAS 17 (Leases for lessees). IFRS16 requires local authorities that have leases to recognise most of them on their balance sheets as a right-of-use asset, with corresponding lease liabilities. CIPFA-LASSAC have deferred implementation of this standard until 1 April 2024. Work is ongoing at present, there is not sufficient information to make a reliable estimate of how this will impact the financial statements.

## 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 4, the Council has had to form certain judgments in relation to complex transactions or those involving uncertainty regarding future events. The critical judgments made in the Statement of Accounts are:

In the case of Joint Waste Solutions Limited all parties share in the overall costs and the Council is acting as an agent and therefore only discloses its own share of costs in the Comprehensive Income and Expenditure Statement but accounts for amounts due to/from other parties as debtors/creditors in the Balance Sheet.

## 4 Assumptions Made About the Future and Other Major Sources of Estimation/Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions including historical experience, current trends, professional knowledge and miscellaneous factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if actual results differ from assumptions
<b>Pension Liability</b>	Estimation of the net liability to pay pension costs falling due is driven by a series of complex judgments including the discount rate used, the rate at which employee salaries are projected to increase, changes in retirement age, mortality rates, and expected returns on pension fund assets. An actuarial specialist is engaged to provide the Council with expert advice regarding the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £12.5 million. Typically, the assumptions interact in complex ways. During 2021/22, the Council's actuary advised that the net pension liability had decreased by £9 million on the prior year.
<b>Investment properties and property, plant and equipment asset valuations</b>	Investment properties and property, plant and equipment assets are valued by a professional valuation specialist based on available market yields and other financial market data.	If the market assumptions vary, this will impact the valuations disclosed in the financial statements.
<b>NNDR appeals provision</b>	Note 19 includes an estimate of the level of future appeals in respect of business rates appeals outstanding at the Balance Sheet date.	If the assumptions vary, this will have an impact on the income for business rates included within the Comprehensive Income and Expenditure Statement and the quantum of the provision in the Council's year-end Balance Sheet.

This summary does not include assets and liabilities that have been carried at fair value based upon a recently observed market price.

## 5 Events After Balance Sheet Date

The statement of accounts is adjusted to reflect events after the Balance Sheet date, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue that provide evidence of conditions that existed at the end of the reporting period, unless deemed insignificant to the true and fair view of the council's assets and liabilities. Those events taking place after the date of authorisation for issue will not be reflected in the statement of accounts. At the date of authorisation the Council is not aware of any events that would require adjustment to these statements

Increases in the cost of living since the end of the reporting period presented significant challenges, and the uncertainty generated by the outbreak of the war in Ukraine in February 2022 with its broader implications had a considerable impact upon the finances of the Council and the borough's residents.



## 6 Expenditure and Funding Analysis

### (a). Adjustments between Funding and Accounting Basis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between the Council's services. The Council's key reportable segments are the individual directorates as defined within the organisational structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			Service	2021/22		
Net expenditure chargeable to General Fund	Adjustments between Accounting Basis and Funding Basis	Net expenditure in Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between Accounting Basis and Funding Basis	Net expenditure in Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
144	19	163	Chief Executive	123	33	156
1,426	2,555	3,981	Environment and Community	6,205	5,474	11,679
2,608	1,501	4,109	Finance and Customer Services	3,410	684	4,094
(1,680)	0	(1,680)	Planning	(2,949)	0	(2,949)
3,335	581	3,916	HR Performance and Communications	3,158	753	3,911
14	148	162	Investment and Development	(4,000)	2,738	(1,262)
882	88	970	Legal and Democratic Services	968	214	1,182
<b>6,729</b>	<b>4,892</b>	<b>11,621</b>	<b>Net cost of services</b>	<b>6,915</b>	<b>9,896</b>	<b>16,811</b>
614	0	614	Other operating expenditure	617	(582)	35
2,591	744	3,335	Financing and investment income	2,127	(5,641)	(3,514)
(20,796)	5,093	(15,703)	Taxation and non-specific grant income and expenditure	(10,888)	(6,371)	(17,259)
<b>(10,862)</b>	<b>10,729</b>	<b>(133)</b>	<b>(Surplus)/Deficit for the year</b>	<b>(1,229)</b>	<b>(2,698)</b>	<b>(3,927)</b>
(1,104)			Opening General Fund	(1,522)		
(10,862)			Less/plus surplus or (deficit) on General Fund in year	(1,229)		
10,444			Transfer to/(from) Earmarked Reserves	871		
<b>(1,522)</b>			<b>Closing General Fund</b>	<b>(1,880)</b>		

## (b) Notes to the Expenditure and Funding Analysis

2020-21				Adjustments from General Fund to reconcile to Comprehensive Income and Expenditure Statement	2021-22			
Adjustments for capital purposes	Net change for pension adjustment	Other differences	Total adjustments		Adjustments for capital purposes	Net change for pension adjustment	Other differences	Total adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	19	0	19	Chief Executive	0	33	0	33
2,054	501	0	2,555	Environment and Community	4,492	982	0	5,474
750	466	285	1,501	Finance and Customer Services	0	1,012	(328)	684
0	0	0	0	Planning	0	0	0	0
338	243	0	581	HR Performance and Communications	239	514	0	753
62	86	0	148	Investment and Development	2,534	204	0	2,738
4	84	0	88	Legal and Democratic Services	4	210	0	214
<b>3,208</b>	<b>1,399</b>	<b>285</b>	<b>4,892</b>	<b>Net cost of services</b>	<b>7,269</b>	<b>2,955</b>	<b>(328)</b>	<b>9,896</b>
0	0	0	0	Other operating expenditure	(581)	0	(1)	(582)
676	68	0	744	Financing and investment income and expenditure	(5,799)	158	0	(5,641)
(4,488)	0	9,581	5,093	Taxation and non-specific grant income and expenditure	(1,632)	0	(4,739)	(6,371)
<b>(604)</b>	<b>1,467</b>	<b>9,866</b>	<b>10,729</b>	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services</b>	<b>(743)</b>	<b>3,113</b>	<b>(5,068)</b>	<b>(2,698)</b>

### Adjustments for capital purposes

- 1) Adjustments for capital purposes – this column adds depreciation and impairment and revaluation gains and losses in the services line, and for:
  - Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those grant amounts receivable in the year to those grants receivable without conditions or for which conditions were satisfied during the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net change for pension adjustment

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:
  - For services – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
  - For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### Other differences

- 3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
  - For financing and investment income and expenditure – the other differences column recognises adjustments to the General Fund for timing differences.

- The charge under taxation and non-specific grant income and expenditure – represents the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Collection Fund surpluses or deficit

## (c) Expenditure And Income Analysis By Nature

2020/21	Expenditure/income	2021/22
£'000		£'000
	<b>Expenditure</b>	
16,410	Employee benefits expenses	17,855
46,696	Other services expenses	44,321
7,335	Depreciation, amortisation, and impairment	7,362
3,147	Interest payments	3,431
615	Precepts and levies	617
<b>74,203</b>	<b>Total expenditure</b>	<b>73,586</b>
	<b>Income</b>	
(26,319)	Fees, charges, and other service income	(21,532)
0	Gains on disposal of non current assets	(3,291)
(125)	Interest and investment income	(3,654)
(37,529)	Income from council tax, non-domestic rates, and district rate income	(28,621)
(10,363)	Government grants and contributions	(20,415)
<b>(74,336)</b>	<b>Total income</b>	<b>(77,513)</b>
<b>(133)</b>	<b>(Surplus)/Deficit on the provision of services</b>	<b>(3,927)</b>

## 7 Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

The text below describes the reserves that the adjustments are made against:

### General Fund

The General Fund is the statutory fund into which all receipts of the authority are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact the General Fund, which is not necessarily in accordance with proper accounting practice. The General Fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land and other assets which are restricted by statute from being used other than to fund capital expenditure, or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year-end.

### Capital Grants Unapplied

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

# Notes to the Statement of Accounts

2020/21				Adjustments Under Statute	2021/22			
General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				<b>Adjustments primarily involving the Capital Adjustment</b>				
				<b>1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
(1,762)			1,762	Charges for depreciation and impairment of non-current assets.	(6,397)			6,397
(3,687)			3,687	Movements in the market value of Investment Properties.	3,291			(3,291)
(422)			422	Amortisation of Intangible Assets.	(94)			94
(1,343)			1,343	Revenue expenditure funded from capital under statute.	(871)			871
(125)			125	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0			0
				<b>2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
2,290			(2,290)	Statutory provision for the financing of capital investment.	2,256			(2,256)
1,167			(1,167)	Capital expenditure charged against the General Fund (Direct Revenue Contributions).	345			(345)
				<b>Adjustment primarily involving the Capital Grants Unapplied Reserve:</b>				
4,488		(4,488)		Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	1,632		(1,632)	
		4,188	(4,188)	Application of grants and capital financing transferred to the Capital Adjustment Account.			1,538	(1,538)
				<b>Adjustment primarily involving the Capital Receipts Reserve:</b>				
	0		0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	581	(581)		
	1,818		(1,818)	Use of Capital Receipts Reserve to finance new capital expenditure.		2,490		(2,490)
				<b>Adjustments primarily involving the Pension Reserve:</b>				
(4,252)			4,252	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37).	(6,097)			6,097
2,783			(2,783)	Employer's pension's contributions and direct payments to pensioner's payable in the year.	2,984			(2,984)
				<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
(9,565)			9,565	Amount by which Council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements.	4,739			(4,739)
				<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
(16)			16	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	0			0
				<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
(285)			285	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	328			(328)
0			0	Other Movements	1		(1)	0
<b>(10,729)</b>	<b>1,818</b>	<b>(300)</b>	<b>9,211</b>	<b>Total Adjustments</b>	<b>2,698</b>	<b>1,909</b>	<b>(95)</b>	<b>(4,512)</b>

## 8 Movements in Earmarked Reserve

This note sets out the amounts set aside from the General Fund to specific earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to source General Fund expenditure in 2021/22:

Balance 31 March 2020 £'000	Transfers in 2020/21 £'000	Transfers out 2020/21 £'000	Balance 31 March 2021 £'000	Earmarked reserves	Transfers in 2021/22 £'000	Transfers out 2021/22 £'000	Balance 31 March 2022 £'000
(11,146)	0	973	(10,173)	Capital Fund	(760)	0	(10,933)
(1,896)	0	689	(1,207)	Affordable Housing	0	835	(372)
(318)	(1)	0	(319)	Atrium - Section 106 Agreement	(1)	0	(320)
(85)	(28)	30	(83)	Blackwater Valley developers' contributions	0	0	(83)
(4,700)	(7,379)	0	(12,079)	Business Rate Equalisation Fund	0	4,400	(7,679)
(5)	0	0	(5)	Chobham and Town Team Partnership	0	0	(5)
(167)	0	16	(151)	Community Fund 2002	0	5	(146)
(483)	(79)	0	(562)	CIL-Administration and Monitoring	(91)	0	(653)
(422)	0	162	(260)	Commuted sums	0	121	(139)
0	(786)	0	(786)	Contain Outbreak Management Fund	0	212	(574)
(18)	(243)	0	(261)	Covid-19	(978)	0	(1,239)
(54)	0	15	(39)	Crime and Disorder Partnership	0	4	(35)
(72)	0	0	(72)	Custom Build	0	0	(72)
(285)	(1)	0	(286)	Deepcut Village Centre - Alma Dettingen	0	0	(286)
0	(40)	0	(40)	Environmental health	0	5	(35)
(109)	(21)	0	(130)	Frimley Lodge Park 3G Pitch	(21)	0	(151)
(7)	0	0	(7)	Heatherside - multi-use games area	0	0	(7)
0	(46)	0	(46)	Home Improvement Agency	(15)	0	(61)
0	(679)	0	(679)	Homelessness support	(114)	0	(793)
(193)	(1)	0	(194)	Insurance Reserve	(1)	0	(195)
(5,288)	(2,030)	0	(7,318)	Interest Equalisation Reserve	0	0	(7,318)
(384)	0	0	(384)	Land drainage	0	0	(384)
(182)	0	0	(182)	New Burdens Fund	0	0	(182)
(185)	0	0	(185)	Nottcutts (Bagshot project)	0	0	(185)
(17)	0	0	(17)	Old Dean toddlers' playground	0	0	(17)
(465)	0	38	(427)	One Public Estate	0	62	(365)
(174)	0	28	(146)	Planning and Section 106 agreements	0	8	(138)
(1,943)	0	126	(1,817)	Property Maintenance	0	190	(1,627)
(45)	0	0	(45)	Remediation Fund	0	0	(45)
(107)	0	0	(107)	Rent Equalisation	0	0	(107)
(56)	0	0	(56)	Strategic Access Management and Monitoring (SAMM)	0	0	(56)
(4,683)	(356)	0	(5,039)	Suitable Alternative Natural Green Space (SANGS)	(2,208)	0	(7,247)
0	(79)	0	(79)	Surrey Family Support Programme	0	0	(79)

# Notes to the Statement of Accounts

Balance 31 March 2020 £'000	Transfers in 2020/21 £'000	Transfers out 2020/21 £'000	Balance 31 March 2021 £'000	Earmarked reserves	Transfers in 2021/22 £'000	Transfers out 2021/22 £'000	Balance 31 March 2022 £'000
0	(240)	0	(240)	Swift Lane	0	81	(159)
0	(141)	0	(141)	Syrian Refugees	(12)	0	(153)
0	(371)	0	(371)	Jersey Property Unit Trust	(2,275)	0	(2,646)
0	0	0	0	Southampton London Pipeline Reserve	(147)	0	(147)
0	0	0	0	Theatre Restoration Levy Reserve	(28)	0	(28)
0	0	0	0	Climate Change Action Plan Reserve	(35)	0	(35)
0	0	0	0	Sanctuary Scheme Reserve	(33)	0	(33)
0	0	0	0	Afghan Resettlement Scheme Reserve	(75)	0	(75)
<b>(33,489)</b>	<b>(12,521)</b>	<b>2,077</b>	<b>(43,933)</b>	<b>Total</b>	<b>(6,794)</b>	<b>5,923</b>	<b>(44,804)</b>

## 9 Other Operating Income and Expenditure

2020/21 £'000	Other operating expenditure	2021/22 £'000
614	Parish Council precepts	617
0	(Gains) / losses on the disposal of non-current assets	(582)
<b>614</b>	<b>Total</b>	<b>35</b>

## 10 Financing and Investment Income and Expenditure

2020/21 £'000	Financing and investment income and expenditure	2021/22 £'000
2,312	Interest payable and similar charges	2,291
1,034	Net interest on defined benefit liability	1,140
(125)	Interest receivable and similar income	(115)
(3,573)	Income and expenditure in relation to investment properties	(3,539)
3,687	(Gains)/losses on the revaluation of investment properties	(3,291)
<b>3,335</b>	<b>Total</b>	<b>(3,514)</b>

## 11 Taxation and Non-Specific Grant Income and Expenditure

2020/21 £'000	Taxation and non-specific grant income and expenditure	2021/22 £'000
(9,651)	Council tax income	(9,815)
(1,306)	Non-domestic rates income and expenditure	(2,353)
(4,746)	Non-ringfenced government grants	(4,029)
0	Capital grants and contributions	(1,062)
<b>(15,703)</b>	<b>Total</b>	<b>(17,259)</b>



## 12 Property, Plant and Equipment

2021/22	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation at 01 April 2021</b>	<b>169,641</b>	<b>5,666</b>	<b>129</b>	<b>3,197</b>	<b>961</b>	<b>28,195</b>	<b>207,789</b>
Additions	176	439	7	34	0	2,856	3,512
Revaluation increases recognised in the revaluation reserve	1,681	0	0	0	0	0	1,681
Revaluation decrease recognised in the surplus/deficit on the provision of services	(5,194)	0	0	0	0	0	(5,194)
Transfers (to)/from other non-current asset categories	25,485	269	0	0	0	(25,754)	0
Derecognition-disposals	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>191,789</b>	<b>6,374</b>	<b>136</b>	<b>3,231</b>	<b>961</b>	<b>5,297</b>	<b>207,788</b>
<b>Accumulated depreciation and impairment at 01 April 2021</b>	<b>(88,127)</b>	<b>(2,560)</b>	<b>(111)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(90,798)</b>
Depreciation charge	(355)	(847)	0	0	0	0	(1,202)
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0
Transfers to other non-current asset categories	0	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the deficit on the provision of services	0	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>(88,482)</b>	<b>(3,407)</b>	<b>(111)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(92,000)</b>
Net book value							
<b>At 31 March 2022</b>	<b>103,307</b>	<b>2,967</b>	<b>25</b>	<b>3,231</b>	<b>961</b>	<b>5,297</b>	<b>115,788</b>
<b>At 31 March 2021</b>	<b>81,514</b>	<b>3,106</b>	<b>18</b>	<b>3,197</b>	<b>961</b>	<b>28,195</b>	<b>116,991</b>

## 12 Property, Plant and Equipment (continued)

2020/21	Other land & buildings £'000	Vehicles, plant & equipment £'000	Infrastructure assets £'000	Community assets £'000	Surplus assets £'000	Assets under construction £'000	Total PPE £'000
<b>Cost or valuation at 01 April 2020</b>	<b>158,505</b>	<b>7,669</b>	<b>129</b>	<b>3,193</b>	<b>961</b>	<b>7,311</b>	<b>177,768</b>
Additions	6,678	458	0	4	0	20,954	28,094
Revaluation increases recognised in the revaluation reserve	5,767	0	0	0	0	0	5,767
Revaluation decrease recognised in the surplus/deficit on the provision of services	(1,059)	0	0	0	0	0	(1,059)
Transfers (to)/from other non-current asset categories	2,382	(521)	0	0	0	(70)	1,791
Derecognition-disposals	(2,632)	(1,940)	0	0	0	0	(4,572)
<b>At 31 March 2021</b>	<b>169,641</b>	<b>5,666</b>	<b>129</b>	<b>3,197</b>	<b>961</b>	<b>28,195</b>	<b>207,789</b>
<b>Accumulated depreciation and impairment at 01 April 2020</b>	<b>(85,095)</b>	<b>(4,073)</b>	<b>(110)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(89,278)</b>
Depreciation charge	(399)	(725)	(1)	0	0	0	(1,125)
Depreciation written out to the revaluation reserve	1,928	0	0	0	0	0	1,928
Transfers to other non-current asset categories	0	422	0	0	0	0	422
Derecognition-disposals	0	1,816	0	0	0	0	1,816
Impairment losses/(reversals) recognised in the deficit on the provision of services	(4,561)	0	0	0	0	0	(4,561)
<b>At 31 March 2021</b>	<b>(88,127)</b>	<b>(2,560)</b>	<b>(111)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(90,798)</b>
<b>Net book value</b>							
<b>At 31 March 2021</b>	<b>81,514</b>	<b>3,106</b>	<b>18</b>	<b>3,197</b>	<b>961</b>	<b>28,195</b>	<b>116,991</b>
<b>At 31 March 2020</b>	<b>73,410</b>	<b>3,596</b>	<b>19</b>	<b>3,193</b>	<b>961</b>	<b>7,311</b>	<b>88,490</b>

### Depreciation

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

Class type	Useful life range
Other buildings	10 to 60 years
Plant and equipment	2 to 10 years
Vehicles	20% reducing balance
Infrastructure assets	10 to 60 years

### Capital commitments

At 31 March 2022 the Council entered into a number of contracts for the construction or enhancement of property and plant in 2021/22 and future years budgeted to cost £5.2 million.

The major commitments are:

- Replacement of the Arena Leisure Centre - £0.3 million
- London Road Block - £3.5 million

- The Square (refurbishments) - £1.4 million

The spend will be supported by significant grant contributions and will provide additional income streams for both revenue and capital spend and service expenditure savings.

## Revaluations

The Council undertakes a rolling asset valuation programme which ensures that all material property required to be measured at current value is revalued at a minimum of every five years. All valuations for the current financial year were carried out by Wilks Head and Eve LLP. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation determined within the professional standards of the Royal Institution of Chartered Surveyors.

Valuation	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000
Valued at current value as at:			
31-Mar-22	21,793	0	21,793
31-Mar-21	8,104	961	9,065
31-Mar-20	57,456	0	57,456
31-Mar-19	4,719	0	4,719
31-Mar-18	7,714	0	7,714
31-Mar-17	3,521	0	3,521
<b>Total cost or valuation</b>	<b>103,307</b>	<b>961</b>	<b>104,268</b>

All other year-end values within asset classes are carried at historical cost.

## 13 Heritage Assets

A reconciliation of the carrying value of heritage assets held by the Council is shown in the table immediately below. There have been no additions or disposals during the current financial year.

	Museum	Civic regalia	Other	Total
	£'000	£'000	£'000	£'000
Cost or valuation 01 April 2021	175	111	48	334
<b>31 March 2022</b>	<b>175</b>	<b>111</b>	<b>48</b>	<b>334</b>
Cost or valuation 01 April 2020	175	111	48	334
<b>31 March 2021</b>	<b>175</b>	<b>111</b>	<b>48</b>	<b>334</b>

## Museum

Surrey Heath Museum is a small museum with displays of local history and the environment of Surrey Heath, including archaeology, natural history, local social history, and the armed forces. The museum regularly stages temporary exhibitions and provides additional learning services for schools.

## Other

A modern piece of artwork is displayed outside the Atrium. The value of this asset is separately identifiable at £48,000.

## 14 Revenue from contracts with service recipients

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods and/or services to a recipient, measured as the value of the overall transaction price allocated to that obligation.

The reporting standard IFRS 15 Revenue from Contracts with Service Recipients has been reviewed and has had no material impact upon the income amounts recognised in the Council's financial statements.

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

## 15 Investment Properties

2020/21		2021/22
£'000		£'000
(4,644)	Rental income from investment properties	(4,689)
692	Direct operating expenses arising from investment properties	1,150
0	Profit on sale of assets	0
3,687	Revaluation losses/(gains) on revaluations	(3,291)
<b>(265)</b>	<b>Net income on investment properties</b>	<b>(6,830)</b>

There are no restrictions upon the Council's ability to realise the value inherent in its investment properties or on the Council's right to the remittance of income and the proceeds of disposals. The Council has no contractual obligations to purchase, construct or develop investment property or towards repairs, maintenance, or enhancement.

The table below summarises the movements in the fair values of investment properties during the financial year.

Investment properties have been valued using a combination of yield and comparative market prices. Hence under the requirements of IFRS 13 Fair Value Measurement, all are defined as Level 2 investments.

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset takes place either in the principal market for the asset or, in the absence of a principal market, in the most advantageous market for the asset. The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset on the basis that market participants act in their economic best interests.

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

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the application of relevant observable inputs and minimising the use of unobservable inputs. Level 2 assets are financial assets and liabilities that do not have regular market pricing but whose fair values can be determined based upon other data or market prices. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs (other than quoted prices) that are observable for the asset or liability, examples including implied volatilities and credit spreads.

No transfers within the applicable asset categories have occurred during the current financial year.

2020/21		2021/22
£'000		£'000
84,171	Balance at the beginning of the year	78,102
0	Purchases	111
0	Disposals	0
(2,382)	Transfers	0
(3,687)	Net (losses)/gains from fair value adjustments	3,292
<b>78,102</b>	<b>Balance at the end of the year</b>	<b>81,505</b>

## 16 Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by 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.

2020/21		2021/22
£'000		£'000
<b>198,605</b>	<b>Opening Capital Financing Requirement</b>	<b>219,792</b>
	<b>Capital investment</b>	
6,678	Other land and buildings	176
4	Community assets	34
0	Investment assets	111
458	Vehicles, plant and equipment	439
20,954	Assets under construction	2,856
46	Intangible assets	13
1,343	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	871
	<b>Sources of finance</b>	
(1,818)	Capital receipts	(2,490)
(4,188)	Government grants and other contributions	(1,538)
0	Sums set aside from revenue	(345)
<b>23,477</b>	<b>Unfinanced capital expenditure in year</b>	<b>127</b>
(2,290)	Less: Statutory provision for the financing of capital investment	(2,256)
<b>219,792</b>	<b>Closing Capital Financing Requirement</b>	<b>217,663</b>
	<b>Explanation for movement in year</b>	
<b>21,187</b>	<b>Increase/(decrease) in underlying need to borrow</b>	<b>(2,129)</b>

## 17 Debtors

Details of the Council's short-term and long term-debtors are shown below:

2020/21	Short-term debtors	2021/22
£'000		£'000
15,706	Trade receivables	11,103
21,585	Other receivables	12,558
37,291		23,661
427	Allowance for bad debts	(1,060)
<b>37,718</b>	<b>Total</b>	<b>22,601</b>

2020/21	Long-term debtors	2021/22
£'000		£'000
160	Charges on properties	161
143	Other debtors	142
<b>303</b>	<b>Total</b>	<b>303</b>

## 18 Cash and Cash Equivalents

Details of the Council's cash and cash equivalent balances are shown below:

2020/21	Cash and cash equivalents	2021/22
£'000		£'000
8	Cash held by the Council	11
4,834	Bank current accounts	4,316
17,523	Short-term deposits	14,529
<b>22,365</b>	<b>Total cash and cash equivalents</b>	<b>18,856</b>

## 19 Creditors

Details of the Council's short-term creditors are shown below:

2020/21	Short-term creditors	2021/22
£'000		£'000
(14,673)	Trade payables	(202)
(27,842)	Other payables	(33,798)
(2,421)	Receipts in Advance	(1,019)
<b>(44,936)</b>	<b>Total</b>	<b>(35,019)</b>

2020/21	Long-term creditors	2021/22
£'000		£'000
(4,503)	Other entities and individuals	(4,551)
<b>(4,503)</b>	<b>Total</b>	<b>(4,551)</b>

## 20 Provisions

Business Rates appeals are split between preceptors on a % allocation basis. The provision below relates to the estimated value of successful appeals that were probable at the Balance Sheet date but where the timings and amounts were uncertain:

2020/21	NNDR appeals provision	2021/22
£'000		£'000
(1,116)	Balance at 1 April	(1,822)
(4,895)	Additional provision	(2,733)
4,189	Amounts used in year	2,848
0	Amounts reversed unused	0
<b>(1,822)</b>	<b>Balance at 31 March</b>	<b>(1,707)</b>

## 21 Unusable Reserves

2020/21	Unusable Reserves	2021/22
£'000		£'000
(18,803)	Revaluation Reserve	(20,373)
34,074	Capital Adjustment Account	32,124
56,031	Pension Reserve	47,028
9,711	Collection Fund Adjustment Account	4,972
378	Accumulated Absences Account	51
(91)	Financial Instruments Revaluation Reserve	(459)
<b>81,300</b>	<b>Total Unusable Reserves</b>	<b>63,343</b>

### (a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

2020/21	Revaluation Reserve	2021/22
£'000		£'000
(14,964)	Balance at 1 April	(18,803)
(8,993)	Upward revaluation of assets	(4,977)
3,226	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	3,296
1,928	Difference between fair value depreciation and historical cost depreciation	111
<b>(18,803)</b>	<b>Balance at 31 March</b>	<b>(20,373)</b>

### (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory accounting regulations. The account is debited with the cost of acquisition, construction or enhancement as depreciation. Impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value amounts to a historical cost basis). The account is credited with any amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020/21	Capital Adjustment Account	2021/22
£'000		£'000
<b>38,126</b>	<b>Balance at 1 April</b>	<b>34,074</b>
	<b>Opening balance adjustment</b>	<b>832</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
1,125	Charges for depreciation, amortisation and impairment of non-current assets	1,297
1,059	Revaluation losses/(gains) on property, plant and equipment	5,194
1,343	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	871
125	Amounts of non-current assets written off on disposal/sale as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	0
<b>3,652</b>		<b>7,362</b>
(1,928)	Adjusting amounts written out of the Revaluation Reserve	(111)
<b>1,724</b>	<b>Net written out amount of non-current assets consumed in the year</b>	<b>7,251</b>
	<b>Capital financing applied in the year:</b>	
(1,818)	Use of the Capital Receipts Reserve to finance new capital expenditure	(2,490)
(4,188)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,455)
(1,167)	Capital expenditure funded from reserves	(539)
0	Capital expenditure funded from revenue	
(2,290)	Statutory provision for the financing of capital investment charged to the General Fund	(2,256)
0	Capital expenditure charged to the General Fund	
<b>(9,463)</b>		<b>(6,740)</b>
3,687	Movements in the market value of investment properties debited/(credited) to the Comprehensive Income and Expenditure Statement	(3,291)
0	Other movements	(2)
<b>34,074</b>	<b>Balance at 31 March</b>	<b>32,124</b>



## (c) Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory accounting regulations. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of continuous service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory accounting arrangements require benefits earned to be financed as the Council makes employer contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the financial resources that the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time such benefits fall due to be paid.

2020/21	Pension Reserve	2021/22
£'000		£'000
<b>44,804</b>	<b>Balance at 1 April</b>	<b>56,031</b>
9,758	Actuarial (gains)/losses on pensions assets and liabilities	(12,116)
4,252	Reversal of items relating to retirement benefits debited/(credited) to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	6,097
(2,783)	Employer pension contributions and direct payments to pensioners payable in the year	(2,984)
<b>56,031</b>	<b>Balance at 31 March</b>	<b>47,028</b>

## (d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers and Non-Domestic Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21	Collection Fund Adjustment Account	2021/22
£'000		£'000
<b>146</b>	<b>Balance at 1 April</b>	<b>9,711</b>
9,565	Amount by which Council Tax income and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non-Domestic Rates income calculated for the year in accordance with statutory requirements	(4,739)
<b>9,711</b>	<b>Balance at 31 March</b>	<b>4,972</b>

## (e) Accumulated Absences Account

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

2020/21	Accumulated Absences Account	2021/22
£'000		£'000
<b>93</b>	<b>Balance at 1 April</b>	<b>378</b>
(93)	Settlement or cancellation of accrual made at the end of preceding year	(378)
378	Amount accrued at end of the current year	51
0	Amount by which officer remunerations charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from the remuneration chargeable in the year in accordance with statutory requirements.	0
<b>378</b>	<b>Balance at 31 March</b>	<b>51</b>

## (f) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from the increases in the value of its investments that are measured at fair value through Other Comprehensive Income and Expenditure. The balance is reduced when investments with accumulated gains are revalued downwards and the gains are lost, or the associated investments are disposed of, and the gains are realised.

The transactions above are recognised under the Code's implementation of IAS 39 Financial Instruments: Recognition and Measurement as such transactions do not exist under IFRS 9 Financial Instruments.

2020/21	Financial Instruments Revaluation Reserve	2021/22
£'000		£'000
<b>(107)</b>	<b>Balance at 1 April</b>	<b>(91)</b>
16	Loss/(gain) on revaluation of long-term investments	(368)
<b>(91)</b>	<b>Balance at 31 March</b>	<b>(459)</b>

## 22 Pensions

### Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council pays contribution amounts towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to process the payments that need to be disclosed at the point that employees earn their future entitlements.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered by Surrey County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash can be generated to fund actual pension payments as they eventually fall due.

The Local Government Pension Scheme operates under the regulatory framework for this scheme, and the governance of the local scheme is the responsibility of the Pensions Committee of Surrey County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the pensions committee, consisting of the Head of Finance for Surrey County Council, the Pension Fund Manager, four county Councillors, two district Council representatives, an employee representative and two professional investment advisors.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme i.e. large-scale withdrawals from the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the Council's accounting policies.

### Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, as opposed to when the benefits are eventually paid as pension amounts. However, the charge that is required to be made against Council Tax is based upon the cash payable in the year, and therefore the true cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2020/21	Comprehensive Income and Expenditure Statement	2021/22
£'000		£'000
3,218	Service costs included in cost of services - current service cost	4,957
1,034	Included in financing and investment income and expenditure - net interest expense	1,140
<b>4,252</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>6,097</b>
	<b>Other post-employment benefits charged to Other Comprehensive Income and Expenditure</b>	
	<b>Remeasurement of the net defined benefit liability comprising:</b>	
(19,127)	- Return on plan assets (excluding the amount included in the net interest expense)	(4,408)
28,435	- Actuarial gains and losses arising on changes in financial assumptions	(8,659)
1,565	- Changes in demographic assumptions	(595)
(1,115)	- Other experience	1,546
<b>9,758</b>	<b>Total post-employment benefits charged to Other Comprehensive Income and Expenditure</b>	<b>(12,116)</b>

### Assets and liabilities in relation to post-employment benefits

The amounts included in the Balance Sheet arising from the Council's obligations in respect of defined benefit plans are:

2020/21	Local Government Pension Scheme	2021/22
£'000		£'000
(149,735)	Present value of defined benefit obligation	(148,387)
93,704	Fair value of plan assets	101,359
<b>(56,031)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(47,028)</b>

## Reconciliation of fair value of scheme assets

Funded Assets	Unfunded Assets		Funded Assets	Unfunded Assets
2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000
73,263	0	<b>Opening fair value of scheme assets</b>	93,704	0
1,680	0	Interest income	1,871	0
		<b>Remeasurement gain/(loss):</b>		
19,127	0	- the return on plan assets, excluding the amount included in the net interest expense	4,408	0
		The effect of changes in foreign exchange rates:	1,541	0
2,582	201	Contributions from employer	2,782	202
660	0	Contributions from employees in the scheme	646	0
(3,608)	(201)	Benefits paid	(3,593)	(202)
<b>93,704</b>	<b>0</b>	<b>Closing fair value of scheme assets</b>	<b>101,359</b>	<b>0</b>

Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## Reconciliation of present value of scheme liabilities

Funded Liabilities	Unfunded Liabilities		Funded Liabilities	Unfunded Liabilities
2020/21 £'000	2020/21 £'000		2021/22 £'000	2021/22 £'000
<b>(118,270)</b>	<b>203</b>	<b>Opening balance at 1 April</b>	<b>(150,139)</b>	<b>404</b>
(3,218)	0	Current service cost	(4,722)	0
0	0	Past service cost	(235)	0
(2,714)	0	Interest cost	(3,011)	0
(660)	0	Contributions from scheme participants	(646)	0
		<b>Remeasurement (gains)/losses:</b>		
(28,435)	0	- Actuarial gains/losses arising from changes in financial assumptions	8,659	0
(1,565)	0	- Changes in demographic assumptions	595	0
1,115	0	- Other experience	(3,087)	0
		<b>Liabilities assumed on entity combinations:</b>		
0	201	Unfunded benefits paid	0	202
3,608	0	Benefits paid	3,593	0
<b>(150,139)</b>	<b>404</b>	<b>Closing balance at 31 March</b>	<b>(148,993)</b>	<b>606</b>

## Local Government Pension Scheme assets

The fair values of the Local Government Pension Scheme's assets are itemised below:

2020/21					2021/22		
Quoted prices in active markets	Quoted prices not in active markets	Total	Asset category	% of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total
£'000	£'000	£'000			£'000	£'000	£'000
<b>Cash and cash equivalents</b>							
2,133	0	2,133	All	3%	2,551	0	2,551
<b>Equity securities</b>							
2,030	0	2,030	Consumer	2%	1,773	0	1,773
1,022	0	1,022	Manufacturing	1%	1,414	0	1,414
197	0	197	Energy and utilities	0%	314	0	314
1,221	0	1,221	Financial institutions	1%	1,176	0	1,176
859	0	859	Health and care	1%	1,211	0	1,211
2,836	0	2,836	Information technology	3%	3,172	0	3,172
0	0	0	Other	0%	0	0	0
<b>Debt securities</b>							
0	0	0	Corporate bonds (investment grade)	0%	0	0	0
0	0	0	Corporate bonds (non-investment grade)	0%	0	0	0
0	4,343	4,343	UK government	3%	0	3,374	3,374
0	0	0	Other	0%	0	0	0
<b>Private equity</b>							
0	6,428	6,428	All	10%	0	9,961	9,961
<b>Real estate</b>							
1,341	2,056	3,397	UK property	4%	1,314	2,730	4,044
0	1,655	1,655	Overseas property	2%	0	2,160	2,160
<b>Investment funds and unit trusts</b>							
55,479	0	55,479	Equities	59%	59,518	0	59,518
11,818	0	11,818	Bonds	11%	11,102	0	11,102
0	0	0	Other	0%	0	0	0
<b>Derivatives</b>							
0	0	0	Interest rate	0%	0	0	0
286	0	286	Foreign exchange	0%	(411)	0	(411)
<b>79,222</b>	<b>14,482</b>	<b>93,704</b>		<b>100%</b>	<b>83,134</b>	<b>18,225</b>	<b>101,359</b>

## Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels as examples. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent actuary, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1st April 2019.

The principal assumptions used by the actuary are shown in the table below:

2020/21	Local Government Pension Scheme		2021/22
Years	Mortality assumptions		Years
	<b>Longevity at 65 for current pensioners:</b>		
22.3	Men		22.3
24.7	Women		24.9
	<b>Longevity at 45 for future pensioners:</b>		
23.4	Men		23.1
26.4	Women		26.3
%			%
3.75%	Rate of increase in salaries		4.20%
2.85%	Rate of increase in pensions		3.20%
2.00%	Rate for discounting scheme liabilities		2.70%

The estimation of defined benefit obligations is sensitive to the actuary's assumptions detailed in the table above. The sensitivity analysis in the table below has been determined based upon reasonable possible changes in assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed varies while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases and decreases for men and women. In practice, this is unlikely to occur, and variations in certain assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous financial year.

Local Government Pension Scheme	Approximate % increase to employer liability	Approximate monetary amount £'000
<b>Change in assumptions at 31 March 2022</b>		
0.1% decrease in Real Discount Rate	2%	2,513
1 year increase in member life expectancy	4%	5,935
0.1% increase in the Salary Increase Rate	0%	238
0.1% increase in the Pension Increase Rate	2%	2,256

The objectives of the scheme are to retain employer contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The latest triennial valuation of 31 March 2019 recommends no increase in employer contributions.

The scheme will need to take account of the national changes described in the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31

March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes and to pay pension amounts and other benefits.

The liabilities show the underlying long-term commitment that the Council must pay post-employment (retirement) benefits. The net liability of £47 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet (£56 million – 2020/21). However, statutory accounting arrangements for funding this deficit means that the overall financial position of the Council remains healthy.

The deficit on the local government scheme will be made good by increased employer contributions during the remaining working life of employees i.e. prior to payments falling due, as assessed by the scheme actuary; and funding is only required to be raised to cover discretionary benefits when pension sums fall due as payable.

The Council anticipates paying employer contributions of £2.6 million to the scheme in 2022/23.

## 23 Financial Instruments

Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following categories of financial instruments are carried in the Balance Sheet:

Long-term	Current	Financial assets	Long-term	Current
2020/21	2020/21		2021/22	2021/22
£'000	£'000		£'000	£'000
		<b>Investments</b>		
		<b>At fair value through Other Comprehensive Income:</b>		
2,091	0	Equity investments designated FVOCI	2,459	20,000
<b>2,091</b>	<b>0</b>	<b>Total investments</b>	<b>2,459</b>	<b>20,000</b>
		<b>At amortised cost:</b>		
0	22,343	Principal	0	18,833
0	22	Accrued interest	0	23
<b>0</b>	<b>22,365</b>	<b>Total cash and cash equivalents</b>	<b>0</b>	<b>18,856</b>
		Debtors		
		<b>At amortised cost:</b>		
303	37,718	Financial assets carried at contractual amount	303	16,363
<b>2,394</b>	<b>60,083</b>	<b>Total financial assets</b>	<b>2,762</b>	<b>55,219</b>

Long-term	Current	Financial liabilities	Long-term	Current
2020/21	2020/21		2021/22	2021/22
£'000	£'000		£'000	£'000
		<b>Borrowings</b>		
		<b>Loans at amortised cost:</b>		
(76,378)	(103,526)	Principal sums borrowed	(99,596)	(85,282)
0	(405)	Accrued interest		
<b>(76,378)</b>	<b>(103,931)</b>	<b>Total borrowings</b>	<b>(99,596)</b>	<b>(85,282)</b>
		Borrowings		
(4,503)	(44,936)	Creditors	(4,551)	(10,912)
<b>(80,881)</b>	<b>(148,867)</b>	<b>Total financial liabilities</b>	<b>(104,147)</b>	<b>(96,194)</b>



## Income, expenses, gains and losses

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

2020/21					2021/22					
Financial liabilities measured at amortised cost	Financial assets measured at amortised cost	Financial assets: fair value through OCI	Assets and liabilities designated to fair value through OCI	Total		Financial liabilities measured at amortised cost	Financial assets measured at amortised cost	Financial assets: fair value through OCI	Assets and liabilities designated to fair value through OCI	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
2,221	0	0	0	2,221	Interest expense	2,201	0	0	0	2,201
78	0	0	13	91	Fee expenses	90	0	0	0	90
<b>2,299</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>2,312</b>	<b>Total expense in surplus or deficit on the provision of services</b>	<b>2,291</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,291</b>
0	(21)	0	0	(21)	Interest income	0	(20)	0	0	(20)
0	0	0	0	0	Increase in fair value	0	0	0	0	0
0	0	0	(104)	(104)	Dividend income	0	0	0	(95)	(95)
<b>0</b>	<b>(21)</b>	<b>0</b>	<b>(104)</b>	<b>(125)</b>	<b>Total income in surplus or deficit on the provision of services</b>	<b>0</b>	<b>(20)</b>	<b>0</b>	<b>(95)</b>	<b>(115)</b>
0	0	0	0	0	(Gains) on revaluation	0	0	0	0	0
0	0	0	15	15	Losses on revaluation	0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>15</b>	<b>(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2,299</b>	<b>(21)</b>	<b>0</b>	<b>(76)</b>	<b>2,202</b>	<b>Net loss for the year</b>	<b>2,291</b>	<b>(20)</b>	<b>0</b>	<b>(95)</b>	<b>2,176</b>

The Council has no soft loans.

## Equity instruments designated to fair value through Other Comprehensive Income

The Council has designated to account for the following investments in equity instruments at fair value through Other Comprehensive Income because these are long-term strategic holdings and changes in their fair values are not considered to form part of the Council's annual financial performance.

Fair value	Dividends		Fair value	Dividends
2020/21	2020/21		2021/22	2021/22
£'000	£'000		£'000	£'000
2,091	(104)	CCLA Property Fund	2,459	(95)

## Fair values of financial assets and liabilities

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value.

For most assets, including shares in money market funds and other pooled funds, the fair value is derived from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cashflows at 31 March 2022 using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cashflows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the generally low, stable interest rate environment.

Financial instruments are measured at fair value using inputs which are categorised in the following hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, for instance bond prices.
- Level 2 – fair value is calculated from inputs based upon quoted prices for similar assets or liabilities in active markets, for example interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, for instance non-market data such as cashflow forecasts or estimated creditworthiness.

2020/21 Fair Value £'000	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	2021/22 Fair Value £'000
2,091	Long-term investments designated to fair value through Other Comprehensive Income	Level 2	Quoted prices for similar assets or liabilities in active markets	2,459

As at 31 March 2022 the Council held £2.4 million (2020/21: £2.1 million) in long-term investments which are pooled funds, comprising the CCLA Property Fund.



It is the Council's stated intention that these investments are being held for a longer term to generate higher returns.

There has been no change in valuation techniques used during the year relating to these financial instruments.

The following financial instruments are not measured at fair value, but their fair values are shown below:

Balance Sheet 2020/21 £'000	Fair value 2020/21 £'000		Balance Sheet 2021/22 £'000	Fair value 2021/22 £'000
<b>Recorded in Balance Sheet as:</b>				
303	303	Long-term debtors	303	303
0	0	Short-term investments	20,000	20,000
37,718	37,718	Short-term debtors	16,363	16,363
22,365	22,365	Cash and cash equivalents	18,833	18,833
<b>60,386</b>	<b>60,386</b>	<b>Total financial assets</b>	<b>32,430</b>	<b>32,430</b>

\* The fair values of short-term financial assets held at amortised cost, including trade receivables, are assumed to be their carrying amounts.

2020/21			2021/22	
Balance Sheet £'000	Fair value* £'000		Balance Sheet £'000	Fair value* £'000
<b>Recorded in Balance Sheet as:</b>				
(44,936)	(44,936)	Short-term creditors	(10,912)	(10,912)
(103,931)	(103,931)	Short-term borrowings	(85,282)	(85,282)
(4,503)	(4,503)	Long-term creditors	(4,551)	(4,551)
(76,378)	(87,690)	Long-term borrowings	(99,596)	(122,084)
<b>(229,748)</b>	<b>(241,060)</b>	<b>Total financial liabilities</b>	<b>(200,341)</b>	<b>(222,829)</b>

\*The fair values of short-term financial liabilities, including trade payables, are assumed to approximate to their carrying amounts.

The fair value of financial liabilities held at amortised cost is higher than the Balance Sheet carrying amount because the Authority's loans portfolio include a number of loans where the interest rate payable is higher than the current rates available for similar loans at the Balance Sheet date.

## 24 Nature and Extent of Risks of Financial Instruments

### Introduction

The Council complies with CIPFA's Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities.

In accordance with the Treasury Management Code, the Council approves a Treasury Management Strategy prior to the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the then Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- Credit risk: the possibility that the counterparty to a financial asset will fail to meet its contractual obligations, thus causing a financial loss to the Council.
- Liquidity risk: the possibility that the Council might not have sufficient cash available to process contracted payments on time.
- Market risk: the possibility that an unplanned financial loss will materialise due to changes in market variables such as interest rates or equity prices.

### Credit risk

### Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of defaults; the Council considers other measures including credit default swap and equity prices when selecting commercial entities for investment.

## Receivables

Customers are assessed for their ability to pay depending on the size of the debt, financial position, past payment history and any other relevant factors.

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The following analysis summarises the Council's trade receivables by due date. Only those receivables meeting the definition of a financial asset are included:

2020/21			2021/22	
Lease receivables	Trade receivables		Lease receivables	Trade receivables
£'000	£'000		£'000	£'000
236	32,437	Neither past due nor impaired	324	16,151
27	2,640	Past due <3 months	38	1,346
18	377	Past due 3 - 6 months	27	62
9	755	Past due 6 - 12 months	14	394
13	1,509	Past due 12+ months	11	749
<b>303</b>	<b>37,718</b>	<b>Total</b>	<b>414</b>	<b>18,702</b>

## Receivables - loss allowance

Loss allowances on trade and lease receivables and contract assets have been calculated by reference to the Council's historical experience of default, multiplied by various percentages to adjust for current and forecast economic conditions.

Receivables are collectively assessed for credit risk in the following groupings:

2020/21				2021/22		
%	Debt	Loss Allowance		%	Debt	Loss Allowance
	£'000	£'000		%	£'000	£'000
			Debt at 2022	5	9,601	480
5	36,216	1,811	Debt at 2021	5	0	0
5	0	0	Debt at 2020	5	0	0
8	0	0	Debt at 2020	8	0	0
100	286	286	Debt at 2020	100	286	286
21	717	153	Debt at 2019	21	717	151
n/a	0	0	Debt at 2019	n/a	0	0
n/a	0	0	Debt at 2018	n/a	0	0
100	411	411	Debt older than 2 years 2018	100	411	411
n/a	0	0	Debt older than 2 years 2017	n/a	0	0
100	58	58	Gypsy debts less than 2 years old	100	58	58
100	30	30	Gypsy debts more than 2 years old	100	30	30
	<b>37,718</b>	<b>2,749</b>	<b>Total</b>		<b>11,103</b>	<b>1,416</b>

## Liquidity risk

On the advice of its treasury advisor, the Council continues to borrow over the short term to take advantage of low interest rates. Any savings in interest in the context of the prevailing PWLB interest rates have been placed in an interest equalisation reserve to be realised should rates rise in the short-term. In addition, the Council has access to loans at favourable rates from PWLB and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments, however as a last resort the Council could sell assets to meet these liabilities.

The maturity analysis of financial instruments is as follows:

2020/21 Liabilities £'000	Period to maturity	2021/22 Liabilities £'000
(103,931)	Not over 1 year	(83,870)
(1,445)	Over 1 year but not over 2 years	0
(4,427)	Over 2 years but not over 5 years	0
(7,709)	Over 5 years but not over 10 years	0
(16,507)	Over 10 years but not over 20 years	(19,150)
(35,850)	Over 20 years but not over 40 years	(61,789)
(10,440)	Over 40 years	(20,069)
<b>(180,309)</b>	<b>Total</b>	<b>(184,878)</b>

## Market risks: interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will increase
- borrowings at fixed rates – the fair value of the borrowings will decrease
- investments at variable rates – the interest income credited will increase
- investments at fixed rates – the fair value of the assets will decrease

Investments classed as amortised cost and loans borrowed are not carried at fair value and therefore changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus/deficit on the provision of services. Movements in the fair values of fixed rate investments will be reflected in Other Comprehensive Income and Expenditure or the surplus/deficit on the provision of services as appropriate.

The Council's Treasury Management Strategy aims to mitigate these risks by setting upper limits on net exposures to fixed and variable interest rates. At 31 March 2022, £79 million (2020/21: £76 million) of net principal borrowed on long-term loans (borrowings net of investments) was exposed to fixed rates and £85 million (2020/21: £104 million) in short-term loans was exposed to variable rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effects would be as follows:

2020/21		2021/22
£'000		£'000
1,029	Increase in interest payable on variable rate borrowings	1,849
(68)	Increase in interest receivable on variable rate investments	(200)
<b>961</b>	<b>Impact on surplus/deficit on the provision of services</b>	<b>934</b>
(93)	Increase in fair value of investments held at FVOCI	(25)
<b>868</b>	<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>889</b>
(25,492)	Increase/(decrease) in fair value of loans and receivables*	(42)
25,840	Increase/(decrease) in fair value of fixed rate borrowings/liabilities*	1,608

\* No impact on Other Comprehensive Income and Expenditure

The approximate impact of a 1% fall in interest rates would be as set out above but with the movements reversed.

### Market risks: price risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices.

This risk is limited by the Council's maximum exposure to property investments of £2.1 million (2020/21: £2.1 million). A 5% fall in commercial property prices would result in a £0.1 million (2020/21: £0.1 million) charge to Other Comprehensive Income and Expenditure.

## 25 Cash Flow Statement- Operating Activities

The deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21		2021/22
£'000		£'000
(125)	Interest received	(206)
2,312	Interest paid	2,364

2020/21		2021/22
£'000		£'000
1,125	Depreciation	1,204
4,561	Impairment	1,904
422	Amortisation	965
(1,333)	Increase/(Decrease) in impairment for bad debts	1,487
23,093	Increase/(Decrease) in creditors	(9,869)
(17,572)	(Increase)/Decrease in debtors	13,826
5	(Increase)/Decrease in inventories	(8)
1,469	Movement in pension liability	3,113
706	Increase/(Decrease) in provisions	(115)
0	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0
2,399	Other non-cash items charged to the net deficit on the provision of services	(4)
<b>14,875</b>		<b>12,503</b>

## 26 Cash Flow Statement- Investing Activities

The cashflows for investing activities include the following items:

2020/21	Cashflow Statement - investing activities	2021/22
£'000		£'000
(28,140)	Purchase of property, plant and equipment, investment properties and intangible assets	(4,508)
0	Purchase of short term and long term investments	(20,000)
15	Proceeds from the sale of investments	0
2,756	Proceeds from the sale of property, plant and equipment and investment properties	581
	Capital Grants received	1,632
<b>(25,369)</b>	<b>Net cashflows from investing activities</b>	<b>(22,295)</b>

## 27 Cash Flow Statement- Financing Activities

The cashflows for financing activities include the following items:

2020/21	Cashflow Statement - financing activities	2021/22
£'000		£'000
19,608	Cash receipts of short-term borrowings and long-term borrowings	4,569
0	Other payments for financing activities	0
<b>19,608</b>	<b>Net cashflows from financing activities</b>	<b>4,569</b>

## 28 Agency Services

The Council provides the following services on behalf of Hampshire County Council through agency arrangements:

- Suitable Alternative Natural Green Space (SANGS) agreements in relation to Swan Lakes, Hawley Meadows, Shepherds Meadows and Strategic Access Management and Monitoring (SAMM).

The Council's Community Infrastructure Levy (CIL) funding (income) and expenditure amounts received and paid during 2021/22 and the prior year are also detailed in the table itemised below.

2020/21		2021/22
£'000		£'000
	<b>SANGS and SAMM</b>	
(343)	Income	(644)
538	Expenditure	523
<b>195</b>	<b>(Surplus)/deficit on the agency arrangement</b>	<b>(121)</b>

2020/21		2021/22
£'000		£'000
	CIL	
(195)	Income	(195)
195	Expenditure	195
<b>0</b>	<b>(Surplus)/deficit in the year</b>	<b>0</b>

## 29 External Audit Fees

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and the certification of grant claims provided by the Council's external auditor:

2020/21		2021/22
£'000		£'000
35	Fees payable in relation to external audit services undertaken by the appointed auditor for the year	35
0	Non-audit services	0
12	Fees payable for the certification of grant claims and returns for the year	12
<b>47</b>		<b>47</b>

## 30 Members Allowance

The Council paid the following amounts to Council members during the year:

2020/21		2021/22
£'000		£'000
268	Member allowances	271
0	Travel and other allowance amounts	0
6	Mayor's allowance	6
<b>274</b>	<b>Total allowances</b>	<b>277</b>

Local authorities are required to disclose the amounts paid to each member; these sums are published annually on the Surrey Heath Borough Council website.



## 31 Officer Remuneration

The remuneration paid to the Council's senior employees is provided below:

2021/22 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Compensation for loss of office	Employer pension contributions	Sub-total	Returning officer amount	Total
	£	£	£	£	£	£	£	£	£
Chief Executive	118,006	0	2,000	0	0	20,297	140,303	0	140,303
Executive Head of Finance	55,900	0	0	0	0	0	55,900	0	55,900
Strategic Director of Finance and Customer Service	48,699	3,108	23	0	0	8,614	60,444	0	60,444
Head of Planning	45,794	0	13	0	0	7,877	53,685	0	53,685
Executive Head of Transformation	44,930	0	1,000	0	0	7,728	53,658	0	53,658
Head of HR, Performance and Communications	44,930	0	1,000	0	0	7,728	53,658	0	53,658
Executive Head of Community	44,930	0	1,000	228	0	7,728	53,886	0	53,886
Executive Head of Business	68,120	0	1,516	380	39,690	11,717	121,422	0	121,422
Executive Head of Regulatory	16,140	0	270	0	0	2,089	18,498	0	18,498
Strategic Director of Environment and Community	22,016	0	0	0	0	3,787	25,803	0	25,803
Executive Head of Corporate	52,418	0	1,167	266	47,259	216,674	317,784	4669	322,453
Head of Legal	32,180	5,250	0	0	0	6,438	43,867	0	43,867
Head of Legal and Democratic Services	36,000	3,750	0	0	0	6,837	46,587	0	46,587
Head of Investment and Development	71,296	0	0	0	0	0	71,296	0	71,296

2020/21 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Employer pension contributions	Sub-total	Returning officer amount	Total	Notes
	£	£	£	£	£	£	£	£	
Chief Executive	156,142	4,083	4,059	334	26,023	190,641	793	191,434	
Executive Head of Finance	170,000	0	0	0	0	170,000	0	170,000	Interim cover during 2020/21
Executive Head of Corporate	89,860	396	2,000	456	15,524	108,236	0	108,236	
Executive Head of Transformation	89,860	0	2,000	0	15,456	107,316	0	107,316	
Executive Head of Community	16,974	153	378	122	2,946	20,573	0	20,573	Post vacancy (April 2020 to February 2021) as officer acted up as Chief Executive on temporary basis
Executive Head of Business	90,160	0	2,000	456	15,456	108,072	0	108,072	
Executive Head of Regulatory	82,776	0	1,842	0	14,238	98,856	0	98,856	
Head of Legal	65,733	9,037	0	25	12,308	87,103	0	87,103	Permanent appointment made May 2020
Head of Investment and Development	5,883	0	0	0	0	5,883	0	5,883	Permanent officer appointed March 2021

## Remuneration bands

Council employees (including senior officers included in the table above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2020/21	Remuneration band	2021/22
Number of employees		Number of employees
13	£50,000 - £54,999	12
11	£55,000 - £59,999	10
4	£60,000 - £64,999	5
2	£65,000 - £69,999	1
0	£70,000 - £74,999	1
0	£75,000 - £79,999	1
1	£80,000 - £84,999	0
1	£85,000 - £89,999	0
3	£90,000 - £94,999	1
0	£105,000 - £109,999	2
1	£110,000 - £114,999	0
0	£120,000 - £124,999	1
<b>36</b>		<b>34</b>

## Exit packages

The number of exit packages with total cost per band and total cost of compulsory and other redundancies for 2021/22 are set out in the table below:

2021/22 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£0 - £20,000	0	0	0	0
£20,001 - £40,000	1	0	0	39,690
£250,000 - £255,000	1	0	0	254,465
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>294,155</b>

2020/21 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£0 - £20,000	0	1	1	2,967
£20,001 - £40,000	0	0	0	0
£250,000 - £255,000	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2,967</b>

## 32 Related Party Transactions

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

- Central Government
- Elected Members of the Council
- Officers of the Council and
- Other public bodies.

### Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, these including council tax bills and housing benefits. Grants receivable from government departments are disclosed in Note 35.

### Members

Members of the Council have direct control over the Council's financial and operating policies. One Member is also a Member of Surrey County Council (SCC) until May/21 but has no personal interest in any transactions.

Payments totalling £148,712 were paid to eight organisations in which 12 Members had an interest. The balance outstanding at year-end was £nil (if excluding SCC). The relevant Members did not take part in any discussion or decision relating to the payments.

Payments totalling £18,139 (excluding SCC) were received from four organisations in which five Members had an interest, and the balance outstanding at year-end was £nil. The relevant Members did not take part in any discussion or decision relating to the sums received.

The total Members' allowances paid during 2021/22 are disclosed in Note 29.

### Officers

Chief Officers can influence the Council. No interests were declared by Chief Officers during 2021/22.

### Other public bodies (subject to common control by Central Government)

The Council had significant financial transactions with both Surrey County Council and Surrey Police Authority, details of which are disclosed in the 2021/22 Collection Fund Statement.

## 33 Leases

### Finance leases

The Council has no finance leases.

### Council as lessee – operating leases

The Council leases four vans to assist in providing the Meals on Wheels service to residents and a small number of leased cars.

The minimum lease payments due under non-cancellable leases in future years are:

2020/21 £'000	Council as lessee - operating leases	2021/22 £'000
34	Not later than one year	24
26	Later than one year and not later than five years	2
0	Later than five years	0
<b>60</b>	<b>Total</b>	<b>26</b>

Expenditure charged to the following services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2020/21 £'000	Operating lease expenditure charged	2021/22 £'000
20	Adult Social Care?	24
11	Other services	11
<b>31</b>	<b>Total</b>	<b>35</b>

### Council as lessor – operating leases

The Council leases property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres; and
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

2020/21 £'000	Council as lessor - operating leases	2021/22 £'000
4,242	Not later than one year	4,234
13,453	Later than one year and not later than five years	13,919
31,262	Later than five years	33,913
<b>48,957</b>	<b>Total</b>	<b>52,066</b>

The Council is also lessor of the Atrium shopping centre in Camberley for which it receives a fixed percentage of net rent collected. In 2021/22 the income was £200,000 (2020/21: £200,000). The lease is expected to continue into the foreseeable future. On the grounds of materiality, this has not been separated into component parts within the note above.

## 34 Contingent Liabilities

The Council has no material contingent liability at 31 March 2022.:

## 35 Contingent Assets

The Council has no contingent assets.

## 36 Grant Income

2020/21 £'000	Grant income credited to Taxation and non-specific grant income and expenditure	2021/22 £'000
(910)	New Homes Bonus	(115)
(19)	New Burdens	(1)
(3,851)	Covid-19 grants	(3,914)
34	Transition Grant	0
0	Capital grants and contributions	(1,061)
<b>(4,746)</b>	<b>Subtotal</b>	<b>(5,091)</b>
	<b>Grant income credited to services</b>	
(12,884)	Rent Allowance subsidy	(11,430)
(306)	Housing Benefit administration grant	(306)
(410)	Family Support	(410)
(2,383)	Covid-19 grants	(835)
(536)	Other grants	0
<b>(16,519)</b>	<b>Subtotal</b>	<b>(12,981)</b>
<b>(21,265)</b>	<b>Total</b>	<b>(18,072)</b>

# COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This 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 National Non-Domestic Rates.

2020/21				2021/22		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
<b>INCOME</b>						
0	(79,034)	(79,034)	Council Tax receivable	0	(82,027)	(82,027)
(19,199)	0	(19,199)	Business Rates receivable	(28,585)	0	(28,585)
<b>(19,199)</b>	<b>(79,034)</b>	<b>(98,233)</b>	<b>Total income</b>	<b>(28,585)</b>	<b>(82,027)</b>	<b>(110,612)</b>
<b>EXPENDITURE</b>						
<b>Apportionment of previous year surplus/(deficit)</b>						
1,239	0	1,239	Central Government	(9,441)	0	(9,441)
788	170	958	Surrey Heath Borough Council	(7,553)	(195)	(7,748)
(228)	1,128	900	Surrey County Council	(1,888)	(1,204)	(3,092)
0	202	202	Surrey Police Commissioner	0	(216)	(216)
<b>1,799</b>	<b>1,500</b>	<b>3,299</b>		<b>(18,882)</b>	<b>(1,615)</b>	<b>(20,497)</b>
<b>Precepts, demands and shares</b>						
18,538	0	18,538	Central Government	18,046	0	18,046
14,830	9,405	24,235	Surrey Heath Borough Council	14,437	9,666	24,103
3,708	58,230	61,938	Surrey County Council	3,609	60,121	63,730
0	10,424	10,424	Surrey Police Commissioner	0	11,083	11,083
<b>37,076</b>	<b>78,059</b>	<b>115,135</b>		<b>36,092</b>	<b>80,870</b>	<b>116,962</b>
<b>Charges to the Collection Fund</b>						
165	0	165	Transitional Protection Payments due to Central Government	360	0	360
0	0	0	Less: write-off for uncollectable amounts	(5)	0	(5)
(116)	536	420	Less: increase/decrease in allowance for Impairment	188	(84)	104
3,097	0	3,097	Less: increase/decrease in provision for appeals	(288)	0	(288)
121	0	121	Less: cost of collection	128	0	128
<b>3,267</b>	<b>536</b>	<b>3,803</b>		<b>383</b>	<b>(84)</b>	<b>299</b>
<b>42,142</b>	<b>80,095</b>	<b>122,237</b>	<b>Total expenditure</b>	<b>17,593</b>	<b>79,171</b>	<b>96,764</b>
<b>22,943</b>	<b>1,061</b>	<b>24,004</b>	<b>(Surplus)/deficit arising during the year</b>	<b>(10,992)</b>	<b>(2,856)</b>	<b>(13,848)</b>
<b>983</b>	<b>107</b>	<b>1,090</b>	<b>(Surplus)/deficit brought forward 1 April</b>	<b>23,926</b>	<b>1,168</b>	<b>25,094</b>
<b>23,926</b>	<b>1,168</b>	<b>25,094</b>	<b>(Surplus)/deficit carried forward 31 March</b>	<b>12,934</b>	<b>(1,688)</b>	<b>11,246</b>

## Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Government specifies the rate poundage, and subject to the effects of transitional arrangements, the rates payable are calculated by multiplying the rateable values by the rate poundage. As at 31 March 2022, the total non-domestic rateable value of properties owned by the Council was £84.5 million. The 2021/22 national non-domestic rate multiplier was 49.9p (2020/21 49.9p) for small businesses and 51.2p (2020/21 51.2p) for other businesses.

## Calculation of Council Tax base

Council tax income derives from charges raised according to the capital value of residential properties which have been classified into nine valuation bands, based on market values estimated at 1991 prices. To calculate the total yield from Council tax in a year, it is necessary to convert the number of dwellings in each band to an equivalent number of Band D dwellings. The tax base calculation is derived by first multiplying the estimated number of domestic properties in each tax band less exemptions by a weighting factor. This result is then reduced by a percentage to allow for losses on collection and reductions through appeals.

The calculation of the 2021/22 tax base is shown below:

2020/21			2021/22			
Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents	Band	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
0	5/9	0	A*	0	5/9	0
362	6/9	241	A	366.19	6/9	244
1,416	7/9	1,101	B	1,494	7/9	1,162
4,684	8/9	4,163	C	4,766	8/9	4,236
8,478	9/9	8,478	D	8,590	9/9	8,590
6,049	11/9	7,393	E	6,099	11/9	7,455
5,439	13/9	7,856	F	5,460	13/9	7,886
4,845	15/9	8,076	G	4,869	15/9	8,115
477	18/9	954	H	480.15	18/9	960
<b>31,750</b>		<b>38,262</b>	<b>Total</b>	<b>32,124</b>		<b>38,649</b>
		400	New properties Band D equivalent			314
		444	Ministry of Defence (MOD) properties			432
		(580)	Less: allowance for non-collection			(584)
		<b>38,526</b>	<b>Council tax base</b>			<b>38,811</b>
		<b>98.50%</b>	<b>Collection rate assumed</b>			<b>98.50%</b>



## INTRODUCTION

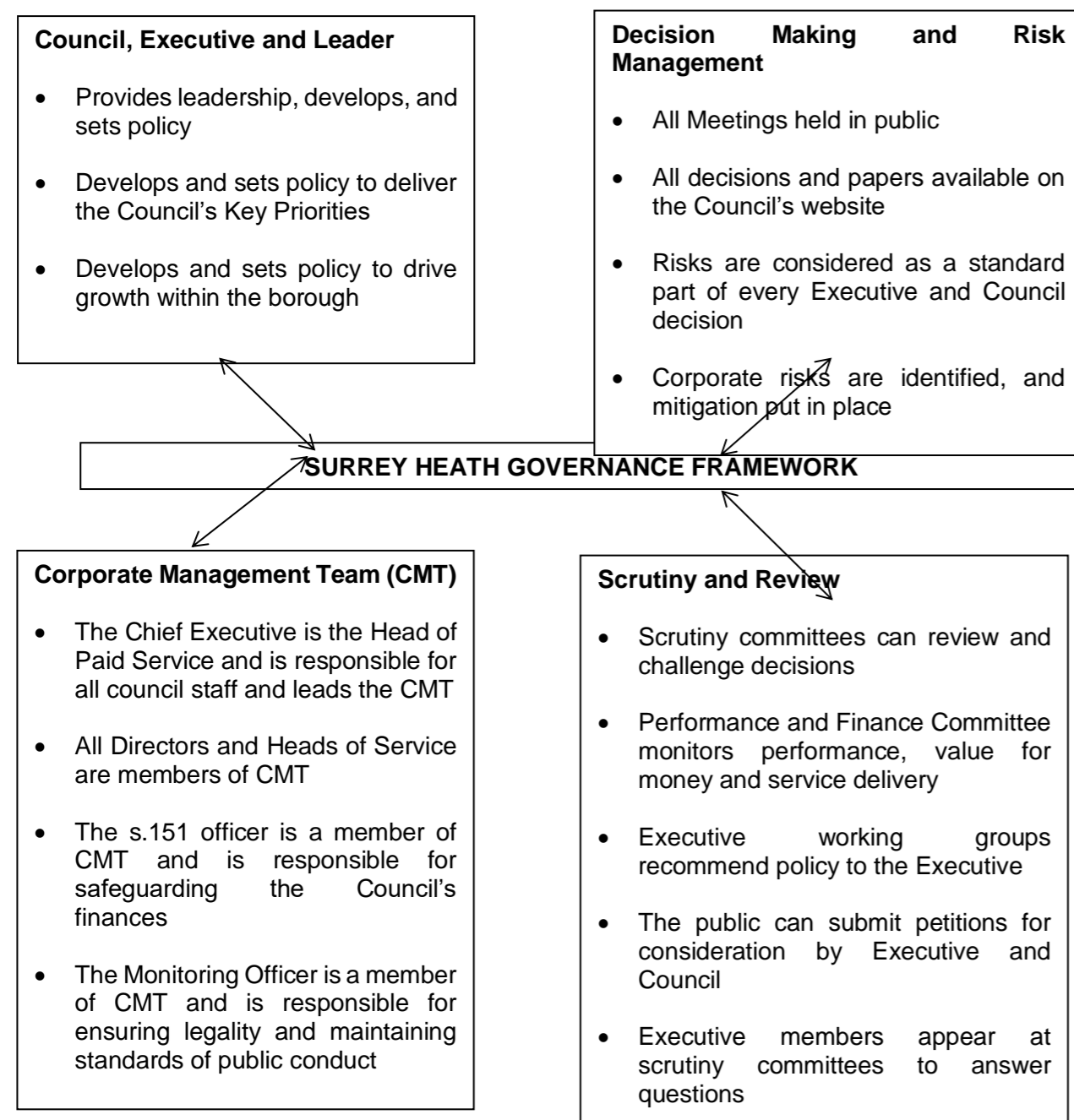
Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for;
- and resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

## KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



## HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has approved and adopted a Code of Corporate Governance together with a number of other strategies and processes, such as financial regulations and codes of conduct which strengthen corporate governance. The Council's Constitution contains rules, requirements, processes, procedures and authorisations to ensure effective governance across the Council.

The Coronavirus pandemic has had a significant impact on both the Council's finances as well as on how it delivers its services. The Council introduced Covid safe support services to assist with the national response at government level and be able to continue to deliver existing services to residents. This has required the Council to change the way services are delivered and at the same time develop and maintain new services to support those residents affected by the pandemic.

Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2021-22

### PRINCIPLE A

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

The Council has a Code of Conduct for elected Members, and a Code of Corporate Governance which provides guidance for officers and Members on expected standards of behaviours to ensure integrity. Members and officers receive training in Code of Conduct and behaviour issues. The Council has adopted a new framework for values and behaviours which comprises five values which are Customer Focus, Teamwork, Innovation, Delivering Results and Proud to serve. The Audit and Standards Committee and Monitoring Officer ensure that the Members' Code of Conduct is up to date and investigate any suspected breaches. The process for dealing with investigations is contained in the Constitution regularly reviewed by the Monitoring Officer.

All officers and Members must also sign up to the Council's Anti-Fraud and Corruption Policy and declare any interests they may have or gifts they have received which are recorded in the Gifts and Hospitality Register. These are reviewed periodically by Internal Audit. The Speak Up Policy (formally known as the Whistleblowing Policy) provides protection for individuals to raise concerns in confidence about unusual behaviour and ensures that any concerns raised are properly investigated. The policy is available on the Council's website and forms part of the Council's induction process. A Bribery Policy has also been established and adopted. The Council has an internal corporate enforcement team which has the power to investigate any suspected fraud or corruption both internal and external with the support of the police and is able to report directly to HR/Monitoring Officer for action to be taken if required. Several Council officers are trained to undertake interviews under caution in accordance with the Police and Criminal Evidence Act 1984.

All Council decisions have to consider legal and governance implications which are included as a standard paragraph in all Committee reports. Senior officers and other key post holders receive support from Legal Services in this regard and if specialist legal advice is required then the Council will engage external advisers. The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to Members. Both these officers are required to review all Committee reports.

The Council has an internal audit team that undertakes audit reviews of the Council's main activities on a regular basis. Findings are reported to the Corporate Management Team and to the Audit and Standards Committee periodically. Audit has a direct reporting line to the Chief Executive as well as the Audit & Standards Chair on matters that may require immediate action.

The Council's Governance Working Group meets regularly to discuss matters of governance and to make recommendations on improving governance. The group comprises of Members and senior officers.

An officer Equality Action Group champions equalities throughout the organisation, monitors compliance with the Equalities Policy, and reviews service level Impact Assessments. There is also a Member Equality Working

Group looking at ways to engage the community. All decision reports are required to complete a section on equalities implications.

### PRINCIPLE B

#### **Ensuring openness and comprehensive stakeholder engagement**

All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys, and public meetings, except those determined as exempt from publication. The Council's Constitution also provides for public engagement at Council meetings whereby the public can attend and put questions to Members. Committee reports contain a standard paragraph to comment on consultation with third parties and stakeholders.

Temporary regulations regarding Covid 19 have enabled Councils to hold remote Committee meetings until May 2021, however the Council needs to keep under review the laws on holding hybrid and fully remote Committee meetings because changes are anticipated.

The Council's Constitution sets out how it engages with stakeholders and has representation on the governing bodies of external organisations including the local housing association, CCG, and other joint bodies.

The Council has reviewed the requirements of The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 and has undertaken a review of its website to ensure the Council is compliant and maximises engagement from the community in terms of accessing Council information.

The Council traditionally holds two business breakfasts each year to present the work of the Council and to discuss matters of common interest to local businesses. The Council sends every household a copy of its residents' magazine, Heathscene, three times per year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube. More specific e-bulletins and publications are created for various communities of interest, such as businesses, theatre users etc as well as for changes in services. The Council has set up a specific website called Camberley Be Inspired that provides latest news on the town centre regeneration.

### PRINCIPLES C AND D

#### **Defining, optimising, and achieving outcomes**

The Council has in place a five-year strategy covering 2022 to 2027 based around 4 themes. These are Environment, Economy, Health and Quality of Life and Effective and Responsive Council. For each of these themes there are high level objectives and underneath are the priorities. A new Annual Plan is approved by Members each year which sets out the key targets which will be delivered for the year to further the priorities. These targets feed through into project plans and individual staff and team objectives to help ensure that specific outcomes in relation to the five-year strategy can be delivered and monitored.

Each service also plans out how it will deliver the outcomes relevant to its area of work in the context of the agreed budget for the year ahead. Services challenge each other through the Corporate Management Team to ensure their budgets deliver value for money.

To ensure that the Council continues to deliver sustainable social and environmental benefits, there is an Economic Development Plan, as well as a series of more specific strategies. These include the Health and Well Being Strategy, Housing Strategy, and the Air Quality Strategy. The Council has created a new role to help tackle climate change at a local level.

All decisions, unless delegated, are made by Executive which include reviews of options and risks by officers and Members. Key performance indicators are in place for all services, and these are reported bi-annually, together with performance against the Annual Plan, to Members for discussion and potential intervention where expected performance is not being achieved.

The Council has been through a programme of rapid technology change and significant transformation and continues to review ways of working in order to increase efficiency, reduce costs, adapt to changing legislative requirements, and simplify its IT estate. It has invested in some of the latest technology and innovation enabling services to move to cloud-based computing to support agile and mobile working. The Council has invested in a new cloud-based telephony solution now implemented for all staff. The old hardware was decommissioned in November 2019. The new system allows staff to access work calls on their personal or work mobiles. Spider (or teleconferencing) technology has also been introduced at several sites across Surrey Heath House, which enables teleconferencing meetings to be held.

The Council's ageing network switch infrastructure has been re designed improving resilience and connection speeds for staff and equipment. A number of computer applications have moved to Box and are no longer stored on the Council's server network. Acolaid has been replaced with Idox Uniform, the CRM system has been replaced with a new cloud base system, a cloud-based GIS system has been implemented and the Council's finance system Civica successfully migrated to a cloud-based system to allow users to be able to access it remotely. The HR and ICT Team have jointly implementing a cloud-based HR system to further support agile working. Elsewhere, IoT technology has been implemented at Surrey Heath House which allows legionella compliance to be tested automatically. The roll out of Intune laptops has been progressing and now over 100 Intune laptops have been deployed to staff.

Due to the overspend on the public realm works in Camberley Town Centre, the Council agreed to scrutinise the overspend with a view to improving governance on capital projects.

## PRINCIPLE E

### Developing capacity and capability

A key element of the Council's service planning is to maximise the investment in staff through training to enhance the qualifications and skills to enable them to fulfil their roles and potentially progress within the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. Training requirements are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides mandatory training for all staff where appropriate, examples include information governance training, safeguarding and emergency centre training. The Council is also a member of the Surrey Learn Partnership which offers cost effective personal skills training in areas such as management skills, communication skills and personal effectiveness on a Surrey wide basis. The Council has a full induction programme for staff and Members.

A new Councillor welcome pack was provided to all Members, as well as a quick start guide for IT guidance. An external firm of solicitors were commissioned to train Members on the Licensing Act 2003, South-East Employers provided two training sessions on Charing Skills as well as on Effective Ward Work. Several Members also attended a South-East Employers new Councillor event with other new Councillors from other authorities in Newbury. A comprehensive training timetable was also rolled out covering sessions on equalities, cyber security, data protection and planning.

During the year, a number of staff were supported through training and experience to gain professional qualifications. This is seen as a major incentive to attract staff to the Council and enable it to address skill shortages and competencies in the future. The organisation has rolled out a new agile working policy for its staff to enable them to achieve a more positive work life balance and provides a basis for working remotely away from the office environment.

The Council works across a broad set of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. Under the Joint Waste Partnership Surrey Heath is the lead authority of four authorities to deliver a waste and recycling operation under a single contract. The Council has also extended its joint arrangements with other Councils in areas such as Environmental Health and Community Services.

The Covid-19 pandemic resulted in collaborative working arrangements needing to be established with some of our partners to help support the welfare work, including new arrangements with the voluntary sector such as Surrey Heath Prepared, and Age UK, as well as with the National Shielding Service and Surrey County Council to deliver a welfare response. New governance arrangements as well as data sharing protocols were established.

The Council is developing an agile working policy to increase capacity through more flexible working. One aim of the policy is to achieve an appropriate balance between office and home working to boost capacity.

## PRINCIPLE F

### Managing risks and performance

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. A Corporate Risk Register is maintained which identifies the key risks the Council is facing and measured against impact and likelihood. The risk register is reviewed periodically by the Council's risk management group and is reported to CMT and to the Performance and Finance Committee at least annually.

The Corporate Risk Management group have continued to review existing as well as risks that have emerged following the end of restrictions associated with the Covid-19 pandemic, especially in terms of the effects on current and medium to long term Council finances and financial planning. The main risks associated with the pandemic were identified at the onset of Covid-19 and the risk associated with the new normal continue to be monitored by CMT.

During 2021/22 the Council has continued to prioritise the health and safety of its workforce and the communities it serves.

The Council regularly reviews and assesses hazards within the workplace and implements control measures to mitigate risk. Updates on Health and Safety matters is now a standing item on the CMT agenda. This is defined in law under the Management of Health and Safety at Work Regulations 1999. The measures are communicated to relevant staff.

The Council also has a written Health and Safety policy (which includes steps on how to deliver the policy) which is kept under constant review to ensure that it remains up-to-date.

As regards the management of the workplace to ensure that services were maintained and staff protected post Covid lockdown, the following additional health and safety strategies were implemented:

- Ensuring adequate ventilation to help reduce risk of spreading coronavirus in Council workplaces;
- Supporting and advising staff working from home and those required to work alone on lone without supervision. Regard was also paid to issues such as providing suitable equipment (e.g., laptops) and the management of stress arising from lone working;
- Covid security for workers was added to the Council's Risk Register;
- Guidance was issued to staff to on personal protection, visitor access to buildings, social distancing and the use of on-line technology (e.g., 'Teams' meetings);
- Increased cleaning and other hygiene measures were introduced to the workplace.

Progress against the Annual Plan objectives and KPI's are reported bi-annually to Members. The Council has adopted a suite of Financial Regulations together with Contract Standing Orders, which set out expected financial and spending processes and internal controls, which are monitored on a periodic basis.

The internal audit team provide regular reports on the effective operation of these controls together with an annual assessment of the overall control environment. The Council's Information Governance Manager is responsible for overseeing the Council's compliance with UK GDPR and DPA, ensuring effective information governance, information security, information rights and records management processes are in place. The annually reviewed Data Protection Policy and Information Security Policy governs how information should be securely handled, transmitted, stored, and maintained. The Councils Data Security Breaches Policy governs the effective reporting, investigation, and management of breaches of information security. The roll out of the GDPR regulations and associated DPA has resulted in the corporate Privacy

Notices being are regularly updated on the Council website and new ones for different departments are being added. All staff have completed information security and GDPR training. One of the main risks to information management comes from cyber-attack.

The Council has taken out insurance policies to help manage its risk exposure and has commissioned the services of services providers at the London borough of Sutton, and commercial insurers Zurich and Allianz.

The Council recognises that it does not have the expertise internally in all matters and engages external advisors when required for example in relation to the town centre regeneration, the public realm works, and Council development projects including Ashwood House, the London Road Block and the new leisure centre.

The Council submits reports on its performance in complaints, planning, environmental protection, and a number of other areas to Members each year for discussion and comment.

The Council has purchased the town centre site in order to regenerate the Square and the London Road development site. The Council recognises that this carries a significant level of commercial and financial risk, and it has appointed professional agents and legal advisers to manage and advise on these areas so as to minimise these risks.

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce emissions. A task group has been established which is charged with a number of actions including how the Council plans to deliver the carbon reduction target; to declare a Climate Emergency and develop actions to support businesses and all relevant bodies in their work to tackle climate change; and develop a policy for the use of renewable materials and energy across the Council's estate; agree to make Surrey Heath Borough Council and its contractors carbon neutral by 2030.

The Council's corporate enforcement team continues to manage the risks associated with unauthorised encampment sites.

Covid 19 has necessarily resulted in complex and unprecedented negotiations between the Council and tenants regarding rent deferrals and concessions. Due to the urgency, these negotiations have been accelerated and therefore potentially there may be some risk in terms of the overall benefit of the negotiated outcomes.

Covid-19 has had a significant effect on both the Council's short term cash flow and financial situation, but equally on the long-term effect on the level of resources available, together with the uncertainty over its medium-term financial planning. Council income has fallen dramatically during the lockdown periods particularly with the temporary closures to both the Council's car parks and the theatre, both of which form a significant source of income for the Council. The Council's property portfolio has also been affected, in terms of offering rent deferrals and tenants not being able to meet their rents due combined with the Government moratorium on recovery action and evictions. Council investments will also be affected in terms of interest and dividends expected from money market investments.

Although relatively low value, the Council will not be able to rely upon future funding from the New Homes Bonus which is in the process of being phased out. The amount of business rates the Council can retain is likely to reduce as the impact of the recession is felt by more businesses and the Government intends to reset the baseline. This will be limited to the point at which the Council will hit the safety net of 92.5% of the retained amount.

With the ongoing reduction of in-year funding the Council has made the decision to use some of its financial reserves in the short term to help balance its budget. Reserves can only be drawn on once and when spent are unlikely to be replenished; continual use of reserves to balance the budget represents a significant risk in the long term unless future budgets are balanced between expenditure and funding.

The government announced a new comprehensive package of support to help address spending pressures and to cover lost income during the pandemic. The major new support package to help councils respond to the pandemic will assist as part of a comprehensive plan to ensure the Council's financial sustainability for the future. The scheme reimbursed the Council for lost income and also allows council tax and business rates deficits to be repaid over 3 years instead of one. Where losses were more than 5% of planned income from sales, fees and charges, the government provided cover at a rate of 75p in every £1 lost.

The government also announced financial support for small businesses, retail, hospitality, and leisure sectors. The Council acted as a payment agent for three grant funding schemes- the Small Businesses Grant Fund, Retail, Hospitality and Leisure Grant Fund and Discretionary Fund Grant. All grant applications underwent a verification process to ensure they are genuine and valid.

Post Covid-19 there will be a significant impact on the Council's capital programme. The increase in costs for labour and materials in the construction sector has meant that the Council has prudently placed a number of build projects on hold and new viability studies and timeframes have been developed.

The Covid-19 pandemic has also resulted in a rise of unforeseen and unbudgeted Council expenditure on items such as health and safety equipment, e.g., PPE, office screens and signage, in addition to extra spend on office cleaning, cleaning products and hand sanitizers, to protect both the workforce and visitors to the Council.

The Joint Waste Service has also introduced a variety of service adjustments in response to the pandemic and these have been communicated to staff and to service users.

The budget challenges have been recognised by the Council by undertaking more detailed analysis of the financial position of the Council. A revised Medium Term Financial Strategy was developed and approved by February's budget Council; as part of this the Council is planning to pursue a budget review process to examine further efficiencies for individual departments to be completed in the first quarter of 2022/23.

## **PRINCIPLE G**

### **Implementing good practices in transparency, reporting, and accountability**

All Council agendas and supporting information, unless exempt, set out the reasons for the decisions made. The Council works to provide clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.

Outstanding internal audit recommendations that are essential are periodically reported to CMT and the Audit and Standards Committee as required, to ensure that officers undertake any follow up actions as appropriate.

The Local Government Transparency Code 2015 requires local authorities in England to publish information related to spend including expenditure over £500, government procurement card information and senior salaries. Surrey Heath is committed to providing residents with information that explains how we spend their money. The Government has set down guidelines as to the format of this information to enable residents to compare the performance of one authority against another.

Surrey Heath, as a public body, is also covered by the Freedom of Information Act. This Act gives a general right of access to all types of recorded information held.

The Chief Executive, Monitoring Officer and Democratic Services Manager meet every 6 months to review which exempt minutes can be released.

## **REVIEW OF EFFECTIVENESS**

### **Management Assurance Statements – summary of key points from service areas**

#### **Finance & Customer Service (including Planning Services)**

##### **Development Control**

Areas for improvement - better officer training program required for CPD and a commitment by the team to engage with this; timeliness of statutory decision making and efficiency of internal working practices to reduce the number of expired planning applications, the reliance on extensions of time and further improve statutory returns (particularly minors); consistency of officer approach with decision



making and internal procedures; improved use of Planning Performance Agreements to supplement finances, aid resources and deliver effective sustainable outcomes.

Governance weaknesses that have been addressed in-year - engagement with planning agents and developers by the introduction of developer forums with the first one held in January and with future events to be held bi-annually; performance of the service including customer care by an independent review of the service by the Planning Advisory service with recommendations being implemented; insufficient capacity with the team to undertake statutory duties with over reliance on temporary contractors and the establishment structure being too flat by changing to a structure to introduce a second team leader and establishment vacancies filled; better performance management tools by the introduction of Enterprise performance monitoring software system and greater emphasis on 1-2-1s.

## **Planning Policy & Conservation**

Areas for improvement - improving project management skills and financial training within the Council to increase performance and capacity; providing procurement training to teams, e.g. procurement training for the Policy and Conservation Team has been arranged.

Governance weaknesses that have been addressed in-year - monthly service accountant meetings to be re-instated to deal with consistent financial support by service accountant due to in year changes in service accountant; budget information has been requested to tackle a lack of information on salaries budgets and is being provided.

## **Building Control**

Areas for improvement - ensuring the retention and recruitment of qualified staff to ensure the Council's capacity to fulfil its statutory duty in regard to Building Control; ensuring capacity in the Building Control team to enable staff to complete essential training and obtain statutory qualifications to perform their roles.

Governance weaknesses that have been addressed in-year - lack of official procedural compliance has been addressed by undertaking and achieving ISO 9001 compliance for Surrey Heath Building Control; resilience and capacity in the team has been addressed by successfully recruiting one permanent surveyor and advertising for the vacant surveyor post.

## **Finance**

Areas for improvement - the timely preparation of statutory accounts; improvements made to the budget monitoring reports and the monitoring of the budget in general.

Governance weaknesses that have been addressed in-year - greater active involvement of budget holders in budget monitoring and forecasting.

## **Procurement**

Areas for improvement - the Council requires a new Procurement Strategy; the Council requires a review of its procurement processes to include ED&I, anti-poverty, social value, and fairtrade considerations; the Council needs a pipeline of procurements that are coming due particularly with regard to the major contracts; the Council requires a review by internal audit as to the suitability and capacity of the corporate procurement function. Improvements are also needed for compliance with

contract standing orders and procedural rules, along with better use of Procurement tools already provided such as the Procurement and Contracts Register and the Delta e-sourcing tool.

Governance weaknesses that have been addressed in-year - the Council has recruited a full-time procurement officer to address the lack of procurement resource; CMT receives regular reports and a procurement pipeline is being developed so that the lack of procurement awareness in the Council of upcoming procurements is being met; 'Airtable' cloud based system has been introduced, and now needs to be used by all services which is helping to address the contract register being out of date. There is a lack of use of the Council's Procurement and Contract Register which is being tackled by the introduction of an online accessible version for all Officers to record procurements and contracts placed in-line with internal requirements and with The Transparency Code 2015. A lack of Officers' compliance of the CSOs is being addressed by supporting Internal Audit during Procurement Audits to identify areas needing further awareness and improvement, and a lack of Procurement resource to support and implement best practise strategies is being addressed by an SHBC wide Procurement Officer role engaged under Finance to implement improvements.

## **Customer relations/contact centre**

Areas for improvement - coordinate/cross reference planned consultations to ensure resident requirements for all services are fully understood, better councillor engagement and understanding of services provided, and provision of mental health awareness and training for contact centre staff.

Governance weaknesses that have been addressed in-year – Councillor engagement was improved by meeting with new Portfolio holder, provision of better management information, and further meetings planned. There has been an opportunity to expand on service achievements and challenges during the Star Chamber process.

Management capacity has been tackled by cross training of managers across two teams, Post Room and Contact Centre and also releasing savings and build further resilience into the service.

## **Revenues and Benefits**

Areas for improvement - Training to staff to support them in identifying the business risks that will affect the Revenues & benefits team; Ensure adequate controls are in place to ensure the accuracy of the work undertaken by the service and ensure procedure notes are updated timeously

Governance weaknesses that have been addressed in-year - Covid grant payment reconciliation process has been addressed by all payments made using Civica Financials; Covid grant payments identification of eligible recipients has been tackled by only using NEC or approved supplier solutions; and Covid grant application fraud has been addressed as all applications have been checked using Spotlight.

## **Legal & Democratic Service**

### **Democratic Service & Elections**

Areas for improvement - earlier identification of decisions required to ensure sufficient notice is given for decisions, in particular key decisions, and avoid the use of Urgent Action.

Governance weaknesses that have been addressed in-year - areas of the Constitution where anomalies and inconsistencies exist and where it is lacking in precision have been addressed by



carrying out a full review of the Constitution with the Governance Working Group; resources within the Democratic Services Team have been tackled by the addition of a temporary resource within budget to cover the election period; weaknesses and gaps in the Constitution have been considered; and the election software contract has been addressed by carrying out a procurement exercise.

## **Legal (property)**

Areas for improvement - scanning paper records so that electronic copies are held, thus aiding the disaster recovery process, helping provide faster and more effective property management and freeing-up space within Surrey Heath House by destroying documents that are no longer needed; putting the management of all properties under one single property team, with records being held separately by Corporate Property, Leisure and Investment & Development as management has been disjointed. This exposes the Council to greater risks, increases costs and reduces the ability of the Council to maximise income from its property portfolio; additional resources for property management is needed, particularly in terms of the management of Leisure properties where there is a gap in expertise. This would also give Corporate Property greater capacity to manage the investment property portfolio and better exploit opportunities to increase revenue.

Governance weaknesses that have been addressed in-year - with the ownership of The Square in Camberley being transferred to the Council in April 2021, a new governance process had to be put in place for proposed lettings. A governance process was established with Montagu Evans and officers to ensure proposed lettings were considered and recommended for approval in accordance with the constitution. With the recruitment of a retail asset manager, this process should become quicker and assist in maximising revenue. There has been a lack of resources in Legal Services to assist with Property and Planning work, so a benchmarking exercise was undertaken with other districts to help assess salary levels. Efforts have also been made to improve adverts, job descriptions and person specifications to improve recruitment efforts. A Senior Solicitor and a part time (24 hours a week) Solicitor were recruited in September 2021.

The IKEN case management system has prevented effective agile working so the case management system has been replaced with a cloud-based case management system which is more compatible with agile working.

## **Legal (litigation)**

Areas for improvement – better utilisation of bundle documents to enable court bundles to be produced electronically, saving printing and paper resource and officer time, and the submission of electronic claims to the Courts wherever possible.

Governance weaknesses that have been addressed in-year – a lack of resilience in the team to pick up litigation matters in the event of my senior staff absence has been addressed, to some extent, by introducing a template bank in Box so that team members can access prosecution templates for enforcement and planning matters.

## **Internal Audit**

Areas for improvement - increasing in year assurance by undertaking new audits to maximise audit coverage including Climate Change and Cyber Security; improving the monitoring of audit recommendations and reporting progress made by making better use of the cloud based Air Table software; benchmarking the performance of Internal Audit with other authorities by carrying out a Peer Review in 2022 with Spelthorne and Elmbridge councils and increasing the assistance given to CMT by carrying out ad hoc corporate consultancy activities e.g. corporate reviews and investigations.

Governance weaknesses that have been addressed in-year – addressing capacity and resilience issues by managing work loads and customer/client expectations; reviewing and updating the Council's Financial Regulations and Contract Standing Orders; providing corporate audit assistance to the following areas - IR35 compliance, credit card usage, NFI as well as introducing a new asset disposal policy.

## **HR, Performance & Communications**

### **HR**

Areas for improvement – using LinkedIn to advertise posts as much as possible therefore reducing advert costs

Governance weaknesses that have been addressed in-year - regular checking of recruitment advertisements throughout the year, approving recruitment advertisement after one attempt made using JGP and LinkedIn; the health and wellbeing budget was overspent due to support to a particular service area so this has been tackled.

### **Organisation Development**

Areas for Improvement - better project management across the organisation, e.g. through the Capital Programme Board which is being supported by HR, and escalation of issues; continuing the focus on learning & development to increase performance and capacity including growing talent; further improving the Council's training records (including those on the eLearning system); continuing to review mandatory training e.g. Safeguarding training; creation of a Corporate Policies list for transparency and to monitor when/how these need to be updated; continuing to improve and strengthen the performance management approach and trying to improve the Council's use of the apprenticeship levy

Governance weaknesses that have been addressed in-year - mandatory training has been reviewed and any outstanding induction training chased; implementation of a new function within the eLearning system of 'certification' for Data Protection annual refresher; the need for a new Five Year Strategy based on an extensive public consultation exercise and significant engagement with Member from all political groups and partners. Introducing clear targets under the key themes which then translate to the Annual Plan for 2022/23. The ability to maximise capacity within the Council with a strong focus on learning & development and talent management; increased capacity in this area with the introduction of a FT OD Officer post using existing unused funds; capacity for improvement activity by the introduction of the NGDP and Kickstart schemes.

### **ICT**

Areas for improvement - cyber readiness by reviewing suitability of logging platform to support log storage as well as plans to raise further end-user awareness of risks and threats; review of replacement options to replace legacy door access system

Governance weaknesses that have been addressed in-year – the appointment of a new team member to address the ICT Service Desk staffing issue; adoption of Azure Virtual Desktop to replace remote access tied to firewall located at Surrey Heath House as well as the migration of key Council systems to cloud (e.g. HR system to iTrent, Revs and Bens to NEC cloud) is addressing agile working and reducing reliance on Server room and Surrey Heath House; moving away from Proact IaaS to Microsoft Azure to help IaaS platform managed by single supplier; adoption of PDNS to further improve laptop endpoint security; agile working and laptop lead time (due to global chip shortages) issues have been addressed by using alternative options including remanufactured equipment.

### **Community Development & Safety**

Governance weaknesses that have been addressed in-year – the CCTV service and provision has been addressed via the Executive Agenda and a policy adopted on 16/03/2022.

## **Communications and Engagement**

Areas for improvement - a clear communications strategy is needed that is agreed for the Council; continue to work to ensure that the accessibility rules are adhered to, and whilst a large amount of work has been undertaken to ensure the Council is compliant, further training and awareness to be provided for staff; there is a lack of knowledge and resilience around leisure leases but through organisational redesign this issue will be resolved; the software used for the Council's website will soon become de-supported, this needs to be updated; there is no agreed framework for dealing with consultations with teams able to decide rather than any consistency of approach. Promoting consultations is much improved but the content/direction for consultations are owned by the teams delivering them; there still needs to be a clear process needed for the sign off communications.

Governance weaknesses that have been addressed in-year -accessibility - an assessment of all pages on the website was completed with all pages updated to adhere to the legislation. Clear guidance given to staff to ensure we continue to adhere to the legislation; website - working with ICT capital funding has been secured to upgrade the website from drupal 7 which will become unsupported to drupal 9; improve internal communications – the comms team was part of the project team that introduced a new intranet to improve internal communication channel which was identified in the staff survey as an area that needed to be improved.

## **Investment & Development**

### **I&D**

Areas for improvement – Strategic framework required for the investment portfolio to set direction and policies for management implementation. Development of high level KPIs as strategic monitors of performance. Consolidation of information to provide internal reporting of health, safety and compliance activities delivered by the Council's investment managing agents. Development of sustainability and environmental obligations in new leases.

Weaknesses that have been addressed in-year - On -shoring of the Council's ownership of retail assets as a means to provide direct control and supported by strengthened interface and governance with the Council's managing agents. Improved internal reporting on investment performance. Policy for recovery of rental arrears established and implemented. Improvements in letting of vacant properties. Governance Investment income not shown in Council general ledger is now included and performance monitored monthly. Project management processes have been defined and are being adhered to, providing greater rigour and control of projects. The absence of a risk register has been addressed and is being updated quarterly; and the absence of an approvals process for lettings is now in place.

## **Environment & Community**

### **Joint Waste Solutions**

Areas for improvement - on behalf of Surrey Environment Partnership ("SEP"), Joint Waste Solutions ("JWS") utilise the waste hierarchy to focus priorities on waste prevention and recycling and are currently in the process of developing an interim strategy to bridge the gap until further clarity is received from government on key emerging policy; JWS is currently building on the strength of the work programme procedure to further develop its approach to performance management, ensuring tangible outputs and/or outcomes; and is developing a resource planning tool to actively monitor and manage the placement of its resources effectively and efficiently to ensure successful delivery of both

the SEP and Joint Contract work programmes; regular project management meetings take place through the life of projects and appropriate interventions are discussed and deployed as agreed and appropriate by the project board and/or key stakeholders; JWS has identified the staff who would benefit from the Safeguarding Training and is working to ensure this requirement is fulfilled; JWS is accountable to all 12 local authority partners of the SEP and the 4 local authorities in the joint contract. Governance arrangements with 4 officer and 4 member meetings annually for both SEP and the joint contract enables approval of the work programme and associated expenditure and transparency of delivery throughout the year. There is currently a project in the work programme to review and further strengthen the governance arrangements of SEP; JWS actively engages with local authority practices and procedures to identify and where relevant implement savings and efficiencies and increase income generation.

Weaknesses that have been addressed in-year - JWS are currently leading on a project to develop an interim Joint Municipal Waste Management strategy by SEP 2025 – a partnership approach to waste prevention and recycling. SEP 2025 will bridge the gap between now and receiving further from government on key emerging policy and provide a clear strategic direction with a vision and objectives for the next 3 years. SEP 2025 performance will be monitored quarterly and reviewed and updated annually; Performance management - JWS is currently building on the strength of the work programme procedure to further develop our approach to performance management, ensuring tangible outputs and/or outcomes. This will enable us to better understand the impact of our activities and the cost / benefit of our projects and initiatives. It will also allow us to manage our performance against SEP 2025 and implement interventions where necessary to improve performance. Governance - JWS are reviewing and updating the SEP Governance arrangements. At present, some governance activities have not been formalised and they need to be, and some areas could be streamlined to enable the partnership to act more effectively and efficiently.

JWS are currently considering the funding mechanisms and arrangements that are in place, with a view to developing a new approach that incentivises the district and borough councils to improve their performance in line with the vision and objectives to be set out in SEP 2025. JWS intends to develop a skills matrix and training plan, with consideration to succession planning. Due to current operational challenges, if this is not completed in 2022-23, it will be delivered in 2023-24. JWS has identified the staff who would benefit from the Safeguarding Training and is working to ensure this requirement is fulfilled.

JWS needs to consider how it could make best use of the Apprenticeship Levy to develop and/or improve skills and capabilities within the team.

## **Environmental Health & Licensing**

Areas for improvement – to improve the financial information, training and support provided to budget managers; finance/budget managers to work together in relation to potential income generation opportunities such as chargeable services and full cost recovery on discretionary services; increase IT/organisational development support to service managers in the review of performance management arrangements/ service KPIs to ensure they are meaningful/ challenging & consider how best conveyed to the public/partners; IT & service managers to work together to identify areas of development and improvement in the IT infrastructure to ensure that case management systems are fit for purpose; continue the integration/embedding of Council's Values & Behaviours through appraisal /one-to-one process/team meetings/staff briefings; review potential areas of joint working/overlap between service areas to improve efficiency/customer service.

Governance weaknesses that have been addressed in year - the main management focus in 21/22 was deploying resources to meet the EH & Licensing Service's Covid-19 enforcement and contain/outbreak management duties, however some improvements in the use of Uniform,

performance and financial monitoring/ reporting were made and work undertaken to ensure officer competency/development across the service disciplines was maintained.

## Enforcement

Areas for improvement – the Uniform project continued to cause problems for the team in terms of service delivery so better working with ICT to address issues and laptop priority is needed; resourcing issues to be tackled by less reliance on contractors; confusion over management reporting lines following restructure so working with CMT to address key issues.

Governance weaknesses that have been addressed in-year - managing the out of hours unauthorised encampments service by ensuring learning points are taken on board and are reflected in the out of hours protocol; managing the effective transition across to agile working by using new laptops, Enterprise etc; more effective work force planning by reporting issues to CMT / Executive for additional permanent resource following a restructure of the Corporate Enforcement team.

## Housing

Areas for improvement - improved relationships between service managers and accountants to ensure that managers understand the financial data available and accountants understand the nature of the business to be able to provide relevant financial support and commentary. Better understanding of the cost of delivering externally funded contracts and projects to ensure full cost recovery on all work.

Governance weakness that have been addressed this year – dialogue with Accent to provide improved temporary accommodation for homeless households and reduce voids in current temporary accommodation that are the financial responsibility of the Council.

## Family Support

Areas for improvement - stakeholders to be aware of the expectations on them on engagement with Family Support Programme 'Team around the family' process and involvement; and to ensure the re-referral to Family Support Programme is appropriate and still meeting level 3 intervention.

Governance weaknesses that have been addressed in-year - lack of professional courtesy and respect from external partners which makes it difficult to respect the rule of law (not following own policies and procedures has been addressed with Surrey County Council as commissioners during performance reviews; regardless of the work that Family Support Coordinator's put in, if parents are not willing to take accountability, change won't be made, so Family Support Coordinators have made it clear on expectations of family; providing challenge to individuals when required by using diary of visits in welcome pack to hold individuals accountable)

Surrey County Council has recruited new staff and is undertaking a whole service review at Surrey County Council level. The Council will also include its requirements in a new service level agreement when the current agreement expires in March 23.

## Recreation & Leisure

Areas for improvement – on going training to maintain and improve in-house standards e.g. H&S, First Aid, Tree Inspection, play inspection and water management; optimise cost reductions by combining and reviewing services and pricing; regularise the costings and charges for events.

Governance weaknesses that have been addressed in-year – improvements have been made to staff training and is up to date; challenged the renewal pricing to determine best value specifically in

relation to energy prices; historic inconsistency in event pricing has been addressed by being regularised per event as they are booked

## Camberley Theatre

Areas for improvement – the theatre to recover from COVID enforced lockdowns; encourage staff and audiences to feel safe post lockdown; engage with room hirers and get them to return post-COVID; train staff in new processes and refresh mandatory training; continue to look at ways of making the Theatre relevant and prominent to the Council and visible in the town centre; improve attendance at Squish venue.

Governance weaknesses that have been addressed in-year - meeting increased demand due to the huge surge in activity (booking and sales) in a short space of time as the Council recovered from lockdown; staffing and resource with a small team dealing with a busy and busier than usual schedule while trying to reduce costs; and uncertainty due to COVID, cost of living rises by monitoring ticket prices, offers, keeping in touch with visiting companies, getting audience feedback to gauge change in tastes and views.

## Community

Areas for improvement - Whilst outcomes are monitored through Key Performance Indicators for Community Services that deliver social benefits, there is further development of our monitoring and success measures that could be undertaken, should the resources be available to do so, in the future. Whilst those working in services are employed on behalf the Council by Runnymede Borough Council, there is an ongoing commitment within the partnership arrangement to develop the leadership amongst its managers and service leads.

## Parking

Areas for improvement – addressing the findings of the audit of Parking Income; better management of contracts for Parking Services.

Governance weaknesses that have been addressed in-year – line manager support and intervention in respect of the internal audit review and recommendations for parking income and reconciliations.

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

## Assurance from Internal and External Audit

The Council receives assurance each year in the form of the annual report from Internal Audit and the opinion of the Section 151 Officer. This is presented to CMT and taken to A&S committee annually.

Internal Audit successfully delivered a number of internal audits from the annual plan in 2021/22. Sixteen individual audits were completed, and action plans were agreed with managers to mitigate risks and improve overall controls. Completed audits included the key finance audits conducted annually such as debtors, creditors, and treasury management. Internal audit also carried out reviews on payroll, information governance, the Community Services Partnership, the theatre and parking. A number of ad hoc pieces of work were also carried out to support senior management, where financial advice, governance health checks, and compliance against policy and procedures were provided to assist the organisation.

An annual report was presented to Members at the A&S committee in July 2021 where it was reported that the internal auditors' opinion for 2021/22 was that the Council's internal control environment and systems of internal control in the areas audited were adequate and effective.

Selected audit recommendations reported in 2021/22	Agreed action
Parking audit - Parking Services should ensure that daily income variances in respect of takings from car parks are fully investigated, recorded and resolved as a matter of priority, and all material variances are prioritized	A number of mitigating actions have been agreed. These include running system reports as and when required, to help investigate variances, including event reports, sales reports, and other Newpark system reports. The Parking Manager will also ensure that better use is made of the anomaly report each month, so that actions taken can be recorded and to provide a full audit trail. The parking team have also been reminded to retain any audit tickets from payment machines when they are not actioning as expected, and recorded in the diary. The parking team have also been encouraged to report any main issues with payment machines
Creditors audit - Finance should remind all services to carry out their own checks on incoming invoices to ensure they haven't previously been paid	Invoices are requested to be sent directly to Finance. If services receive an invoice, they should carry out their own checks to ensure the invoice has not previously been paid before forwarding it to Finance. Services have/will be reminded to close off POs once completed or when they are no

	longer required to minimise the risk of duplicates being made
Creditors audit - Finance should critically examine existing controls for identifying potential duplicate payments, as they may not be working effectively	Services have been reminded to check for duplicate POs raised. Arrangements have also been made to improve the invoicing system including invoices to be transferred directly into Civica by the finance team instead of services themselves. Reliance will also continue to be placed on the civica duplicates report.
Emergency Planning - All heads of service in consultation with Applied Resilience should ensure that individual Business Continuity plans are developed and maintained	Applied Resilience to work with services to update their BC plans and BIAs. AR are also working with services to align plans with the new corporate structure
Creditors - The Council should decide whether it should pursue the duplicate payments made with suppliers with the aim of recovering overpayments	Action continues to be taken by the finance team to chase the duplicate payments with individual suppliers, and audit has been kept up to date of progress made. The majority of overpayments have been recovered, and action is in hand to recover the remaining duplicate payments from the suppliers

The Council's External Auditor BDO provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of securing and improving value for money.

### **Self-assessment and review of key outcome indicators**

Internal Audit has undertaken a review to confirm that the arrangements described above have been in place throughout the year.

The key outcome indicators below have been used to assess the quality of governance arrangements in 2021/22

Issues Identified	Performance for 2021/22
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Formal reports by sec 151 or Monitoring officer	There were no formal reports issued by either the S151 or the Monitoring officer
Outcomes from Standards Committee of Monitoring Officer investigations	There were no outcomes to report.
Proven Frauds carried out by members or officers	There were no frauds to report.
Objections received from local electors	None Received
Local Government Ombudsman referrals upheld exceed national average	There were no such referrals during the year
Unsatisfactory/limited internal audit reports	One - parking audit

## Follow up of issues identified in the previous financial year for 2021-22

The 2020/21 Annual Governance Statement highlighted 6 areas for improvement. The table below sets out the action has been taken to address these issues in the current year:

Issues identified for 2021-22	Action Taken in 2021/22 to address issues
Organisational restructure	Senior management restructure was completed.
London Road Development	The options have been considered and legal advice taken on progressing new proposals post abandoning the initial tender. Options have been narrowed and work has been undertaken to assess the most viable option to take forward
Property Portfolio and Valuations	Commercial rent arrears are being managed in a reasonable and compliant manner. Work has been undertaken to recover arrears where appropriate balancing ability to pay and cost of recovery. Valuations have been impacted by covid 19 and market trends and new proposals for letting are scrutinised by the Section 151 Officer and Monitoring Officer.

Joint Waste Contract	Joint waste solutions are actively engaged with resolving contractual issues and performance of the joint waste contract. A pathway to restore garden waste collection has been agreed with the contractor and, in agreement with the contractor, measures have been taken to mitigate the driver shortages.
Response to the Covid-19 pandemic	Post lifting of lockdown restrictions proportionate measures regarding health and safety of staff remained in place. Clarity on hybrid working was also provided to further protect staff in order to maintain services.
Issues with the delivery of the Capital Programme	The capital programme has been actively managed due to the Council's financial standing and the impact of significant inflationary pressures and supply chain disruption in the construction industry. Some projects have been put on hold and subject to further review in due course

## Issues for 2022/23

Apart from the issues outlined above the Council has identified the following areas to be addressed during the coming year and any action planned.

Issues for 2022/23	Action already taken or to be taken
Delivery of the star chamber process	Senior management to oversee delivery of identified savings
Joint Waste Solutions	To progress achieving resolution to the disruption of the garden waste service
Commercial rent arrears	Ongoing work to continue to reduce arrears as far as possible taking into account ability to pay, legislation relating to the moratorium and cost of recovery
London Road Development	Re-procurement of development partner via framework agreement
Asset management contract	Re-procurement of asset management contract to progress and complete



Building control partnership	Explore entering into a full partnership with Runnymede Borough Council for a shared service for building control services
Capturing actions at Committee meetings	Democratic Services to record in Committee meeting minutes all agreed actions, the responsible person and, if applicable, any relevant timescales.

## CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements. The significant impact as a result of the Covid-19 pandemic, in particular to the Council's funding and income receipts and use of reserves, will need to continue to be monitored especially if there are any further restrictions.

Damian Roberts  
Chief Executive

Cllr Alan McClafferty  
Leader

- INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURREY HEATH BOROUGH COUNCIL
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- Report to be inserted following the audit.

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## **Accounting policies**

The rules and practices adopted by the authority that determine how the transactions and events are reflected in the accounts.

## **Accruals**

Spending and income included in the accounts for the year in which relevant services or goods have been supplied.

## **Accumulated absences**

Absences earned but not taken by the end of a given period i.e. Holiday pay entitlement.

## **Agency services**

Services provided by the authority, as an agent on behalf of the responsible body, where the authority is acting as an intermediary.

## **Amortisation**

A measure of the costs of economic benefits consumed for intangible assets during the year.  
Assets

An item which is measurable in monetary terms.

## **Auditor's opinion**

The opinion required by statute from the authority's external auditors, indicating whether the accounting statements give a true and fair view of the financial position of the authority.

## **Balance sheet**

A statement of the recorded assets, liabilities and reserves at the end of an accounting period.

## **Budget**

A statement of the authority's spending plans for a financial year.

## **Capital adjustment account**

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions.

## **Capital expenditure**

Expenditure on the acquisition and/or improvement of assets, which adds to, and not merely maintains, its value.

## **Capital receipts**

Income from asset disposals with a value in excess of £10,000.

## **Cash and cash equivalents**

Cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash which are not subject to significant risk of changes in value.

## **CIPFA (Chartered Institute of Public Finance and Accounting)**

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the code, which defines proper accounting practice for local authorities.

## **Collection fund**

An account, which shows the transactions of the authority in relation to non-domestic rates and Council tax, and the distribution of these to preceptors and the general fund. The collection fund is consolidated with the other accounts of the authority.

## **Comprehensive income and expenditure statement (CIES)**

This statement details income and expenditure relating to the Council as a whole, and the source of funding for all the Councils expenditure.

## **Consistency**

The concept that the accounting treatment of like items is the same within an accounting period and from one period to the next.

## **Contingency**

A sum set-aside in addition to approved budgets to meet unforeseen items of expenditure, e.g. Excess inflation, pay awards.

## **Contingent liabilities or assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

## **Council tax**

This is a property based local tax. Each domestic property is valued and placed in one of eight bands (a) to (h); the tax paid is fixed in relation to the band d tax. Dwellings shown in 'additional band' refer to those dwellings in band (a) which it is estimated will qualify for a disabled persons reduction of an amount equal to 1/9 of the band d Council tax.

## **Creditors**

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

## **Current assets**

Assets held by the authority which will be consumed or cease to have value within the next financial year e.g. Stock and debtors.

## **Current liabilities**

Amounts which will become payable or could be called in within the next accounting period, e.g. Creditors or cash overdrawn.

## **Curtailment cost**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces, for a number of employees, the accrual of defined benefits for some or all of their future service.

## **Debtors**

These are sums of money due to the Council that have not been received at the date of the balance sheet.

## **Deferred liabilities**

Future income for the Council that is not due in the following financial year such as money received from developers for maintenance of grounds and open spaces transferred to the Council.

## **Defined benefit scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The Lancashire county pension fund is a funded scheme meaning that the authority and employees pay contributions into the fund calculated at a level intended to balance the pension liabilities with investment assets.

## **Depreciation**

A measure of the costs of economic benefits consumed for tangible assets during the year.

## **Expected rate of return on pensions assets**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **Expenditure**

The costs incurred relating to the accounting period irrespective of whether or not the amounts due have been paid or not. The difference between expenditure and payments is calculated by reference to the levels of accruals.

## **Expenditure and Funding Analysis**

Shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

## **Fair value**

The fair value of an asset is the price at which it could be exchanged between knowledgeable, willing parties in an arm's length transaction.

## **Financial instruments**

Defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. This includes the borrowing and lending of money and the making of investments and also extends to include debtors and creditors.

## **General fund**

The main revenue fund of the authority. Day-to-day spending on services is met from the fund.

## **Going concern**

The concept that the authority will remain in operational existence for the foreseeable future with no consequential amendments being required to valuations of assets or a need for provisions for closure costs or redundancies.

## **Gross expenditure**

The cost of service provision before allowing for any income.

## **Heritage asset**

A tangible asset with historical, artistic, scientific, geophysical, technological, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

## **International financial reporting standard (IFRS)**

Defined accounting standards that must be applied by reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position.

## **Impairment**

Assets are reviewed at the end of each financial year for evidence of material reductions in value.

## **Income**

Amounts due to the authority that have been or are due to be received. The difference between income and receipts is calculated by reference to the levels of accruals.

## **Intangible assets**

Expenditure on assets that do not have a physical substance but are identifiable such as software licenses.

## **Inventories**

Items of raw materials and stores the authority has procured to use on a continuing basis and which it has not yet used. These comprise the following categories:

- Consumable stores
- Maintenance materials
- Client services work in progress
- Property acquired or constructed for sale

## **Leases**

Finance lease: a finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Operating lease: leases that do not meet the definition of a finance lease.

## **Liabilities**

Money the authority will have to pay to people or organisations in the future.

## **Long term assets**

Non-current assets that yield benefits to the authority and the services it provides for a period of more than one year.

## **Long term borrowing**

The total amount borrowed from external lenders for capital purposes which has not been repaid at the balance sheet date.

## **Materiality**

The concept that the financial statements should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion by a reader of those statements.

## **Minimum Revenue Provision (MRP)**

MRP is the minimum amount which must be charged to an authority's revenue account each year and set aside as a provision for debt, as required by the local government and housing act 1989, i.e. an annual contribution from revenue towards the reduction in the overall borrowing requirement.

## **Net assets**

Assets less liabilities which are matched by the reserves held by the authority.

## **Net expenditure**

Gross expenditure less gross income.

## **Non-domestic rates**

A national non-domestic rate multiplier (rate in the pound) for commercial premises is set annually by the government and is applied to the rateable value collected by local authorities.

## **Non-ringfenced grant**

Grants received with no stipulations imposed as to their use, ensuring full local control over how funding can be used.

## **Outturn**

Final account position of the authority as at 31 March each year in terms of income and expenditure.

## **Precept**

The amount the county Council, the police and crime commissioner for Lancashire, the combined fire authority and the parish Councils (the precepting authorities) ask the authority to collect every year.

## **Projected unit method – pension fund valuation**

An assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

## **Provisions**

Provisions are required for any obligation that require a settlement by a transfer of economic benefits but where the timing of the transfer is uncertain.

## **Prudence**

Accounts should be prepared in accordance with the prudence concept. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

## **Public works loan board (PWLb)**

A central government agency, which lends money to local authorities at lower, rates than those generally available from the private sector. Local authorities are able to borrow a proportion of their requirements to finance capital expenditure from this source.

## **Related party**

A person or entity that is has the potential to control or influence the authority or to be controlled or influenced by the authority. Related parties include:

- Central government
- Members
- Officers
- Other public bodies
- Entities controlled or significantly influenced by the authority

## **Remuneration**

Amounts paid to or receivable by a person including sums by way of expenses or allowances and the value of any other benefits received by an employee otherwise than in cash.

## **Reserves**

Amounts created for future policy purposes or to cover contingencies.

## **Retirement benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits as these are not given in exchange for services tendered by employees.

## **Revenue expenditure**

Expenditure of a day to day nature incurred in the course of providing services, earning revenue, maintaining assets and on the acquisition of goods for resale.

## **Revenue expenditure funded from capital under statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a noncurrent asset that has been charged as expenditure to the CI&ES.

## **Revenue support grant (RSG)**

Government grant to support local authority services.

## **Scheme liabilities**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **Service reporting code of practice (SeRCOP)**

Prepared and published by CIPFA, the service reporting code of practice (SeRCOP) establishes proper practices with regard to consistent financial reporting for services and in England and Wales.



**Short term borrowing**

Loans where repayment can be demanded or made within one year, excluding deposits which can be recalled without penalty on notice of no more than 24 hours.

**Slippage**

Expenditure of a capital or revenue nature that is not spent within the accounting period and is carried forward to future years.

**Termination benefits**

Amounts payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

**Unusable reserves**

Reserves that the authority is not able to use to provide services as they reflect unrealised gains and losses.

**Usable reserves**

Reserves that the authority may use to provide services subject to maintaining a prudent level and any statutory limitations.

**Useful life**

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

**Work in progress**

The cost of work done on an uncompleted project at a specified date, which should be accrued where appropriate.

**NOTE:** Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.