

# Surrey Heath Borough Council

Draft Statement of Accounts

2023/24

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Surrey Heath Borough Council • Surrey Heath House

Knoll Road • Camberley • Surrey GU15 3HD

[surreyheath.gov.uk](http://surreyheath.gov.uk)

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## Narrative Statement 2023/24

The Narrative Statement to the statement of accounts aims to provide information on the Council, its main objectives and strategies and the principal risks it faces. It also provides the reader with an overview of the council finances and performance over the financial year 1 April 2023 to 31 March 2024 in line with those strategies and objectives, including commentary on the financial performance in the year.

### Organisational Overview and External Environment

#### Our Borough

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 historically led to more intensive development in the urban areas.

#### Our People

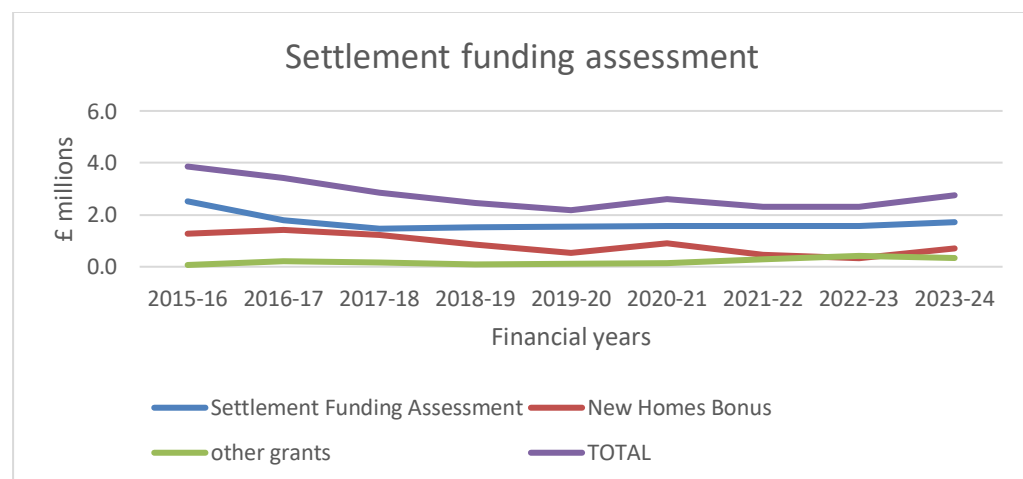
The resident population of Surrey Heath according to the 2021 Census is 90,500, which is a 5.1% increase since the last Census in 2011. A Surrey County-wide trend noted since the last Census is the continuing growth of an ageing population. The largest 5 years cohort across Surrey are those residents 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%).

#### Our Environment

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.

The Council faces challenges around funding and Surrey Heath has seen an overall decline in central government support since 2015/16 as shown below:



We have also seen a high demand for affordable housing and increasing levels of homelessness and pressures around keeping up with the required scale of growth in the borough linked to infrastructure and placemaking.

The Medium-term financial strategy (MTFS) approved in February 2023 highlighted a challenging few years, with budgeted draw down on reserves to help mitigate increased costs, specifically interest costs on borrowing due to the steep increase and then prolonged high interest rates.

We continue to invest in the borough and have a modest capital programme, which, resulted in reprofiling of planned spend, and is identified in the capital outturn reports and summarised in the accounts.

In general, whilst we are providing excellent services to our residents and investing in the borough, we have had to draw down and plan on drawing down on reserves, which is not sustainable in the long term, so there is a need to re-build these reserves in the medium to longer term. There is, however, no immediate significant risk to the financial sustainability of the Council.

### The Council

The Council pride themselves in providing a number of services and activities to benefit those who live in, work in and visit the borough:

- Waste and refuse recycling via a shared partnership with other Surrey districts
- Street cleaning
- Council car parks and parking enforcement
- Council green spaces and allotments
- Housing register and homelessness services
- Collection of local taxes
- Cultural and community centres
- Local plan and planning applications
- Community safety
- Licensing and environmental health
- Community development and family support
- Building Control Services

During 2023/24 a typical (Band D) household paid £240.65 a year to Surrey Heath in Council tax for the Borough's proportion – less than £5 a week, covering all services provided.

The Council uses a number of operational models in delivering services to residents:

- Provision of services – statutory services that are a net cost to the Council
- Contribution to services – these services contribute a net income to reduce the Council Tax Requirement and contribute towards provision of services, for instance investment property

- Break-even – some services are required by statute to have no impact on the Council Tax Requirement, such as Land Charges and Building Control.
- Joint Waste Partnership – Surrey Heath is the lead council with three other Surrey districts providing waste collection and street cleaning service
- Shared service – the Council supports/runs on its behalf of Runnymede in the provision of community services, for example Family Support

## Our plans and strategies

The approved Council [strategy](#) “Delivering for you and a fairer society”, sits alongside the Medium Term Financial Plan as foundations for the overall direction of the Council and focuses on delivery for residents across the five priorities:

- Protect our environment
- Promote healthier and more inclusive communities
- Support a strong economy and create more homes
- Campaign for residents
- Deliver effective services with sustainable finances

Below is a summary of the key points from the Surrey Heath Borough Council Annual Plan Report for 2023/24 (Link is [here](#))

In 2023/24 Surrey Heath maintained its first place in England and Wales for tree coverage with 36.1%, secured 6,000 free trees to boost biodiversity and opened new playgrounds in Bagshot and Camberley. The Council also ranked in the top ten in the Country for household waste, recycling and composting.

The Council achieved an 80% first-contact resolution rate in its contact centre and collected 99.35% of owed Council Tax, the highest proportion in the country, as well as 99.99% collected on Business rates, being the joint highest in the country.

Efforts to foster healthier and more inclusive communities included securing funding for youth employment initiatives, and campaigning for residents following Thames Water's Camberley sewage works incident. Environmental protection initiatives included switching all Meals at Home vans to electric, while the council played a key role in supporting events and initiatives that helped the local economy rebound to 97% of pre-pandemic levels.

The council also relaunched its Youth Council, empowering young residents to influence decisions.

To boost the local economy and address housing needs, the council launched the Economic Development Strategy 2023-26 and approved enabling works for the redevelopment of the former House of Fraser building.

The Council has also published its End of Year Performance report (Link is [here](#)).

75% of projects and objectives were completed and the remaining 25% were on track.

In the Environment section:

- Several playground improvements and biodiversity projects were completed, including planting of 6,000 trees

- Delivery of a climate change action plan
- Recycling rates averaged 59.5% for the year, slightly below the 63% target
- Electric vehicle charging points installed
- Solar Panel assessments on all operational buildings
- 95% of major planning applications and 93% of non-major applications approved within timescales

For Health & Quality of Life:

- Over 9,700 people were reached by the Heritage Service, exceeding the target of 6,500 people
- 49,245 people attended events at Camberley Theatre
- 1,301 referrals were made to the social prescribing service, far exceeding the target of 650
- Number of adaptations and improvements made to the homes of vulnerable and older residents to promote their independence and keep them safe and well in the community was 141
- 94% of families who received family support report to have made an improvement in a least one area of family life.

In the Economy area:

- Moved into year two of the Economic Development Strategy
- Received funding from the UK Shared Prosperity Fund
- Work progressed on town centre regeneration plans
- 97% of pre-COVID parking levels were achieved

For Effective & Responsive Council:

- Work on a new commercial strategy is underway
- Implemented a workforce for the future programme
- Customer satisfaction ratings were 95.5%
- Council tax and business rates collection exceeded 99% and were the highest in the country

Some projects faced delays or rescheduling, often due to external factors like changes in government policy or funding.

Overall, the report indicates the council made good progress on most of its strategic priorities and targets for the year, while identifying areas for continued focus.

## Governance and Strategy

### Political leadership

The Council had an all-out borough election in May 2023 and during 2023/24 the Council operated a Leader and Cabinet Model of governance. The Leader of the Council appointed a Deputy Leader and 6 further Portfolio Holders. There were 14 wards and 35 councillors representing the Borough. Following the result of a countermanded poll the political composition for the municipal year was:

- 24 Liberal Democrat members (overall control)
- 6 conservative group members
- 2 Labour group members
- 3 Community Group members

### Councillor Governance

The constitution sets out the arrangements for Councillor and Officer protocols. There are regular briefings with the portfolio holders and senior officers to ensure the Executive members are up to date with developments, can discuss future reports and give a political steer to officers. Council strategies are member led allowing officers to focus on operational delivery.

Non-Executive Councillors will sit on other committees and groups that consider key council business, including the Council's Scrutiny Committees: Performance and Finance Scrutiny Committee and External Partnerships Select Committee; Audit, Standards and Risk, which approves the Annual Statement of Accounts; and the Council's two standing regulatory committees: Planning Applications Committee and Licensing Committee

Budgets are monitored on the following basis:

- Budget managers and Heads of Service receive monthly monitoring reports so they can take corrective action if needed
- A financial update is given to CMT by the s151 officer on a weekly basis
- A formal report to CMT quarterly outlining key variances to budget and highlighting any emerging themes or areas of concern
- Quarter 2, 3 and outturn report to P&F committee and Executive on revenue and capital programme projections and to Audit, Standards and Risk committee for treasury management.
- Year-end reporting in June being an outturn report after the accounts are closed in May.

### Council workforce

The Council's workforce seeks to reflect the diversity of the borough's population. The Council continues to encourage the use of apprentices and interns and had 295 employees (262 FTE) at 31/03/24.

The management structure consisted of a Chief Executive, 2 Strategic Directors and 4 Heads of Service.

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

### Annual Governance Statement

Under Regulation 4 of the Accounts and Audit (England) Regulations 2015 the Council has a statutory requirement to conduct a review, at least annually, of the effectiveness of its system of internal control. The

Council complies with this requirement by producing an Annual Governance Statement which is presented to the Audit, Standards and Risk committee as a separate report, and also reported alongside the annual statement of accounts. The Chief Finance Officer (s151 officer) sign off of the accounts takes into account the assurance provided in the annual governance statement when assessing the true and fair view of the accounts.

### Risk Management

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
- Major incident
- Exposure to treasury risk
- Exposure to property risk
- Vulnerable people
- Contaminated land
- Cyber security
- Risk to note recruitment and retention

### Economy, Efficiency and Effectiveness

The Council has not received an audit opinion on its accounts since 2018/19, although 2019/20 is nearing completion. The Government introduced backstop dates for audit firms to bring the auditing of accounts up to date (up to 2022/23) by offering an option to disclaim the accounts and produce a VFM statement on those disclaimed accounts. The deadline for audit firms is 13 December 2024.

The s151 officer has gained separate assurances from qualified staff, independent consultancy firms as well as their own professional judgement when producing the accounts up to 2022/23.

During that time, however, the Council has continued to deliver a robust and well-regarded internal audit work programme, including the completion of a number of financial audits such as treasury, creditors and debtors, as well as the Council's Revenues and Benefits system. The Internal Audit team has provided senior management and Members with a level of assurance over all the Council activities it has audited over this period, which the Council's senior finance team has relied upon. Internal Audit reports into the Audit Standards and Risk committee on a regular basis, and Members of this committee have the opportunity to review, examine and scrutinise the work of the Audit team. The overall conclusion for 2023/24 was that the Council has continued to operate an effective system of internal audit throughout 2023/24, with an internal audit function that is generally compliant with the requirements of the Public Sector Internal Audit Standards.

The objectives of the CIPFA Financial Management Code is to "support good practice in financial management and to assist local authorities in demonstrating their financial sustainability". The code is based on a series of



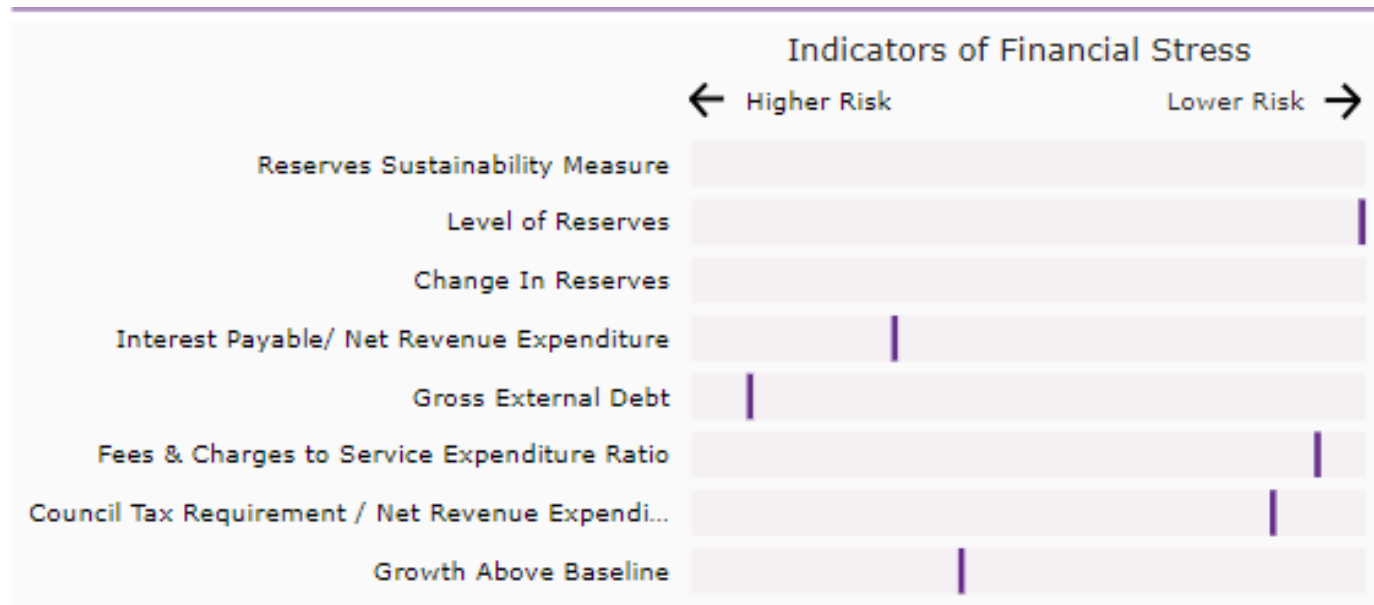
principles which are supported by specific standards of practice which CIPFA considers necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code.

The Council is working on compliance with this Code.

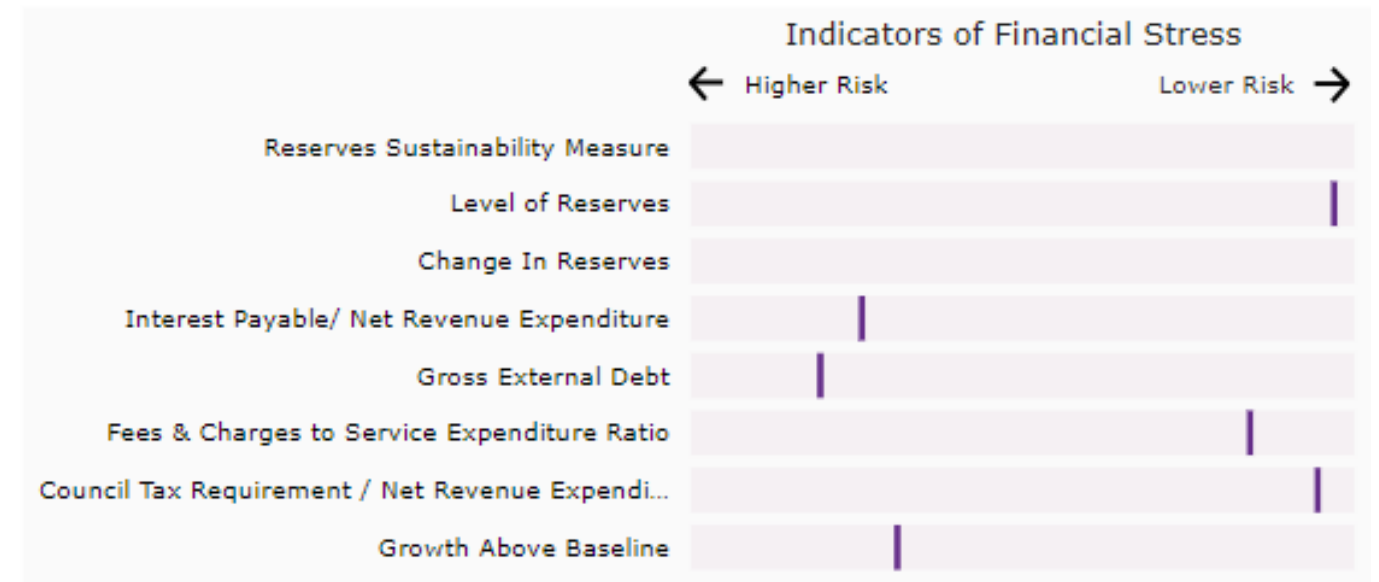
### Financial resilience indices

CIPFA have produced a resilience index in response to concerns within the local government sector and central government about the financial resilience of some local authorities following the significant funding reductions incurred by the sector since 2013/14.

The index shows how the Council compares to other similar authorities “nearest neighbours” across a basket of financial indicators based on its 2022/23 accounts and a trend analysis since 2016/17 for some of the indicators. The indicators show our level of gross debt is towards the higher end of indicators of financial stress, with interest payable v Net Revenue expenditure and Growth above baseline middle to higher risk.



For context this is a view of “our Authority Type”, and shows we are in line with other Districts in the Country:



The Local Government Association (LGA), also produce a report highlighting the Key Financial Indicators for the Council ([here](#)) where we can be compared to all local authorities in the country or a chosen group of them.

### Opportunities

The Council is always looking for opportunities to deliver services in a better or more efficient way to residents. Future opportunities, which are also included in our transformation workstreams include

- Continue to digitise and modernise the way services are delivered
- Explore partnership working with other Councils and the voluntary sector

## Financial Performance

The Council has recognised, for many years, that we need to reduce our dependency on central government funding by utilising our own powers. These include increasing council tax, within the referendum limits set by Central Government, effective use of assets, increasing income from property investments, fees and charges and a small element we are able to retain from the current business rates system. The clear message from Central Government is that Councils should fund local services using locally raised finance.

The timing and impact of the Government's review of the Business Rates Retention Scheme and the Fair Funding review continues to add financial uncertainty to the Council.

### General Fund (Revenue account)

The approved 2023/24 Medium Term Financial Strategy (MTFS) covers the period 2023/24 to 2026/27. It is a key planning document defining the resources needed to deliver corporate objectives and priorities alongside the financial implications of these and helps to identify future budget pressures.

The MTFS approved in February 2023 forecasted a cumulative funding gap of £3.791 million in 2023/24 rising to £15.309 million in 2026/27:

<b>Revenue Budget Estimates</b>		(all values in £'000)			
<b>Net cost of services</b>		<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Opening budgets</b>		<b>14,606</b>	<b>17,468</b>	<b>16,153</b>	<b>16,268</b>
Environment and Community		7,757	8,163	8,439	8,492
Finance and Customer Service		1,903	2,240	2,245	2,120
HR, Performance and Communications		3,665	3,808	3,811	3,814
Investment and development		(1,361)	(929)	(1,466)	(1,437)
Legal and Democratic Services		1,392	1,522	1,442	1,442
Planning		1,250	765	765	765
Corporate Inflation			1,899	916	1,071
<b>Growth (see Appendix 1-1)</b>		<b>5,210</b>	<b>1,655</b>	<b>2,213</b>	<b>2,388</b>
<b>Efficiencies (see Appendix 1-2)</b>		<b>(2,348)</b>	<b>(1,071)</b>	<b>(1,182)</b>	<b>(729)</b>
<b>Restated budgets</b>					
Environment and Community		8,163	8,439	8,492	8,986
Finance and Customer Service		2,240	2,245	2,120	2,125
HR, Performance and Communications		3,808	3,811	3,814	3,818
Investment and development		(929)	(1,466)	(1,437)	(1,408)
Legal and Democratic Services		1,522	1,442	1,442	1,442
Planning		765	765	765	765
Corporate		1,899	916	1,071	1,127
<b>Total Net Cost of the Provision of Services</b>		<b>17,468</b>	<b>16,153</b>	<b>16,268</b>	<b>16,855</b>
<b>Funded by</b>					
Council Tax		9,533	9,916	10,214	10,522
Business rates		2,657	3,247	1,249	1,274
Collection fund surplus/(deficit)		114			
<b>Non-specific government grants</b>					
New Homes Bonus		715			
Support Grant (rolled in)		78	78	78	78
Service Grant		63	63	63	63
Rough Sleeping initiative					
Homelessness Prevention		326	330		
Special expenses		190	192	194	196
		<b>13,676</b>	<b>13,826</b>	<b>11,798</b>	<b>12,133</b>
<b>Summary</b>					
Net cost of services		17,468	16,153	16,268	16,855
Funding		(13,676)	(13,826)	(11,798)	(12,133)
<b>Use of earmarked reserves</b>					
Interest equalisation reserve		(2,000)	(1,000)	(500)	
Other earmarked reserves				(1,000)	(2,000)
<b>Contribution (from)/to reserves and balances</b>		<b>(1,791)</b>	<b>(1,327)</b>	<b>(2,969)</b>	<b>(2,722)</b>
<b>Reserves and balances</b>					
<b>Opening balances</b>					
General fund		9,215	7,424	6,097	3,128
Earmarked reserves		44,102	42,102	41,102	39,602
<b>Closing balances</b>					
General fund		7,424	6,097	3,128	406
Earmarked reserves		42,102	41,102	39,602	37,602

## The outturn for 2023/24 was:

Service	Working Budget £000s	Reported Outturn £000s	Actual Outturn £000s	Variance Actual vs Reported Outturn £000s	Net Variance (Actual vs Budget) £000s
Environment and Community	8,650	7,521	7,521	0	(1,129)
Finance and Customer Services	2,689	3,070	2,895	(175)	206
HR Performance and Communications	3,757	3,088	3,089	1	(668)
Property and Economic Development	(4,184)	(3,740)	(3,740)	0	444
Legal Democratic Services and Strategic Management	1,586	1,477	1,477	0	(109)
Planning	519	325	(240)	(565)	(759)
Corporate Financing and Debt Management	312	755	1,521	766	1,209
<b>Subtotal</b>	<b>13,329</b>	<b>12,496</b>	<b>12,523</b>	<b>27</b>	<b>(806)</b>
Accumulated Absences	(10)	(10)	0	10	10
Interest Receivable	(100)	(1,041)	(1,119)	(78)	(1,019)
Interest Payable	1,934	5,421	5,498	77	3,564
MRP	2,616	2,616	2,607	(9)	(9)
<b>Net cost of Services</b>	<b>17,769</b>	<b>19,482</b>	<b>19,509</b>	<b>27</b>	<b>1,740</b>
<b>Financing /Funding</b>	<b>(13,676)</b>	<b>(13,350)</b>	<b>(17,357)</b>	<b>(4,007)</b>	<b>(3,681)</b>
<b>Transfer from Reserves</b>	<b>(4,093)</b>	<b>(6,132)</b>	<b>(2,152)</b>	<b>3,980</b>	<b>1,941</b>

Services out turned £800,000 under budget across directorates. Interest payable was £3.56 million over budget due to higher interest rates and on flip side interest receivable was higher by £1 million meaning a net difference in interest of £2.5 million.

The Council also requested to carry forward £136,000 of unspent budget from 2023/24 to 2024/25 for specific projects which has been transferred to a specific earmarked reserve

A "base budget review" process identified £530,000 in efficiencies/savings for 2023/24.

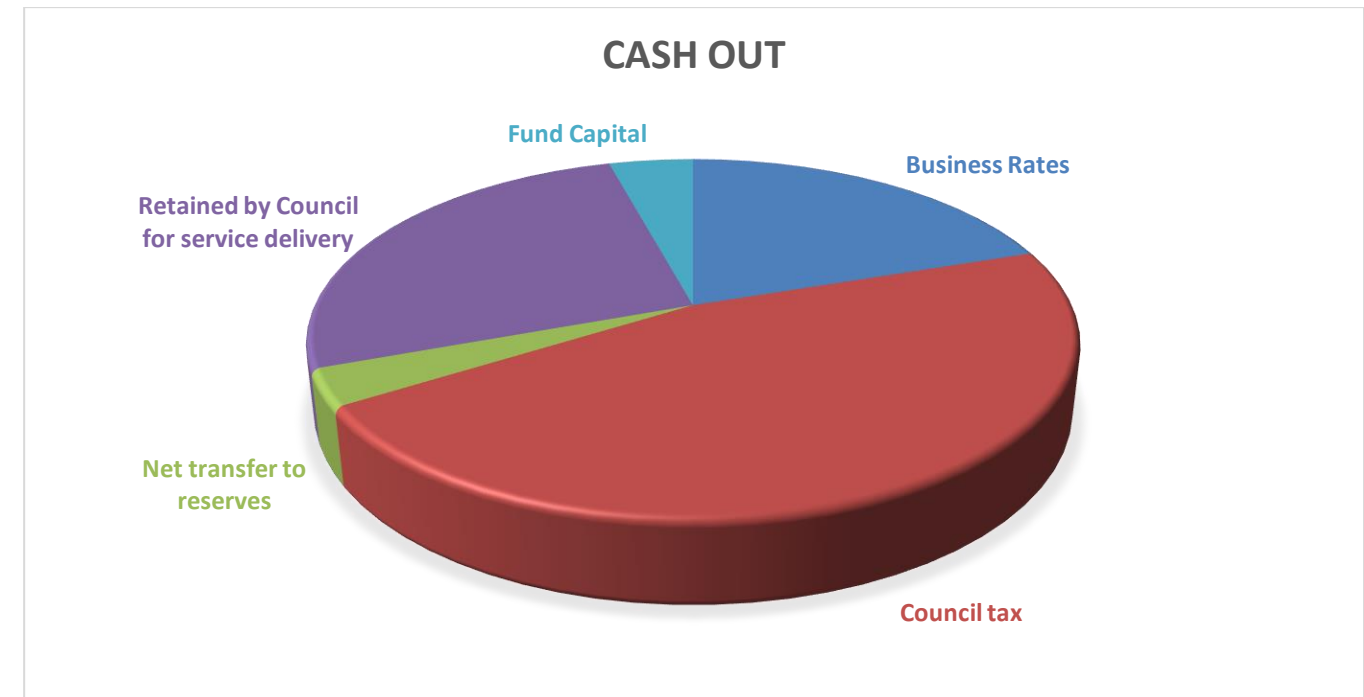
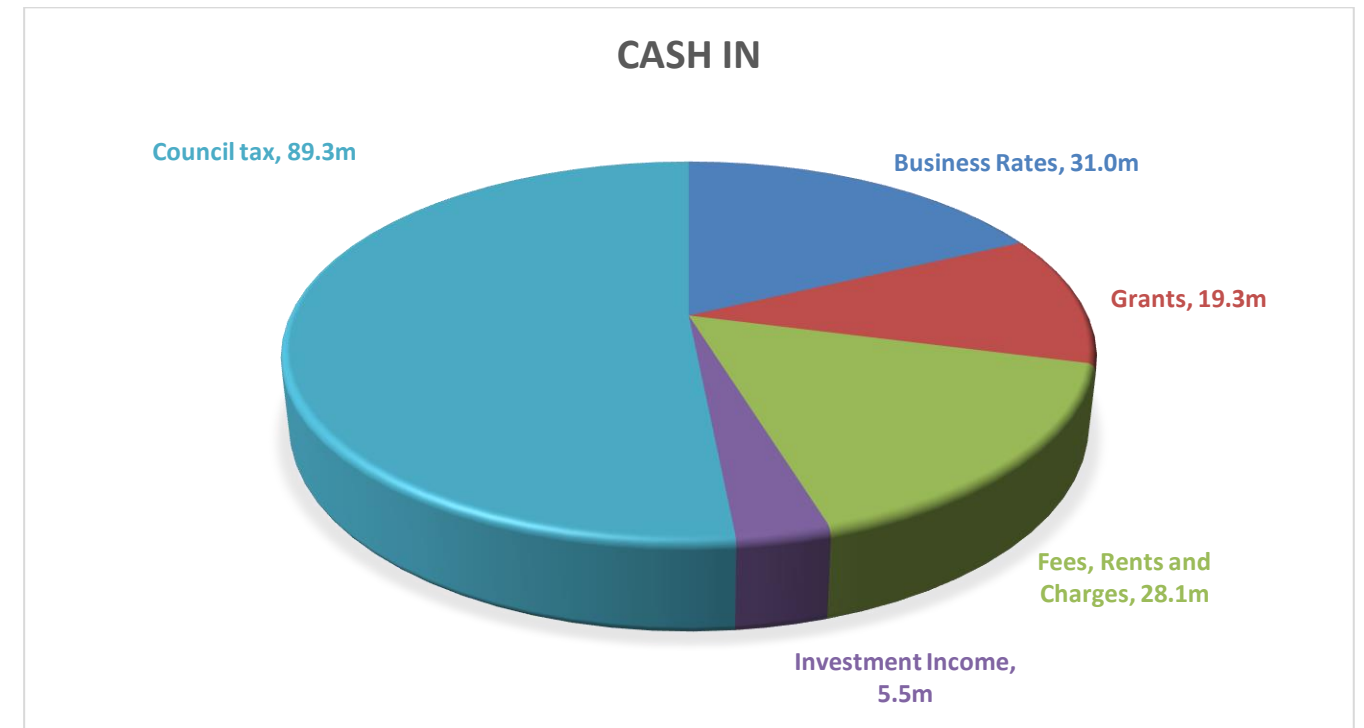
### Capital Programme

The Council's capital strategy was approved in February 2023. The purpose is to highlight the Council's planned capital programme, identify the revenue impact of this and assess its affordability. It is intended to be read with the treasury management strategy.

### Treasury Management

Treasury management is the management of the Council's cash flows, borrowing and investments. It is a pivotal function of the Council's finance in that it needs to ensure there is cash available when needed for day-to-day expenditure and the capital programme can be funded.

## Summary Financial Information



### Reserves

Earmarked reserves are created to hold money to be spent in the future – either for a specific purpose, or for a more contingency nature. Where expenditure has been incurred that will be financed from reserves, the expenditure is charged to the relevant service.



## Pensions

The Pension fund is administered by Surrey County Council with the fund Actuary, Hymes Robertson, calculating the position for each contributing organisation separately and undertakes a statutory valuation every three years – the next one being 31/03/2025. The Pension fund figures in the accounts have been prepared in accordance with International Financial Reporting Standard 19 – Employee Benefits.

The pension liability, calculated in accordance with accounting standards, is £2 million for 2023/24 (2022/23: £11 million).

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

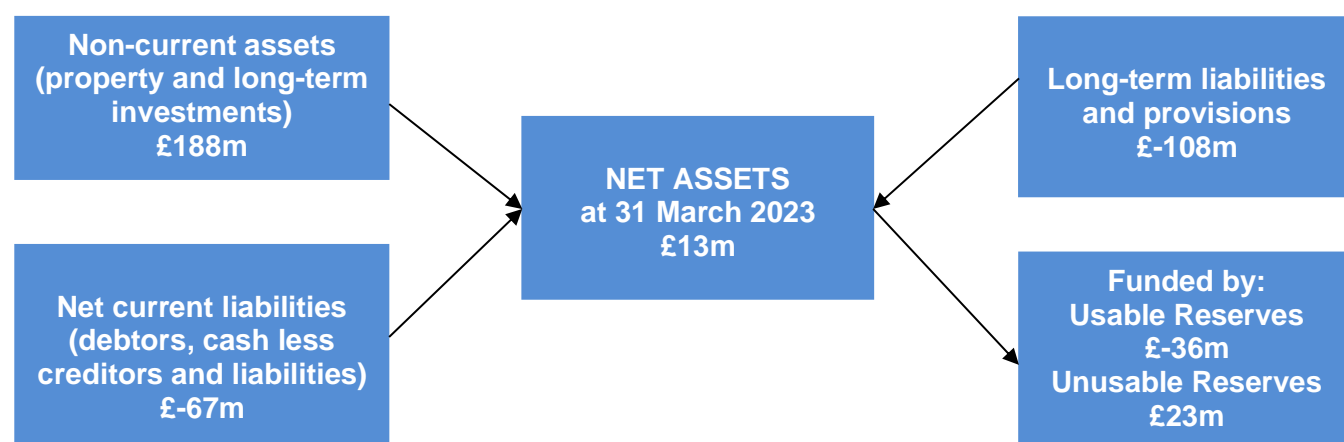
The deficit means that the assets (investments) in the fund are not enough to meet future liabilities (pensions payable)

## Collection Fund

The Collection Fund Statement itemises a financial year surplus on council tax of £1.367 million and a deficit on business rates of £5.566 million. The business rates deficit decreased due to the repayment of previous year deficit.

## Balance Sheet / Assets and Liabilities

The Councils Balance Sheet consist of:



## Future outlook

The Council has faced unprecedented challenges over the last few years as a result of the pandemic and inflationary pressures and plans its future finances to help mitigate these risks, ensuring we are holding a sufficient level of reserves to withstand the pressure.

The Council started a finance team stabilisation exercise during the year. The aim was to increase the capacity in the finance team to ensure that the Council has a robust team who can provide a strong support service to the Council and ensure the most efficient and effective processes and procedures are being implemented.

The work underway will assist future planning and ensure that the MTFs for 2024/25 - 2027/28 has the most accurate information in relation to reserves to enable the Council to address the financial challenges the Council faces.

Further work includes moving on from the Base Budget Reviews to Transformation streams across a range of areas to ensure the right services are being provided to residents at the right standard at the most economic and efficient level.

## Statement of accounts

The Council prepares its accounts on a going concern basis, on the assumption it will continue for the foreseeable future. Disclosures in the document are based on an assessment of their materiality and relevance to the reader of the accounts. It is considered material if through an omission or a misstatement, the decisions made by the users of the accounts would be influenced. This could be due to the value or nature of the transaction.

The Council has followed the guidance in the CIPFA Code of Practice on Local Authority Accounting (2023/24) and the CIPFA Bulletin 17 Closure of the Accounts 2023/24 when preparing the 2023/24 statement of accounts.

The Accounts and Audit regulations 2015 (revised) requires the Council to produce the Statement of Accounts annually including specific information. These are highlighted below.

- Statement of responsibilities – sets out the respective responsibilities of the Council, the Audit Committee and the Chief Finance Officer.
- Auditors report - includes the audit opinion on the Statement of Accounts and assesses the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

## Core financial statements:

- Comprehensive Income & Expenditure Statement (CIES) – reports the cost of providing services in the year in accordance with International Financial Reporting Standards. The top part of the CIRS provides an analysis by service and reflects the Councils regular reporting format. The bottom half covers corporate transactions and funding.
- Movement in Reserves Statement (MiRS) – a summary of the changes to the Council's reserves during the year. Reserves are divided into useable, which must be invested in capital projects or service improvements and unusable which must be set aside for specific purposes. [are we happy with this wording?]
- Balance sheet – reports the value of the council's assets, liabilities and reserves at a point in time.
- Cash Flow Statement – sets out changes in the Council's cash and cash equivalents during the year and quantifies the movements in balances attributable to day to day running of the Council (operating activities), investing activities or financing activities.
- Collection Fund Statement – records the transactions of the billing authority (Surrey Heath Borough Council) in relation to the collection from taxpayers of Council Tax and Business Rates and its distribution to precepting bodies (Surrey County Council and Surrey Police and Crime Commissioner)

## **Summary Position**

The Council's financial and non-financial performance in 2023/24 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 future 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.

On completion of the audit, a copy of the Statement of Accounts will be published on the Council's website.

## **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 Services and Chief Finance Officer**

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 (comprising of pages 12 to 47), 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 2023/24.

**Bob Watson FCMA, CGMA, CPFA**  
**Strategic Director - Finance and Customer Service**  
30 September 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.

2022/23					2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Service	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
38,255	(32,453)	5,802	Environment and Community		39,925	(31,259)	8,666
14,218	(11,997)	2,221	Finance and Customer Services		14,819	(12,050)	2,769
4,350	(435)	3,915	HR Performance and Communications		3,285	(189)	3,096
2,990	(4,010)	(1,020)	Property and Economic Development		29,126	(4,379)	24,747
1,488	(90)	1,398	Legal Democratic Services and Strategic Management		1,511	(89)	1,422
2,743	(1,621)	1,122	Planning		2,034	(2,376)	(342)
1,682	(28)	1,654	Corporate Financing and Debt Management		1,514	7	1,521
<b>65,726</b>	<b>(50,634)</b>	<b>15,092</b>	<b>Cost of Services</b>		<b>92,214</b>	<b>(50,335)</b>	<b>41,879</b>
649	32	681	Other operating expenditure	9	663	0	663
7,007	(5,252)	1,755	Financing and investment income and expenditure	10	8,246	(98)	8,148
0	(11,300)	(11,300)	Taxation and non-specific grant income and expenditure	11	(78)	(17,270)	(17,348)
<b>73,382</b>	<b>(67,154)</b>	<b>6,228</b>	<b>(Surplus)/Deficit on Provision of Services</b>		<b>101,045</b>	<b>(67,703)</b>	<b>33,342</b>
0	(14,036)	(14,036)	(Surplus) or deficit on revaluation of property, plant and equipment assets	21(a)	0	(3,476)	(3,476)
0	404	404	(Surplus) or deficit on revaluation of available for sale financial assets	21(f)	0	79	79
0	(38,663)	(38,663)	Remeasurement of the net defined benefit liability	21(c)	0	(8,707)	(8,707)
<b>0</b>	<b>(52,295)</b>	<b>(52,295)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>0</b>	<b>(12,104)</b>	<b>(12,104)</b>
<b>73,382</b>	<b>(119,449)</b>	<b>(46,067)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>101,045</b>	<b>(79,807)</b>	<b>21,238</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 2022 carried forward</b>		<b>(665)</b>	<b>(36,359)</b>	<b>(807)</b>	<b>(5,314)</b>	<b>(43,145)</b>	<b>8,261</b>	<b>(34,884)</b>
<u>Movement in Reserves during 2023/24</u>	-							0
Total Comprehensive Income and Expenditure	CIES	33,342	0	0	0	33,342	(12,104)	21,238
Adjustments between Accounting Basis and Funding Basis under Regulations	7	(27,624)	0	671	459	(26,494)	26,494	0
<b>(Increase) or decrease in 2023/24</b>		<b>5,718</b>	<b>0</b>	<b>671</b>	<b>459</b>	<b>6,848</b>	<b>14,390</b>	<b>21,238</b>
Transfer to or from Earmarked Reserves	8	(5,718)	5,718	0	0	0	0	0
<b>Balance at 31 March 2023 carried forward</b>		<b>(665)</b>	<b>(30,641)</b>	<b>(136)</b>	<b>(4,855)</b>	<b>(36,297)</b>	<b>22,651</b>	<b>(13,646)</b>
<b>Balance at 31 March 2021 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>
Opening balance adjustment (capital financing)		0	0	0	0	0	0	0
<u>Movement in Reserves during 2022/23</u>	-							0
Total Comprehensive Income and Expenditure	CIES	6,228	0	0	0	6,228	(52,295)	(46,067)
Adjustments between Accounting Basis and Funding Basis under Regulations	7	3,432	0	602	(1,247)	2,787	(2,787)	0
<b>(Increase) or Decrease in Movement 2022/23</b>		<b>9,660</b>	<b>0</b>	<b>602</b>	<b>(1,247)</b>	<b>9,015</b>	<b>(55,082)</b>	<b>(46,067)</b>
Transfer to or from Earmarked Reserves	8	(8,445)	8,445	0	0	0	0	0
<b>Balance at 31 March 2022 carried forward</b>		<b>(665)</b>	<b>(36,359)</b>	<b>(807)</b>	<b>(5,314)</b>	<b>(43,145)</b>	<b>8,261</b>	<b>(34,884)</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-22		Note	31-Mar-23
£'000			£'000
	<b>Property, plant and equipment</b>		
118,982	Other land and buildings	12	77,766
2,583	Vehicles, plant and equipment	12	2,573
29	Infrastructure assets	12	4,692
3,226	Community assets	12	5,003
5,390	Assets under construction	12	887
<b>130,210</b>	<b>Total property, plant and equipment</b>		<b>90,921</b>
334	Heritage assets	13	334
80,694	Investment properties	15	94,720
23	Intangible assets		71
2,076	Long-term investments	23	1,999
303	Long-term debtors	17	303
<b>83,430</b>	<b>Other Long-term assets</b>		<b>97,427</b>
13	Inventories		18
19,917	Short-term debtors	17	26,045
10,170	Cash and cash equivalents	18	9,312
<b>30,100</b>	<b>Current assets</b>		<b>35,375</b>
(73,381)	Short-term borrowings	23	(80,943)
(20,097)	Short-term creditors	19	(21,367)
<b>(93,478)</b>	<b>Current liabilities</b>		<b>(102,310)</b>
(5,176)	Long-term creditors	19	(6,610)
(1,359)	Provisions	20	(852)
(97,789)	Long-term borrowings	23	(98,236)
(11,054)	Other long-term liabilities	22	(2,069)
<b>(115,378)</b>	<b>Long-term liabilities</b>		<b>(107,767)</b>
<b>34,884</b>	<b>Net (liabilities)/Assets</b>		<b>13,646</b>
(43,145)	Usable reserves	MIRS	(36,297)
8,261	Unusable reserves	21	22,651
<b>(34,884)</b>	<b>Total reserves</b>		<b>(13,646)</b>

**Bob Watson**  
**Strategic Director - Finance and Customer Service**  
**30 September 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.

2022/23			2023/24
£'000		Note	£'000
(6,228)	Net surplus/(deficit) on the provision of services	CIES	(33,342)
(8,081)	Adjustments for non-cash movements	25	27,816
(2,519)	Adjustments for items that are investing and financing activities	25	(1,653)
<b>(16,828)</b>	<b>Net cash inflows from operating activities</b>		<b>(7,179)</b>
21,850	Investing activities	26	(1,688)
(13,708)	Financing activities	27	8,009
<b>(8,686)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(858)</b>
18,856	Cash and cash equivalents at the beginning of the reporting period		10,170
10,170	Cash and cash equivalents at the end of the reporting period		9,312
<b>(8,686)</b>	<b>Movement in cash</b>		<b>(858)</b>

## 1 Accounting Policies

### General

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24 ("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 rental income 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 2024 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 rental income 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 and then reversed out by the Movement in Reserves Statement to the Capital Adjustment Account.

### 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 21.

The Council also sets aside Earmarked Reserves to meet general, rather than specific, future revenue or capital expenditure, and for specific future expenses which are likely or certain to be incurred but by their inherent nature the amount or timing cannot be determined. Any use or contribution to these reserves is shown in the Movement in Reserves Statement.

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 and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours 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 Council) 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 2023/24 (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 standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

### IFRS 16 Leases

CIPFA/LASAAC has deferred the implementation of IFRS 16 Leases in the public sector until the 2024/25 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases).

The Council is aware that an impact assessment is recommended, despite the Standard not yet being adopted. The impact to the Council's net asset position in the Balance Sheet is expected to be nil as an increase in lease assets will be offset by an increase in the payment liability.

The following standards have also been issued/amended but are not yet adopted these are not considered to have a material impact on the council's accounts.

- IAS1 (amendments in January 2022 and October 2022) – Provides clarifications for classification of liabilities as current or non-current in relation to settlement deferral, lending conditions and settlement by issuing equity instruments. The second amendment relates to information disclosures in instances where there is a right to defer settlement of a liability for at least 12 months which is subject to compliance with covenants.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.

The amendments to IFRS 16 add additional measurement requirements for sale and leaseback transactions.

- IAS 12 (amendment issued in May 2023) – This relates to international tax reform.
- IAS7 and IFRS 7 (amendments issued in May 2023) – Requires additional disclosures in relation to supplier finance arrangements.

## 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, 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 2024 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 £9.76 million. Typically, the assumptions interact in complex ways. During 2023/24, the Council's actuary advised that the net pension liability had decreased by £8.9 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 20 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

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## 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.

2022/23			Service	2023/24		
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	
4,368	1,434	5,802	Environment and Community	7,521	1,145	8,666
1,961	260	2,221	Finance and Customer Services	2,895	(126)	2,769
3,345	570	3,915	HR Performance and Communications	3,089	7	3,096
(1,150)	130	(1,020)	Property and Economic Development	(174)	24,921	24,747
1,271	127	1,398	Legal Democratic Services and Strategic Management	1,477	(55)	1,422
908	214	1,122	Planning	(240)	(102)	(342)
1,646	8	1,654	Corporate Financing and Debt Management	1,521	0	1,521
<b>12,349</b>	<b>2,743</b>	<b>15,092</b>	<b>Net cost of services</b>	<b>16,089</b>	<b>25,790</b>	<b>41,879</b>
648	33	681	Other operating expenditure	663	0	663
1,942	(187)	1,755	Financing and investment income	5,343	2,805	8,148
(5,279)	(6,021)	(11,300)	Taxation and non-specific grant income and expenditure	(16,377)	(971)	(17,348)
<b>9,660</b>	<b>(3,432)</b>	<b>6,228</b>	<b>(Surplus)/Deficit for the year</b>	<b>5,718</b>	<b>27,624</b>	<b>33,342</b>
(1,880)			Opening General Fund	(665)		
9,660			Less/plus surplus or (deficit) on General Fund in year	5,718		
(8,445)			Transfer to/(from) Earmarked Reserves	(5,718)		
<b>(665)</b>			<b>Closing General Fund</b>	<b>(665)</b>		

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

2022/23				Adjustments from General Fund to reconcile to Comprehensive Income and Expenditure Statement	2023/24			
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
962	472	0	1,434	Environment and Community	1,493	(348)	0	1,145
1	259	0	260	Finance and Customer Services	1	(127)	0	(126)
344	226	0	570	HR Performance and Communications	106	(99)	0	7
41	89	0	130	Property and Economic Development	24,971	(50)	0	24,921
4	123	0	127	Legal Democratic Services and Strategic Management	4	(59)	0	(55)
0	214	0	214	Planning	0	(102)	0	(102)
5	3	0	8	Corporate Financing and Debt Management	0	0	0	0
1,357	1,386	0	2,743	<b>Net cost of services</b>	<b>26,575</b>	<b>(785)</b>	<b>0</b>	<b>25,790</b>
33	0	0	33	Other operating expenditure	0	0	0	0
(1,491)	1,304	0	(187)	Financing and investment income and expenditure	2,295	507	3	2,805
(2,552)	0	(3,469)	(6,021)	Taxation and non-specific grant income and expenditure	(1,653)	0	682	(971)
(2,653)	2,690	(3,469)	(3,432)	<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services</b>	<b>27,217</b>	<b>(278)</b>	<b>685</b>	<b>27,624</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

2022/23	Expenditure/income	2023/24
£'000		£'000
	<b>Expenditure</b>	
16,925	Employee benefits expenses	15,719
48,301	Other services expenses	45,331
2,485	Depreciation, amortisation, and impairment	33,404
5,023	Interest payments	6,005
648	Precepts and levies	586
<b>73,382</b>	<b>Total expenditure</b>	<b>101,045</b>
	<b>Income</b>	
(27,390)	Fees, charges, and other service income	(28,089)
1,139	Gains on disposal of non current assets	0
(5,252)	Interest and investment income	(5,519)
(8,872)	Income from council tax, non-domestic rates, and district rate income	(10,280)
(26,779)	Government grants and contributions	(23,815)
<b>(67,154)</b>	<b>Total income</b>	<b>(67,703)</b>
<b>6,228</b>	<b>(Surplus)/Deficit on the provision of services</b>	<b>33,342</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

2022/23				2023/24							
General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Adjustments Under Statute				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>							
63			(63)	Charges for depreciation and impairment of non-current assets.				(25,183)			25,183
(1,013)			1,013	Revaluation losses on Property, Plant and Equipment.				(6,828)			6,828
(252)			252	Movements in the market value of Investment Properties.				(23)			23
				Amortisation of Intangible Assets.							
(1,283)			1,283	Capital grants and contributions applied.							
				Revenue expenditure funded from capital under statute.				(1,369)			1,369
0			0	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>							
2,541			(2,541)	Statutory provision for the financing of capital investment.				2,607			(2,607)
78			(78)	Capital expenditure charged against the General Fund (Direct Revenue Contributions).				1,926			(1,926)
				<b>Adjustment primarily involving the Capital Grants Unapplied Reserve:</b>							
2,552		(2,552)		Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.				1,653		(1,653)	
		1,304	(1,304)	Application of grants and capital financing transferred to the Capital Adjustment Account.						2,112	(2,112)
				<b>Adjustment primarily involving the Capital Receipts Reserve:</b>							
(33)	33			Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.				0	0		
	569		(569)	Use of Capital Receipts Reserve to finance new capital expenditure.					671		(671)
				<b>Adjustments primarily involving the Pension Reserve:</b>							
(5,182)			5,182	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37).				(2,755)			2,755
2,493			(2,493)	Employer's pension's contributions and direct payments to pensioner's payable in the year.				3,033			(3,033)
				<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>							
3,579			(3,579)	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.				(674)			674
				<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>							
0			0	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>							
(111)			111	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.				(10)			10
		1	(1)	Other Movements				(1)		0	1
<b>3,432</b>	<b>602</b>	<b>(1,247)</b>	<b>(2,787)</b>	<b>Total Adjustments</b>				<b>(27,624)</b>	<b>671</b>	<b>459</b>	<b>26,494</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 2023/24:

Balance 31 March 2022	Transfers in 2022/23	Transfers out 2022/23	Balance 31 March 2023	Earmarked reserves	Transfers in 2023/24	Transfers out 2023/24	Balance 31 March 2024
£'000	£'000	£'000	£'000		£'000	£'000	£'000
(10,933)	0	0	(10,933)	Capital Fund	0	0	(10,933)
(373)	(23)	0	(396)	Affordable Housing	(39)	0	(435)
(320)	0	0	(320)	Atrium - Section 106 Agreement	0	0	(320)
(83)	0	31	(52)	Blackwater Valley developers' contributions	0	0	(52)
(7,679)	0	3,138	(4,541)	Business Rate Equalisation Fund	0	0	(4,541)
(5)	0	5	0	Chobham and Town Team Partnership	0	0	0
(146)	0	0	(146)	Community Fund 2002	0	6	(140)
(653)	(23)	0	(676)	CIL-Administration and Monitoring	0	676	0
(139)	0	10	(129)	Commuted sums	0	90	(39)
(574)	0	272	(302)	Contain Outbreak Management Fund	0	254	(48)
(1,239)	0	0	(1,239)	Covid-19	0	1,239	0
(35)	0	4	(31)	Crime and Disorder Partnership	0	1	(30)
(72)	0	0	(72)	Custom Build	0	0	(72)
(286)	0	0	(286)	Deepcut Village Centre - Alma Dettingen	0	0	(286)
(35)	(19)	0	(54)	Environmental health	0	51	(3)
(151)	(21)	0	(172)	Frimley Lodge Park 3G Pitch	(21)	0	(193)
(7)	0	0	(7)	Heatherside - multi-use games area	0	0	(7)
(61)	(10)	0	(71)	Home Improvement Agency	0	0	(71)
(793)	(20)	0	(813)	Homelessness support	0	0	(813)
(194)	0	0	(194)	Insurance Reserve	0	0	(194)
(7,318)	0	3,100	(4,218)	Interest Equalisation Reserve	0	1,820	(2,398)
(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	185	0
(17)	0	0	(17)	Old Dean toddlers' playground	0	0	(17)
(365)	0	0	(365)	One Public Estate	0	280	(85)
(138)	0	29	(109)	Planning and Section 106 agreements	0	2	(107)
(1,627)	0	6	(1,621)	Property Maintenance	0	0	(1,621)
(45)	0	0	(45)	Remediation Fund	0	45	0
(107)	0	0	(107)	Rent Equalisation	0	107	0
(56)	0	0	(56)	Strategic Access Management and Monitoring (SAMM)	0	0	(56)
(7,247)	(85)	0	(7,332)	Suitable Alternative Natural Green Space (SANGS)	0	1,378	(5,954)
(79)	0	0	(79)	Surrey Family Support Programme	0	0	(79)

# Notes to the Statement of Accounts

Balance 31 March 2022	Transfers in 2022/23	Transfers out 2022/23	Balance 31 March 2023	Earmarked reserves	Transfers in 2023/24	Transfers out 2023/24	Balance 31 March 2024
£'000	£'000	£'000	£'000		£'000	£'000	£'000
(159)	0	49	(110)	Swift Lane	0	30	(80)
(153)	0	26	(127)	Syrian Refugees	0	41	(86)
(2,646)	0	2,646	0	Transformation Reserve	0	0	0
(147)	(28)	0	(175)	Southampton London Pipeline Reserve	0	4	(171)
(28)	(26)	0	(54)	Theatre Restoration Levy Reserve	(39)	0	(93)
(35)	0	0	(35)	Climate Change Action Plan Reserve	0	0	(35)
(33)	(3)	0	(36)	Sanctuary Scheme Reserve	(17)	0	(53)
(75)	0	30	(45)	Afghan Resettlement Scheme Reserve	(107)	0	(152)
0	(35)	0	(35)	Asylum Dispersal	(104)	0	(139)
0	(586)	0	(586)	Home for Ukraine	0	219	(367)
0	(12)	0	(12)	Air pollution	0	8	(4)
0	(10)	0	(10)	Carry Forward	(136)	0	(146)
0	0	0	0	Serious Crimes	(9)	0	(9)
0	0	0	0	Legal Contingency	(19)	0	(19)
0	0	0	0	Local Plan	(227)	0	(227)
<b>(44,804)</b>	<b>(891)</b>	<b>9,346</b>	<b>(36,359)</b>	<b>Total</b>	<b>(718)</b>	<b>6,436</b>	<b>(30,641)</b>

## 9 Other Operating Income and Expenditure

2022/23	Other operating expenditure	2023/24
£'000		£'000
649	Parish Council precepts	663
32	(Gains) / losses on the disposal of non-current assets	0
<b>681</b>	<b>Total</b>	<b>663</b>

## 10 Financing and Investment Income and Expenditure

2022/23	Financing and investment income and expenditure	2023/24
£'000		£'000
3,735	Interest payable and similar charges	5,498
1,288	Net interest on defined benefit liability	507
(543)	Interest receivable and similar income	(1,119)
(3,832)	Income and expenditure in relation to investment properties	(3,566)
1,107	(Gains)/losses on the revaluation of investment properties	6,828
<b>1,755</b>	<b>Total</b>	<b>8,148</b>

## 11 Taxation and Non Specific Grant Income and Expenditure

2022/23	Taxation and non-specific grant income and expenditure	2023/24
£'000		£'000
(10,109)	Council tax income	(10,501)
1,237	Non-domestic rates income and expenditure	221
(761)	Non-ringfenced government grants	(5,414)
(1,667)	Capital grants and contributions	(1,654)
<b>(11,300)</b>	<b>Total</b>	<b>(17,348)</b>

## 12 Property, Plant and Equipment

2023/24	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Assets under construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation at 01 April 2023</b>	<b>208,279</b>	<b>6,531</b>	<b>142</b>	<b>3,226</b>	<b>5,390</b>	<b>223,568</b>
Additions	269	499	0	1,777	373	2,918
Revaluation increases recognised in the revaluation reserve	(19,705)	0	0	0	0	(19,705)
Revaluation decrease recognised in the surplus/deficit on the provision of services	0	0	0	0	0	0
Transfers (to)/from other non-current asset categories	(20,500)	45	4,831	0	(4,876)	(20,500)
Derecognition-disposals	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>168,343</b>	<b>7,075</b>	<b>4,973</b>	<b>5,003</b>	<b>887</b>	<b>186,281</b>
<b>Accumulated depreciation and impairment at 01 April 2023</b>	<b>(89,297)</b>	<b>(3,948)</b>	<b>(113)</b>	<b>0</b>	<b>0</b>	<b>(93,358)</b>
Depreciation charge	(1,280)	(554)	(167)	0	0	(2,001)
Depreciation written out to the revaluation reserve	0	0	0	0	0	0
Transfers to other non-current asset categories	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the deficit on the provision of services	0	0	0	0	0	0
Other adjustments	0	0	(1)	0	0	(1)
<b>At 31 March 2024</b>	<b>(90,577)</b>	<b>(4,502)</b>	<b>(281)</b>	<b>0</b>	<b>0</b>	<b>(95,360)</b>
Net book value						
<b>At 31 March 2024</b>	<b>77,766</b>	<b>2,573</b>	<b>4,692</b>	<b>5,003</b>	<b>887</b>	<b>90,921</b>
<b>At 31 March 2023</b>	<b>118,982</b>	<b>2,583</b>	<b>29</b>	<b>3,226</b>	<b>5,390</b>	<b>130,210</b>

## 12 Property, Plant and Equipment (continued)

Restated 2022/23	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Assets under construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation at 01 April 2022</b>	<b>192,750</b>	<b>6,374</b>	<b>136</b>	<b>3,231</b>	<b>5,297</b>	<b>207,788</b>
Additions	71	157	6	(5)	93	322
Revaluation increases recognised in the revaluation reserve	15,478	0	0	0	0	15,478
Revaluation decrease recognised in the surplus/deficit on the provision of services	(20)	0	0	0	0	(20)
Transfers (to)/from other non-current asset categories	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>208,279</b>	<b>6,531</b>	<b>142</b>	<b>3,226</b>	<b>5,390</b>	<b>223,568</b>
<b>Accumulated depreciation and impairment at 01 April 2022</b>	<b>(88,482)</b>	<b>(3,407)</b>	<b>(111)</b>	<b>0</b>	<b>0</b>	<b>(92,000)</b>
Depreciation charge	(814)	(540)	(3)	0	0	(1,357)
Depreciation written out to the revaluation reserve	0	0	0	0	0	0
Transfers to other non-current asset categories	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the deficit on the provision of services	0	0	0	0	0	0
Other Adjustments	(1)	(1)	1	0	0	(1)
<b>At 31 March 2023</b>	<b>(89,297)</b>	<b>(3,948)</b>	<b>(113)</b>	<b>0</b>	<b>0</b>	<b>(93,358)</b>
<b>Net book value</b>						
<b>At 31 March 2023</b>	<b>118,982</b>	<b>2,583</b>	<b>29</b>	<b>3,226</b>	<b>5,390</b>	<b>130,210</b>
<b>At 31 March 2022</b>	<b>104,268</b>	<b>2,967</b>	<b>25</b>	<b>3,231</b>	<b>5,297</b>	<b>115,788</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 2024 there are no material capital commitments.



## 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
	£'000
Valued at current value as at:	
31-Mar-24	(40,275)
31-Mar-23	14,734
31-Mar-22	21,793
31-Mar-21	8,104
31-Mar-20	57,456
31-Mar-19	4,719
31-Mar-18	7,714
31-Mar-17	3,521
<b>Total cost or valuation</b>	<b>77,766</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 2023	175	111	48	334
<b>31 March 2024</b>	<b>175</b>	<b>111</b>	<b>48</b>	<b>334</b>
Cost or valuation 01 April 2022	175	111	48	334
<b>31 March 2023</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.

## 15 Investment Properties

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

2022/23		2023/24
£'000		£'000
(4,576)	Rental income from investment properties	(4,299)
744	Direct operating expenses arising from investment properties	733
0	Profit on sale of assets	0
1,107	Revaluation losses/(gains) on revaluations	6,828
<b>(2,725)</b>	<b>Net income on investment properties</b>	<b>3,262</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.

2022/23		2023/24
£'000		£'000
81,505	Balance at the beginning of the year	80,694
202	Purchases	354
0	Disposals	0
0	Transfers	20,500
(1,013)	Net (losses)/gains from fair value adjustments	(6,828)
<b>80,694</b>	<b>Balance at the end of the year</b>	<b>94,720</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.

Restated 2022/23		2023/24
£'000		£'000
<b>209,523</b>	<b>Opening Capital Financing Requirement</b>	<b>206,970</b>
	<b>Capital investment</b>	
71	Other land and buildings	269
(5)	Community assets	1,777
202	Investment assets	354
157	Vehicles, plant and equipment	499
93	Assets under construction	373
145	Intangible assets	68
1,283	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,369
	<b>Sources of finance</b>	
(569)	Capital receipts	(671)
(1,305)	Government grants and other contributions	(2,112)
(78)	Sums set aside from revenue	(1,926)
<b>(6)</b>	<b>Unfinanced capital expenditure in year</b>	<b>0</b>
(2,541)	Less: Statutory provision for the financing of capital investment	(2,607)
<b>206,970</b>	<b>Closing Capital Financing Requirement</b>	<b>204,363</b>

	Explanation for movement in year	
<b>(2,547)</b>	<b>Increase/(decrease) in underlying need to borrow</b>	<b>(2,607)</b>

## 17 Debtors

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

2022/23	Short-term debtors	2023/24
£'000		£'000
11,839	Trade receivables	10,664
9,135	Other receivables	16,460
<b>20,974</b>	<b>Subtotal</b>	<b>27,124</b>
(1,057)	Allowance for bad debts	(1,079)
<b>19,917</b>	<b>Total</b>	<b>26,045</b>

2022/23	Long-term debtors	2023/24
£'000		£'000
161	Charges on properties	161
142	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:

2022/23	Cash and cash equivalents	2023/24
£'000		£'000
9	Cash held by the Council	7
1,583	Bank current accounts	3,279
8,578	Short-term deposits	6,026
<b>10,170</b>	<b>Total cash and cash equivalents</b>	<b>9,312</b>

## 19 Creditors

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

2022/23	Short-term creditors	2023/24
£'000		£'000
(140)	Trade payables	(172)
(18,077)	Other payables	(19,170)
(1,880)	Receipts in Advance	(2,025)
<b>(20,097)</b>	<b>Total</b>	<b>(21,367)</b>

2022/23	Long-term creditors	2023/24
£'000		£'000
(5,176)	Other entities and individuals	(5,233)
0	Capital Grants Receipts in Advance	(1,377)
<b>(5,176)</b>	<b>Total</b>	<b>(6,610)</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:

2022/23	NNDR appeals provision	2023/24
£'000		£'000
<b>(1,707)</b>	<b>Balance at 1 April</b>	<b>(1,359)</b>
(296)	Additional provision	(717)
644	Amounts used in year	1,224
0	Amounts reversed unused	0
<b>(1,359)</b>	<b>Balance at 31 March</b>	<b>(852)</b>

## 21 Unusable Reserves

2022/23	Unusable Reserves	2023/24
£'000		£'000
(34,247)	Revaluation Reserve	(32,276)
29,952	Capital Adjustment Account	50,593
11,054	Pension Reserve	2,069
1,393	Collection Fund Adjustment Account	2,067
162	Accumulated Absences Account	171
(53)	Financial Instruments Revaluation Reserve	27
<b>8,261</b>	<b>Total Unusable Reserves</b>	<b>22,651</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.

2022/23	Revaluation Reserve	2023/24
£'000		£'000
(20,373)	Balance at 1 April	(34,247)
(14,112)	Upward revaluation of assets	(4,033)
76	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	557
162	Difference between fair value depreciation and historical cost depreciation	357
0	Reversal of revaluation Reserve on assets transfer	5,090
<b>(34,247)</b>	<b>Balance at 31 March</b>	<b>(32,276)</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.

2022/23	Capital Adjustment Account	2023/24
£'000		£'000
<b>32,124</b>	<b>Balance at 1 April</b>	<b>29,952</b>
<b>0</b>	<b>Opening balance adjustment</b>	<b>0</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
619	Charges for depreciation, amortisation and impairment of non-current assets	(4,803)
(430)	Revaluation losses/(gains) on property, plant and equipment	30,009
1,283	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,369
0	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
0	Reversal of revaluation Reserve on assets transfer	(5,090)
<b>1,472</b>		<b>21,485</b>
(162)	Adjusting amounts written out of the Revaluation Reserve	(357)
<b>1,310</b>	<b>Net written out amount of non-current assets consumed in the year</b>	<b>21,128</b>
	<b>Capital financing applied in the year:</b>	
(569)	Use of the Capital Receipts Reserve to finance new capital expenditure	(671)
(1,304)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,112)
(78)	Capital expenditure funded from reserves	(1,926)
	Capital expenditure funded from revenue	
(2,541)	Statutory provision for the financing of capital investment charged to the General Fund	(2,607)
	Capital expenditure charged to the General Fund	
<b>(4,492)</b>		<b>(7,316)</b>
1,013	Movements in the market value of investment properties debited/(credited) to the Comprehensive Income and Expenditure Statement	6,828
(3)	Other movements	1
<b>29,952</b>	<b>Balance at 31 March</b>	<b>50,593</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.

2022/23	Pension Reserve	2023/24
£'000		£'000
<b>47,028</b>	<b>Balance at 1 April</b>	<b>11,054</b>
(38,663)	Actuarial (gains)/losses on pensions assets and liabilities	(8,707)
5,182	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	2,755
(2,493)	Employer pension contributions and direct payments to pensioners payable in the year	(3,033)
<b>11,054</b>	<b>Balance at 31 March</b>	<b>2,069</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.

2022/23	Collection Fund Adjustment Account	2023/24
£'000		£'000
<b>4,972</b>	<b>Balance at 1 April</b>	<b>1,393</b>
(3,579)	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	674
<b>1,393</b>	<b>Balance at 31 March</b>	<b>2,067</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.

2022/23	Accumulated Absences Account	2023/24
£'000		£'000
<b>51</b>	<b>Balance at 1 April</b>	<b>162</b>
(51)	Settlement or cancellation of accrual made at the end of preceding year	(162)
162	Amount accrued at end of the current year	171
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>162</b>	<b>Balance at 31 March</b>	<b>171</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.

2022/23	Financial Instruments Revaluation Reserve	2023/24
£'000		£'000
<b>(459)</b>	<b>Balance at 1 April</b>	<b>(53)</b>
406	Loss/(gain) on revaluation of long-term investments	80
<b>(53)</b>	<b>Balance at 31 March</b>	<b>27</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:

2022/23 £'000	Comprehensive Income and Expenditure Statement	2023/24 £'000
3,894	Service costs included in cost of services - current service cost	2,248
1,128	Included in financing and investment income and expenditure - net interest expense	507
<b>5,022</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>2,755</b>
	<b>Other post-employment benefits charged to Other Comprehensive Income and Expenditure</b>	
	<b>Remeasurement of the net defined benefit liability comprising:</b>	
4,082	- Return on plan assets (excluding the amount included in the net interest expense)	(6,633)
(50,598)	- Actuarial gains and losses arising on changes in financial assumptions	(5,004)
(903)	- Changes in demographic assumptions	(629)
8,756	- Other experience	3,559
<b>(38,663)</b>	<b>Total post-employment benefits charged to Other Comprehensive Income and Expenditure</b>	<b>(8,707)</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:

2022/23 £'000	Local Government Pension Scheme	2023/24 £'000
(110,100)	Present value of defined benefit obligation	(111,217)
99,046	Fair value of plan assets	109,148
<b>(11,054)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(2,069)</b>

## Reconciliation of fair value of scheme assets

Funded Assets	Unfunded Assets		Funded Assets	Unfunded Assets
2020/21	2020/21		2023/24	2023/24
£'000	£'000		£'000	£'000
101,359	0	<b>Opening fair value of scheme assets</b>	99,046	0
2,722	0	Interest income	4,676	0
		<b>Remeasurement gain/(loss):</b>		
(4,082)	0	- the return on plan assets, excluding the amount included in the net interest expense	6,633	0
0	0	The effect of changes in foreign exchange rates:	0	0
2,281	212	Contributions from employer	2,817	216
584	0	Contributions from employees in the scheme	745	0
(3,818)	(212)	Benefits paid	(4,769)	(216)
<b>99,046</b>	<b>0</b>	<b>Closing fair value of scheme assets</b>	<b>109,148</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
2022/23	2022/23		2023/24	2023/24
£'000	£'000		£'000	£'000
(148,993)	606	<b>Opening balance at 1 April</b>	(110,918)	818
(3,894)	0	Current service cost	(2,248)	0
0	0	Past service cost	0	0
(4,010)	0	Interest cost	(5,183)	0
(584)	0	Contributions from scheme participants	(745)	0
		<b>Remeasurement (gains)/losses:</b>		
50,598	0	- Actuarial gains/losses arising from changes in financial assumptions	5,004	0
903	0	- Changes in demographic assumptions	629	0
(8,756)	0	- Other experience	(3,559)	0
		<b>Liabilities assumed on entity combinations:</b>		
0	212	Unfunded benefits paid	0	216
3,818	0	Benefits paid	4,769	0
<b>(110,918)</b>	<b>818</b>	<b>Closing balance at 31 March</b>	<b>(112,251)</b>	<b>1,034</b>

## Local Government Pension Scheme assets

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

2022/23					2023/24		
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>				
2,074	0	2,074	All	2%	1,688	0	1,688
			<b>Equity securities</b>				
1,555	0	1,555	Consumer	1%	1,438	0	1,438
1,299	0	1,299	Manufacturing	2%	1,742	0	1,742
498	0	498	Energy and utilities	0%	0	0	0
1,761	0	1,761	Financial institutions	1%	1,445	0	1,445
1,540	0	1,540	Health and care	1%	1,486	0	1,486
2,182	0	2,182	Information technology	2%	2,618	0	2,618
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	0	0	UK government	0%	0	0	0
0	0	0	Other	0%	0	0	0
			<b>Private equity</b>				
0	14,026	14,026	All	15%	0	16,706	16,706
			<b>Real estate</b>				
1,104	2,538	3,643	UK property	3%	1,192	2,258	3,450
0	2,326	2,326	Overseas property	2%	0	1,911	1,911
			<b>Investment funds and unit trusts</b>				
57,682	0	57,682	Equities	56%	60,821	0	60,821
10,724	0	10,724	Bonds	15%	15,907	0	15,907
0	0	0	Other	0%	0	0	0
			<b>Derivatives</b>				
0	0	0	Interest rate	0%	0	0	0
(264)	0	(264)	Foreign exchange	0%	(62)	0	(62)
<b>80,156</b>	<b>18,891</b>	<b>99,046</b>		<b>100%</b>	<b>88,275</b>	<b>20,875</b>	<b>109,150</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 2022.

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

2022/23	Local Government Pension Scheme		2023/24
Years	Mortality assumptions		Years
	<b>Longevity at 65 for current pensioners:</b>		
22.4	Men		22.2
25	Women		24.9
	<b>Longevity at 45 for future pensioners:</b>		
23.1	Men		22.9
26.3	Women		26.1
%			%
4.00%	Rate of increase in salaries		3.80%
3.00%	Rate of increase in pensions		2.80%
4.75%	Rate for discounting scheme liabilities		4.80%

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 2023</b>		
0.1% decrease in Real Discount Rate	2%	1,952
1 year increase in member life expectancy	4%	4,449
0.1% increase in the Salary Increase Rate	0%	62
0.1% increase in the Pension Increase Rate	2%	1,925

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 2022 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 £2 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet (£11 million – 2022/23). 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 £2.8 million to the scheme in 2024/25.

## 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
2022/23	2022/23		2023/24	2023/24
£'000	£'000		£'000	£'000
		<b>Investments</b>		
		<b>At fair value through Other Comprehensive Income:</b>		
2,076	0	Equity investments designated FVOCI	1,999	0
<b>2,076</b>	<b>0</b>	<b>Total investments</b>	<b>1,999</b>	<b>0</b>
		<b>At amortised cost:</b>		
0	10,147	Principal	0	9,286
0	23	Accrued interest	0	26
<b>0</b>	<b>10,170</b>	<b>Total cash and cash equivalents</b>	<b>0</b>	<b>9,312</b>
		Debtors		
		<b>At amortised cost:</b>		
303	17,908	Financial assets carried at contractual amount	303	16,757
<b>2,379</b>	<b>28,078</b>	<b>Total financial assets</b>	<b>2,302</b>	<b>26,069</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:

2022/23					2023/24					
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
3,633	0	0	0	3,633		0	0	0	0	0
102	0	0	0	102		77	0	0	0	77
<b>3,735</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,735</b>		<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77</b>
0	(461)	0	0	(461)		0	(1,003)	0	0	(1,003)
0	0	0	0	0		0	0	0	0	0
0	0	0	(82)	(82)		0	0	0	(116)	(116)
<b>0</b>	<b>(461)</b>	<b>0</b>	<b>(82)</b>	<b>(543)</b>		<b>0</b>	<b>(1,003)</b>	<b>0</b>	<b>(116)</b>	<b>(1,119)</b>
0	0	0	0	0		0	0	0	0	0
0	0	0	0	0		0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3,735</b>	<b>(461)</b>	<b>0</b>	<b>(82)</b>	<b>3,192</b>		<b>77</b>	<b>(1,003)</b>	<b>0</b>	<b>(116)</b>	<b>(1,042)</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
2022/23	2022/23		2023/24	2023/24
£'000	£'000		£'000	£'000
2,076	(82)	CCLA Property Fund	1,999	(116)

## 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.

2022/23 Fair Value £'000	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	2023/24 Fair Value £'000
2,076	Long-term investments designated to fair value through Other Comprehensive Income	Level 2	Quoted prices for similar assets or liabilities in active markets	1,999

As at 31 March 2024 the Council held £2.1 million (2022/23: £2.4 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 2022/23	Fair value 2022/23		Balance Sheet 2023/24	Fair value 2023/24
£'000	£'000		£'000	£'000
		<b>Recorded in Balance Sheet as:</b>		
303	303	Long-term debtors	303	303
0	0	Short-term investments	0	0
17,908	17,908	Short-term debtors	16,757	16,757
10,147	10,147	Cash and cash equivalents	9,286	9,286
<b>28,358</b>	<b>28,358</b>	<b>Total financial assets</b>	<b>26,346</b>	<b>26,346</b>

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

2022/23			2023/24	
Balance Sheet	Fair value*		Balance Sheet	Fair value*
£'000	£'000		£'000	£'000
		<b>Recorded in Balance Sheet as:</b>		
(10,912)	(10,912)	Short-term creditors	(1,081)	(1,081)
(73,381)	(73,381)	Short-term borrowings	(80,943)	(80,943)
(5,176)	(5,176)	Long-term creditors	(5,233)	(5,233)
(97,789)	(122,084)	Long-term borrowings	(98,236)	(70,500)
<b>(187,258)</b>	<b>(211,553)</b>	<b>Total financial liabilities</b>	<b>(185,493)</b>	<b>(157,757)</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 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:

2022/23			2023/24		
Lease receivables	Trade receivables		Lease receivables	Trade receivables	
£'000	£'000		£'000	£'000	
324	16,151	Neither past due nor impaired	324	16,151	
38	1,346	Past due <3 months	38	1,346	
27	62	Past due 3 - 6 months	27	62	
14	394	Past due 6 - 12 months	14	394	
11	749	Past due 12+ months	11	749	
<b>414</b>	<b>18,702</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:

2022/23			2023/24		
	Debt	Loss Allowance	%	Debt	Loss Allowance
%	£'000	£'000	%	£'000	£'000
			[To follow]		

## 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:

2022/23 Liabilities £'000	Period to maturity	2023/24 Liabilities £'000
(70,162)	Not over 1 year	(80,943)
0	Over 1 year but not over 2 years	0
0	Over 2 years but not over 5 years	0
0	Over 5 years but not over 10 years	(1,514)
(19,150)	Over 10 years but not over 20 years	(18,291)
(61,789)	Over 20 years but not over 40 years	(63,497)
(20,069)	Over 40 years	(14,934)
<b>(171,170)</b>	<b>Total</b>	<b>(179,179)</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 2024, £98 million (2022/23: £98 million) of net principal borrowed on long-term loans (borrowings net of investments) was exposed to fixed rates and £81 million (2022/23: £73 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:

2022/23		2023/24
£'000		£'000
1,712	Increase in interest payable on variable rate borrowings	1,792
0	Increase in interest receivable on variable rate investments	0
<b>934</b>	<b>Impact on surplus/deficit on the provision of services</b>	<b>934</b>
(21)	Increase in fair value of investments held at FVOCI	(20)
<b>889</b>	<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>889</b>
(324)	Increase/(decrease) in fair value of loans and receivables*	(263)
13,329	Increase/(decrease) in fair value of fixed rate borrowings/liabilities*	13,329

\* 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 (2022/23: £2.5 million). A 5% fall in commercial property prices would result in a £0.1 million (2022/23: £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:

2022/23		2023/24
£'000		£'000
(543)	Interest received	(1,119)
3,735	Interest paid	5,498

2022/23		2023/24
£'000		£'000
1,358	Depreciation	2,002
(430)	Impairment	30,006
252	Amortisation	23
(3)	Increase/(Decrease) in impairment for bad debts	22
(14,297)	Increase/(Decrease) in creditors	2,704
2,687	(Increase)/Decrease in debtors	(6,150)
10	(Increase)/Decrease in inventories	(5)
2,689	Movement in pension liability	(278)
(348)	Increase/(Decrease) in provisions	(507)
0	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0
1	Other non-cash items charged to the net deficit on the provision of services	(1)
<b>12,503</b>		<b>27,816</b>

## 26 Cash Flow Statement- Investing Activities

The cashflows for investing activities include the following items:

2022/23	Cashflow Statement - investing activities	2023/24
£'000		£'000
(669)	Purchase of property, plant and equipment, investment properties and intangible assets	(3,341)
20,000	Purchase of short term and long term investments	0
0	Proceeds from the sale of investments	0
(33)	Proceeds from the sale of property, plant and equipment and investment properties	0
2,552	Capital Grants received	1,653
<b>21,850</b>	<b>Net cashflows from investing activities</b>	<b>(1,688)</b>

## 27 Cash Flow Statement- Financing Activities

The cashflows for financing activities include the following items:

2022/23	Cashflow Statement - financing activities	2023/24
£'000		£'000
(13,708)	Cash receipts of short-term borrowings and long-term borrowings	8,009
0	Other payments for financing activities	0
<b>(13,708)</b>	<b>Net cashflows from financing activities</b>	<b>8,009</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 2023/24 and the prior year are also detailed in the table itemised below.

2022/23		2023/24
£'000		£'000
	<b>SANGS and SAMM</b>	
(571)	Income	(690)
370	Expenditure	533
<b>(201)</b>	<b>(Surplus)/deficit on the agency arrangement</b>	<b>(157)</b>

2022/23		2023/24
£'000		£'000
	CIL	
(1,841)	Income	(685)
153	Expenditure	158
<b>(1,688)</b>	<b>(Surplus)/deficit in the year</b>	<b>(527)</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. Where the annual audit is outstanding this cost is an estimated accrued cost:

2022/23		2023/24
£'000		£'000
35	Fees payable in relation to external audit services undertaken by the appointed auditor for the year	139
0	Non-audit services	0
15	Fees payable for the certification of grant claims and returns for the year	43
<b>50</b>		<b>182</b>

## 30 Members Allowance

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

2022/23		2023/24
£'000		£'000
279	Member allowances	288
0	Travel and other allowance amounts	0
5	Mayor's allowance	6
<b>284</b>	<b>Total allowances</b>	<b>294</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:

2023/24 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Compensation for loss of office	Employer pension contributions	Sub-total	Returning officer amount	Total	Notes
	£	£	£	£	£	£	£	£	£	
Chief Executive	136,812	0	2,000	36	0	23,953	162,802	2451.03	165,253	
Strategic Director of Finance and Customer Service	103,140	7,500	85	0	0	19,030	129,755	0	129,755	1
Head of Planning	84,420	0	151	0	0	14,520	99,091	0	99,091	
Head of HR, Performance and Communications	75,831	0	8	0	0	13,043	88,882	0	88,882	
Strategic Director of Environment and Community	100,980	0	0	0	0	17,369	118,349	0	118,349	
Head of Legal and Democratic Services	82,620	7,500	0	0	0	15,501	105,621	0	105,621	2
Head of Investment and Development	86,940	0	181	0	0	14,954	102,075	0	102,075	
<b>Total</b>	<b>670,743</b>	<b>15,000</b>	<b>2,425</b>	<b>36</b>	<b>0</b>	<b>118,369</b>	<b>806,574</b>	<b>2,451</b>	<b>809,025</b>	

Note 1 : S151 Officer allowance

Note 2 : Monitoring Officer Allowance

2022/23 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Compensation for loss of office	Employer pension contributions	Sub-total	Returning officer amount	Total	Notes
	£	£	£	£	£	£	£	£	£	
Chief Executive	127,498	0	2,000	0	0	21,930	151,428	0	151,428	
Strategic Director of Finance and Customer Service	97,240	7,500	81	0	0	18,015	122,836	0	122,836	1
Head of Planning	77,480	0	91	0	0	13,327	90,898	0	90,898	
Head of HR, Performance and Communications	75,352	0	1,217	0	0	12,831	89,400	0	89,400	
Strategic Director of Environment and Community	95,160	0	0	0	0	16,368	111,528	0	111,528	
Head of Legal and Democratic Services	77,480	7,500	0	0	0	14,617	99,597	0	99,597	2
Head of Investment and Development	80,599	0	0	0	0	7,479	88,078	0	88,078	
<b>Total</b>	<b>630,809</b>	<b>15,000</b>	<b>3,389</b>	<b>0</b>	<b>0</b>	<b>104,565</b>	<b>753,763</b>	<b>0</b>	<b>753,763</b>	

Note 1 : S151 Officer allowance

Note 2 : Monitoring Officer Allowance



## 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:

Restated 2022/23	Remuneration band	2023/24
Number of employees		Number of employees
14	£50,000 - £54,999	15
11	£55,000 - £59,999	6
6	£60,000 - £64,999	13
1	£65,000 - £69,999	2
1	£70,000 - £74,999	1
1	£75,000 - £79,999	2
0	£80,000 - £84,999	1
1	£90,000 - £94,999	0
0	£95,000 - £99,999	1
0	£100,000 - £104,999	1
2	£105,000 - £109,999	0
1	£120,000 - £124,999	0
0	£125,000 - £129,999	1
<b>38</b>		<b>43</b>

The comparative now includes JWS staff in line with the current year.

## Exit packages

The number of exit packages with total cost per band and total cost of compulsory and other redundancies for 2023/24 are set out in the table below:

2023/24 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	2	0	2	19,537
£20,001 - £40,000	0	0	0	0
£250,000 - £255,000	0	0	0	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>19,537</b>

2022/23 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	0	0	0	0
£250,000 - £255,000	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 32 Related Party Declarations

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 effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants receivable from government departments are set out in Note 21.

### Members

Members of the Council have direct control over the Council's financial and operating policies.

Payments totalling £16,712 were paid to seven organisations in which five members had an interest, and the total was £320.

The relevant members did not take part in any discussion or decision relating to the payments. Payments totalling £6, two organisation in which two member had an interest, and the total balance outstanding at year-end was £nil.

The total of Members' allowances paid in 2023/24 is shown in Members' allowance Note.

### Officers

Chief Officers can influence the Council. No interests were declared by Chief Officers during 2023/24.

### 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 2023/24 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:

2022/23 £'000	Council as lessee - operating leases	2023/24 £'000
14	Not later than one year	42
0	Later than one year and not later than five years	37
0	Later than five years	0
<b>14</b>	<b>Total</b>	<b>79</b>

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

2022/23 £'000	Operating lease expenditure charged	2023/24 £'000
22	Adult Social Care	24
11	Other services	12
<b>33</b>	<b>Total</b>	<b>36</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:

2022/23 £'000	Council as lessor - operating leases	2023/24 £'000
8,925	Not later than one year	8,599
29,949	Later than one year and not later than five years	24,633
29,009	Later than five years	31,383
<b>67,883</b>	<b>Total</b>	<b>64,615</b>

## 34 Grant Income

2022/23 £'000	Grant income credited to Taxation and non-specific grant income and expenditure	2023/24 £'000
(329)	New Homes Bonus	(715)
(16)	New Burdens	(8)
3,138	S31 Grants	(5,319)
(1,667)	Capital grants and contributions	(1,653)
<b>1,126</b>	<b>Subtotal</b>	<b>(7,695)</b>
	<b>Grant income credited to services</b>	
(10,667)	Rent Allowance subsidy	(10,565)
(306)	Housing Benefit administration grant	(114)
(320)	Family Support	(321)
<b>(11,293)</b>	<b>Subtotal</b>	<b>(11,000)</b>
<b>(8,500)</b>	<b>Total</b>	<b>(18,695)</b>

## 35 Contingent Liabilities

The Council is involved in litigation with a service provider but seeking mediation to avoid a lengthy court challenge. Should this be unavoidable, advice is that prospects for the Council are good, however, it is important to factor in contingency plans from a due diligence perspective

# 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.

2022/23				2023/24		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			<b>INCOME</b>			
0	(86,572)	(86,572)	Council Tax receivable	0	(90,268)	(90,268)
(28,836)	0	(28,836)	Business Rates receivable	(30,822)	0	(30,822)
<b>(28,836)</b>	<b>(86,572)</b>	<b>(115,408)</b>	<b>Total income</b>	<b>(30,822)</b>	<b>(90,268)</b>	<b>(121,090)</b>
			<b>Apportionment of previous year surplus/(deficit)</b>			
(5,519)	0	(5,519)	Central Government	(102)	0	(102)
(4,415)	221	(4,194)	Surrey Heath Borough Council	(82)	114	32
(1,104)	1,373	269	Surrey County Council	(20)	733	713
0	253	253	Surrey Police Commissioner	0	133	133
<b>(11,038)</b>	<b>1,847</b>	<b>(9,191)</b>		<b>(204)</b>	<b>980</b>	<b>776</b>
			<b>EXPENDITURE</b>			
			<b>Precepts, demands and shares</b>			
15,578	0	15,578	Central Government	17,818	0	17,818
12,463	9,931	22,394	Surrey Heath Borough Council	14,254	10,386	24,640
3,116	63,391	66,507	Surrey County Council	3,563	66,356	69,919
0	11,520	11,520	Surrey Police Commissioner	0	12,302	12,302
<b>31,157</b>	<b>84,842</b>	<b>115,999</b>		<b>35,635</b>	<b>89,044</b>	<b>124,679</b>
			<b>Charges to the Collection Fund</b>			
182	0	182	Transitional Protection Payments due to/(from) Central Government	(2,060)	0	(2,060)
20	0	20	Less: write-off for uncollectable amounts	18	0	18
210	208	418	Less: increase/(decrease) in allowance for Impairment	250	240	490
(870)	0	(870)	Less: increase/(decrease) in provision for appeals	(1,266)	0	(1,266)
127	0	127	Less: cost of collection	129	0	129
<b>(331)</b>	<b>208</b>	<b>(123)</b>		<b>(2,929)</b>	<b>240</b>	<b>(2,689)</b>
<b>19,788</b>	<b>86,897</b>	<b>106,685</b>	<b>Total expenditure</b>	<b>32,502</b>	<b>90,264</b>	<b>122,766</b>
<b>(9,048)</b>	<b>325</b>	<b>(8,723)</b>	<b>(Surplus)/deficit arising during the year</b>	<b>1,680</b>	<b>(4)</b>	<b>1,676</b>
<b>12,934</b>	<b>(1,688)</b>	<b>11,246</b>	<b>(Surplus)/deficit brought forward 1 April</b>	<b>3,886</b>	<b>(1,363)</b>	<b>2,523</b>
<b>3,886</b>	<b>(1,363)</b>	<b>2,523</b>	<b>(Surplus)/deficit carried forward 31 March</b>	<b>5,566</b>	<b>(1,367)</b>	<b>4,199</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 2024, the total non-domestic rateable value of properties owned by the Council was £94.2 million. The 2023/24 national non-domestic rate multiplier was 49.9p (2022/23 49.9p) for small businesses and 51.2p (2022/23 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 tax base is shown below:

2022/23				2023/24		
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
369	6/9	246	A	388.6	6/9	259
1,602	7/9	1,246	B	1,808	7/9	1,406
4,874	8/9	4,333	C	4,977	8/9	4,424
8,625	9/9	8,625	D	8,819	9/9	8,819
6,108	11/9	7,465	E	6,159	11/9	7,528
5,478	13/9	7,912	F	5,523	13/9	7,978
4,905	15/9	8,174	G	4,935	15/9	8,224
482	18/9	965	H	494.55	18/9	989
<b>32,443</b>		<b>38,966</b>	<b>Total</b>	<b>33,104</b>		<b>39,628</b>
		166	New properties Band D equivalent			149
		431	Ministry of Defence (MOD) properties			433
		(587)	Less: allowance for non-collection			(597)
		<b>38,976</b>	<b>Council tax base</b>			<b>39,613</b>
		<b>98.50%</b>	<b>Collection rate assumed</b>			<b>98.50%</b>

**To follow**



Reserved for the Audit Opinion

## **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.