

Surrey Heath Borough Council

Unaudited Financial Statements

2022/23

Surrey Heath Borough Council • Surrey Heath House

Knoll Road • Camberley • Surrey GU15 3HD

surreyheath.gov.uk

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

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

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

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

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

Finance Service

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

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

Council Performance

Below is a summary of the key points from the Surrey Heath Borough Council Annual Performance Report for 2022/23: Link to the full report annual performance report is [here](#).

The report covers performance across four main areas: Environment, Health & Quality of Life, Economy, and Effective & Responsive Council.

Many targets were achieved or exceeded, with some projects completed ahead of schedule.

In the Environment section:

Several playground improvements and biodiversity projects were completed
Recycling rates averaged 59.5% for the year, slightly below the 63% target
Electric vehicle charging point installation is underway

For Health & Quality of Life:

Over 7,200 people were reached by the Heritage Service, exceeding the target
48,027 people attended events at Camberley Theatre

1,248 referrals were made to the social prescribing service, far exceeding the 650 target

In the Economy area:

A new Economic Development Strategy was produced and approved
Work progressed on town center regeneration plans
92% of pre-COVID parking levels were achieved

For Effective & Responsive Council:

A new council website was launched
Customer satisfaction ratings were 100%
Council tax and business rates collection exceeded 98%

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.

Financial Performance

Financial context

The Council's services reported an overall underspend of £112,000 against the annual working budget.

The working budget for 2022/23 was £14.982 million, adjusted from the original budget of £14.788 million approved in February 2022.

Major variances by service area included:

Environment and Community: £231,000 underspend

Finance and Customer Services: £850,000 overspend

HR, Planning & Communication: £265,000 underspend

Corporate Budget: £321,000 underspend

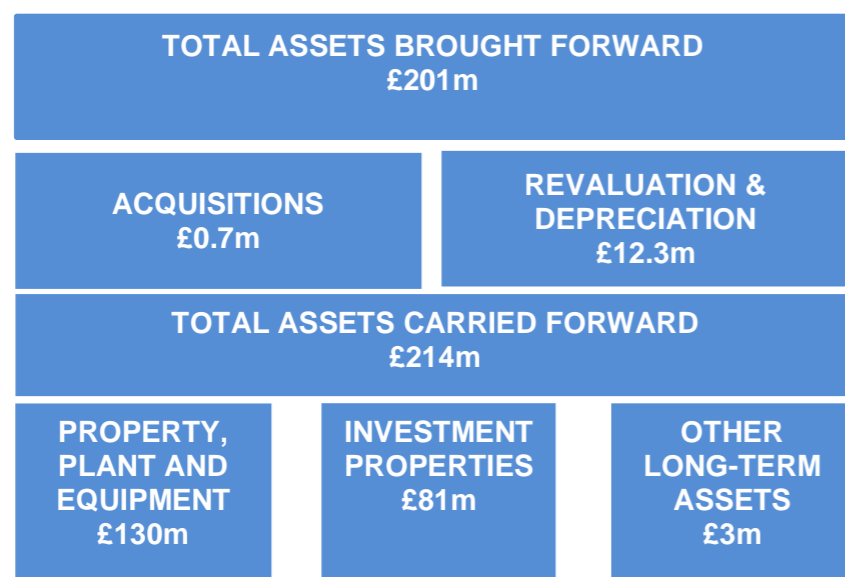
Key reasons for variances included staff vacancies, changes in service demand post-COVID, increased pension contributions, and use of agency/consultancy staff.

The Council is requesting to carry forward £214,000 of unspent budget from 2022/23 to 2023/24 for specific projects.

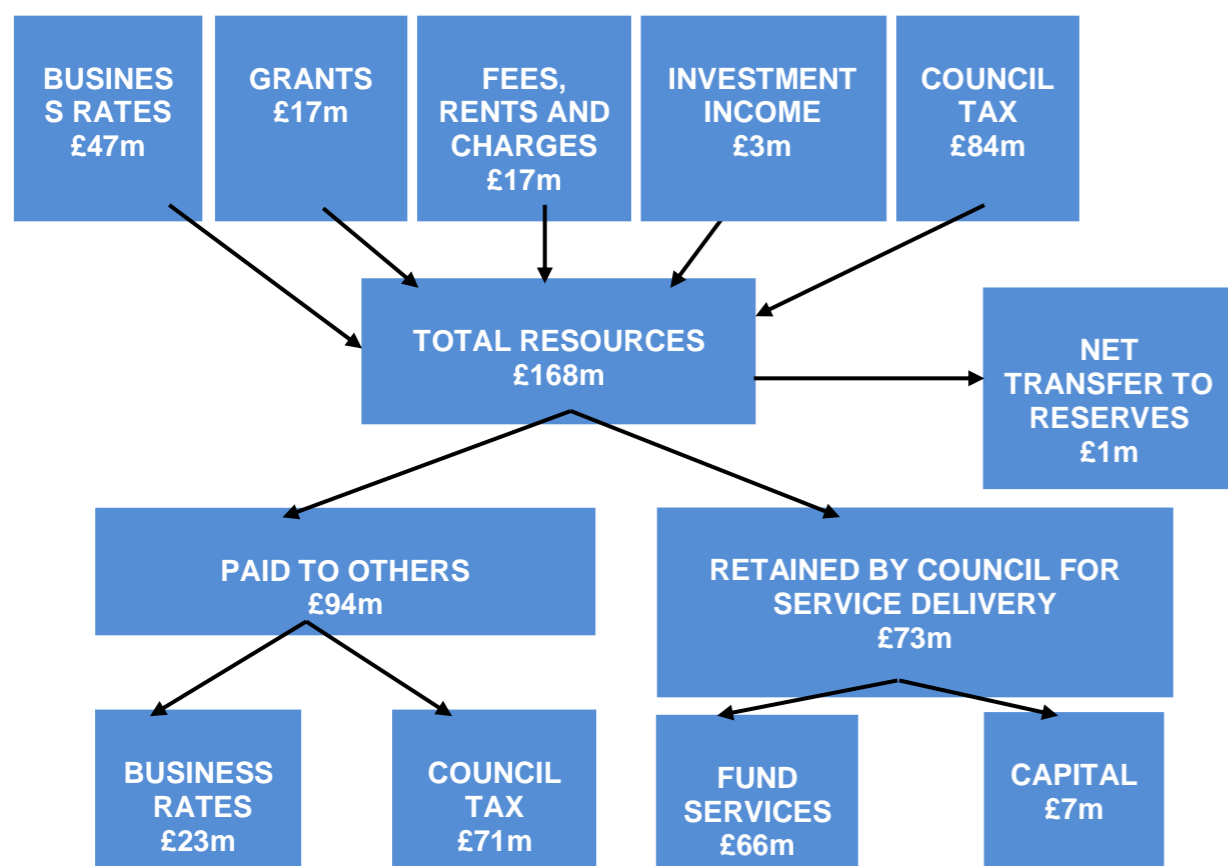
A "Star Chamber" budget review process identified £647,500 in efficiencies/savings for 2022/23. The report notes that the current economic situation will create pressures on future budgets.

The underspend at year-end will be added to the Council's General Fund Balance.

Capital cashflows



Revenue cashflows



SURREY COUNTY COUNCIL £61m
 DLUHC £22m SURREY POLICE £11m
(PAID TO OTHERS-£94m)

Council tax and business rates

The Collection Fund Statement itemises a financial year surplus on council tax of £1.363 million and a deficit on business rates of £3.886 million. The business rates deficit decreased due to the repayment of previous year deficit. The Council released £4.9 million from the earmarked Business Rates Equalisation Reserve to repay its share of deficit.

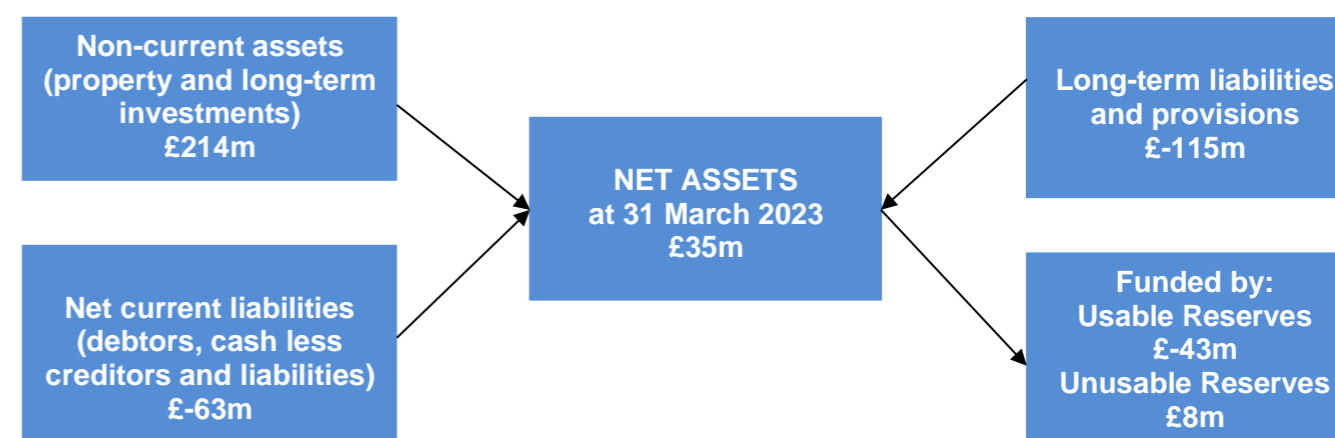
Pension liability

The pension liability, calculated in accordance with accounting standards, is £11 million for 2022/23 (2021/22: £47 million).

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

Financial position

The Council's Balance Sheet:



The net assets of the Council have increased during the financial year, mainly due to a decrease in the pension liabilities, increase in value of the long-term assets and a decrease in its current liabilities.

Changes to accounting policies

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

Current borrowing facilities and capital borrowings

The Council has external borrowings which total £171 million. £98 million is long-term borrowings and £73 million is short-term borrowings. During the year, £3.7 million was charged for interest and £12 million of short-term borrowings was repaid in year.

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

The Council has £43 million of usable reserves, of which £16 million could be used to support the Capital Programme. The Council could also borrow up to its Capital Financing Requirement of £215 million if the need arose.

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

Impact of the economic climate upon the Council

The Council has continued to recover from the impact of Covid 19 pandemic which was supported by grant funding from the Government. Shortly afterwards, the energy price cap rose by 54%, and National Insurance contributions increased. Inflation rose due to a number of influences and interest rates were raised as part of the strategy to contain these, all putting additional pressure on households and our budgets.

Like all other Councils, we have been supporting the Government's Homes for Ukraine in response of war in that country in February this year.

We remain cautious about financial prospects in future years. The long term pandemic impact will continue, prices are still significantly higher and this will have a significant bearing on our finances.

The Council's 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.

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

Corporate risks

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

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

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

Summary position

The Council's financial and non-financial performance in 2022/23 has been robust. The Council continues to treat the regeneration of the surrounding town centre as a key strategic target. Whilst there are still financial challenges ahead the Council is taking the right steps to deal with them.

Receipt of further information

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

Acknowledgements

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

Bob Watson
Strategic Director - Finance and Customer Service

The Authority is required to:

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

Assigned Responsibilities

The Strategic Director – Finance and Customer Service is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Strategic Director – Finance and Customer Service has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code;
- kept proper accounting records which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities and maintained such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Bob Watson FCMA, CGMA, CPFA
Strategic Director - Finance and Customer Service
06 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.

2021/22					2022/23		
Gross Expenditure	Gross Income	Net Expenditure	Service	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
156	0	156	Chief Executive		237	0	237
38,704	(27,025)	11,679	Environment and Community		38,131	(32,410)	5,721
19,284	(15,190)	4,094	Finance and Customer Services		18,424	(13,234)	5,190
196	(3,145)	(2,949)	Planning		219	(412)	(193)
4,386	(475)	3,911	HR Performance and Communications		4,474	(479)	3,995
5,305	(6,567)	(1,262)	Investment and Development		2,991	(4,010)	(1,019)
1,507	(325)	1,182	Legal and Democratic Services		1,251	(90)	1,161
69,538	(52,727)	16,811	Cost of Services		65,727	(50,635)	15,092
617	(582)	35	Other operating expenditure	9	649	32	681
3,431	(6,945)	(3,514)	Financing and investment income and expenditure	10	7,007	(5,252)	1,755
0	(17,259)	(17,259)	Taxation and non-specific grant income and expenditure	11	0	(11,300)	(11,300)
73,586	(77,513)	(3,927)	(Surplus)/Deficit on Provision of Services		73,383	(67,155)	6,228
0	(1,681)	(1,681)	Surplus or deficit on revaluation of property, plant and equipment assets	21(a)	0	(14,036)	(14,036)
0	(368)	(368)	Surplus or deficit on revaluation of available for sale financial assets	21(f)	0	404	404
0	(12,116)	(12,116)	Remeasurement of the net defined benefit liability	21(c)	0	(38,663)	(38,663)
0	(14,165)	(14,165)	Other Comprehensive Income and Expenditure		0	(52,295)	(52,295)
73,586	(91,678)	(18,092)	Total Comprehensive Income and Expenditure		73,383	(119,450)	(46,067)

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
Balance at 31 March 2022 carried forward		(1,880)	(44,804)	(1,409)	(4,067)	(52,160)	63,343	11,183
<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
(Increase) or decrease in 2022/23		9,660	0	602	(1,247)	9,015	(55,082)	(46,067)
Transfer to or from Earmarked Reserves	8	(8,445)	8,445	0	0	0	0	0
Balance at 31 March 2023 carried forward		(665)	(36,359)	(807)	(5,314)	(43,145)	8,261	(34,884)
Balance at 31 March 2021 carried forward		(1,522)	(43,933)	(1,953)	(4,617)	(52,025)	81,300	29,275
Opening balance adjustment (capital financing)		0	0	(1,365)	645	(720)	720	0
<u>Movement in Reserves during 2021/22</u>	-							0
Total Comprehensive Income and Expenditure	CIES	(3,927)	0	0	0	(3,927)	(14,165)	(18,092)
Adjustments between Accounting Basis and Funding Basis under Regulations	7	2,698	0	1,909	(95)	4,512	(4,512)	0
(Increase) or Decrease in Movement 2021/22		(1,229)	0	1,909	(95)	585	(18,677)	(18,092)
Transfer to or from Earmarked Reserves	8	871	(871)	0	0	0	0	0
Balance at 31 March 2022 carried forward		(1,880)	(44,804)	(1,409)	(4,067)	(52,160)	63,343	11,183

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
	Property, plant and equipment		
103,307	Other land and buildings	12	118,041
2,967	Vehicles, plant and equipment	12	2,583
25	Infrastructure assets	12	29
3,231	Community assets	12	3,226
961	Surplus assets not held for sale	12	941
5,297	Assets under construction	12	5,390
115,788	Total property, plant and equipment		130,210
334	Heritage assets	13	334
81,505	Investment properties	15	80,694
131	Intangible assets		23
2,459	Long-term investments	23	2,076
303	Long-term debtors	17	303
84,732	Other Long-term assets		83,430
20,000	Short-term investments	23	0
23	Inventories		13
22,601	Short-term debtors	17	19,917
18,856	Cash and cash equivalents	18	10,170
61,480	Current assets		30,100
(85,282)	Short-term borrowings	23	(73,381)
(35,019)	Short-term creditors	19	(20,097)
(120,301)	Current liabilities		(93,478)
(4,551)	Long-term creditors	19	(5,176)
(1,707)	Provisions	20	(1,359)
(99,596)	Long-term borrowings	23	(97,789)
(47,028)	Other long-term liabilities	22	(11,054)
(152,882)	Long-term liabilities		(115,378)
(11,183)	Net (liabilities)/Assets		34,884
(52,160)	Usable reserves	MIRS	(43,145)
63,343	Unusable reserves	21	8,261
11,183	Total reserves		(34,884)

Bob Watson
Strategic Director - Finance and Customer Service
06 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.

2021/22			2022/23
£'000		Note	£'000
3,927	Net surplus/(deficit) on the provision of services		(6,228)
12,503	Adjustments for non-cash movements	25	(8,081)
(2,213)	Adjustments for items that are investing and financing activities	25	(2,519)
14,217	Net cash inflows from operating activities		(16,828)
(22,295)	Investing activities	26	21,850
4,569	Financing activities	27	(13,708)
(3,509)	Net increase/(decrease) in cash and cash equivalents		(8,686)
22,365	Cash and cash equivalents at the beginning of the reporting period		18,856
18,856	Cash and cash equivalents at the end of the reporting period		10,170
(3,509)	Movement in cash		(8,686)

1 Accounting Policies

General

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23 ("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 2023 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 2022/23 (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:

Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances
- Property, Plant and Equipment: Proceeds before Intended Use

The amendments above and their impact on the information provided in the financial statements are still being evaluated but are unlikely to have a significant impact.

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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if actual results differ from assumptions
Pension Liability	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 £8.76 million. Typically, the assumptions interact in complex ways. During 2022/23, the Council's actuary advised that the net pension liability had decreased by £36 million on the prior year.
Investment properties and property, plant and equipment asset valuations	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.
NDR appeals provision	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.

2021/22				2022/23		
Net expenditure chargeable to General Fund	Adjustments between Accounting Basis and Funding Basis	Net expenditure in Comprehensive Income and Expenditure Statement	Service	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
123	33	156	Chief Executive	212	25	237
6,205	5,474	11,679	Environment and Community	4,291	1,430	5,721
3,410	684	4,094	Finance and Customer Services	4,598	592	5,190
(2,949)	0	(2,949)	Planning	(193)	0	(193)
3,158	753	3,911	HR Performance and Communications	3,421	574	3,995
(4,000)	2,738	(1,262)	Investment and Development	(1,149)	130	(1,019)
968	214	1,182	Legal and Democratic Services	1,059	102	1,161
6,915	9,896	16,811	Net cost of services	12,239	2,853	15,092
617	(582)	35	Other operating expenditure	648	33	681
2,127	(5,641)	(3,514)	Financing and investment income	1,942	(187)	1,755
(10,888)	(6,371)	(17,259)	Taxation and non-specific grant income and expenditure	(5,169)	(6,131)	(11,300)
(1,229)	(2,698)	(3,927)	(Surplus)/Deficit for the year	9,660	(3,432)	6,228
(1,522)			Opening General Fund	(1,880)		
(1,229)			Less/plus surplus or (deficit) on General Fund in year	9,660		
871			Transfer to/(from) Earmarked Reserves	(8,445)		
(1,880)			Closing General Fund	(665)		

(b) Notes to the Expenditure and Funding Analysis

2021/22				Adjustments from General Fund to reconcile to Comprehensive Income and Expenditure Statement	2022/23			
Adjustments for capital purposes	Net change for pension adjustment	Other differences	Total adjustments		Adjustments for capital purposes	Net change for pension adjustment	Other differences	Total adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
0	33	0	33	Chief Executive	0	25	0	25
4,492	982	0	5,474	Environment and Community	963	467	0	1,430
0	1,012	(328)	684	Finance and Customer Services	5	476	111	592
0	0	0	0	Planning	0	0	0	0
239	514	0	753	HR Performance and Communications	344	230	0	574
2,534	204	0	2,738	Investment and Development	41	89	0	130
4	210	0	214	Legal and Democratic Services	4	98	0	102
7,269	2,955	(328)	9,896	Net cost of services	1,357	1,385	111	2,853
(581)	0	(1)	(582)	Other operating expenditure	33	0	0	33
(5,799)	158	0	(5,641)	Financing and investment income and expenditure	(1,491)	1,304	0	(187)
(1,632)	0	(4,739)	(6,371)	Taxation and non-specific grant income and expenditure	(2,552)	0	(3,579)	(6,131)
(743)	3,113	(5,068)	(2,698)	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	(2,653)	2,689	(3,468)	(3,432)

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

2021/22	Expenditure/income	2022/23
£'000		£'000
	Expenditure	
17,855	Employee benefits expenses	16,925
44,321	Other services expenses	48,302
7,362	Depreciation, amortisation, and impairment	2,485
3,431	Interest payments	5,023
617	Precepts and levies	648
73,586	Total expenditure	73,383
	Income	
(21,532)	Fees, charges, and other service income	(27,391)
(3,291)	Gains on disposal of non current assets	1,139
(3,654)	Interest and investment income	(5,252)
(28,621)	Income from council tax, non-domestic rates, and district rate income	(8,872)
(20,415)	Government grants and contributions	(26,779)
(77,513)	Total income	(67,155)
(3,927)	(Surplus)/Deficit on the provision of services	6,228

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

2021/22					2022/23			
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
				Adjustments primarily involving the Capital Adjustment				
				1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
(6,397)			6,397	Charges for depreciation and impairment of non-current assets.	63			(63)
				Revaluation losses on Property, Plant and Equipment.				
3,291			(3,291)	Movements in the market value of Investment Properties.	(1,013)			1,013
(94)			94	Amortisation of Intangible Assets.	(252)			252
				Capital grants and contributions applied.				
(871)			871	Revenue expenditure funded from capital under statute.	(1,283)			1,283
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
				2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
2,256			(2,256)	Statutory provision for the financing of capital investment.	2,541			(2,541)
345			(345)	Capital expenditure charged against the General Fund (Direct Revenue Contributions).	78			(78)
				Adjustment primarily involving the Capital Grants Unapplied Reserve:				
1,632		(1,632)		Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	2,552		(2,552)	
		1,538	(1,538)	Application of grants and capital financing transferred to the Capital Adjustment Account.			1,304	(1,304)
				Adjustment primarily involving the Capital Receipts Reserve:				
581	(581)			Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(33)	33		
	2,490		(2,490)	Use of Capital Receipts Reserve to finance new capital expenditure.		569		(569)
				Adjustments primarily involving the Pension Reserve:				
(6,097)			6,097	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37).	(5,182)			5,182
2,984			(2,984)	Employer's pension's contributions and direct payments to pensioner's payable in the year.	2,493			(2,493)
				Adjustments primarily involving the Collection Fund Adjustment Account:				
4,739			(4,739)	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.	3,579			(3,579)
				Adjustments primarily involving the Financial Instruments Adjustment Account:				
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
				Adjustments primarily involving the Accumulated Absences Account:				
328			(328)	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.	(111)			111
1		(1)	0	Other Movements			1	(1)
2,698	1,909	(95)	(4,512)	Total Adjustments	3,432	602	(1,247)	(2,787)

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 2022/23:

Balance 31 March 2021	Transfers in 2021/22	Transfers out 2021/22	Balance 31 March 2022	Earmarked reserves	Transfers in 2022/23	Transfers out 2022/23	Balance 31 March 2022
£'000	£'000	£'000	£'000		£'000	£'000	£'000
(11,146)	0	213	(10,933)	Capital Fund	0	0	(10,933)
(1,896)	0	1,523	(373)	Affordable Housing	(23)	0	(396)
(318)	(2)	0	(320)	Atrium - Section 106 Agreement	0	0	(320)
(85)	(28)	30	(83)	Blackwater Valley developers' contributions	0	31	(52)
(4,700)	(2,979)	0	(7,679)	Business Rate Equalisation Fund	0	3,138	(4,541)
(5)	0	0	(5)	Chobham and Town Team Partnership	0	5	0
(167)	0	21	(146)	Community Fund 2002	0	0	(146)
(483)	(170)	0	(653)	CIL-Administration and Monitoring	(23)	0	(676)
(422)	0	283	(139)	Commuted sums	0	10	(129)
0	(574)	0	(574)	Contain Outbreak Management Fund	0	272	(302)
(18)	(1,221)	0	(1,239)	Covid-19	0	0	(1,239)
(54)	0	19	(35)	Crime and Disorder Partnership	0	4	(31)
(72)	0	0	(72)	Custom Build	0	0	(72)
(285)	(1)	0	(286)	Deepcut Village Centre - Alma Dettingen	0	0	(286)
0	(35)	0	(35)	Environmental health	(19)	0	(54)
(109)	(42)	0	(151)	Frimley Lodge Park 3G Pitch	(21)	0	(172)
(7)	0	0	(7)	Heatherside - multi-use games area	0	0	(7)
0	(61)	0	(61)	Home Improvement Agency	(10)	0	(71)
0	(793)	0	(793)	Homelessness support	(20)	0	(813)
(193)	(1)	0	(194)	Insurance Reserve	0	0	(194)
(5,288)	(2,030)	0	(7,318)	Interest Equalisation Reserve	0	3,100	(4,218)
(384)	0	0	(384)	Land drainage	0	0	(384)
(182)	0	0	(182)	New Burdens Fund	0	0	(182)
(185)	0	0	(185)	Nottcutts (Bagshot project)	0	0	(185)
(17)	0	0	(17)	Old Dean toddlers' playground	0	0	(17)
(465)	0	100	(365)	One Public Estate	0	0	(365)
(174)	0	36	(138)	Planning and Section 106 agreements	0	29	(109)
(1,943)	0	316	(1,627)	Property Maintenance	0	6	(1,621)
(45)	0	0	(45)	Remediation Fund	0	0	(45)
(107)	0	0	(107)	Rent Equalisation	0	0	(107)
(56)	0	0	(56)	Strategic Access Management and Monitoring (SAMM)	0	0	(56)
(4,683)	(2,564)	0	(7,247)	Suitable Alternative Natural Green Space (SANGS)	(85)	0	(7,332)
0	(79)	0	(79)	Surrey Family Support Programme	0	0	(79)

Notes to the Statement of Accounts

Balance 31 March 2021	Transfers in 2021/22	Transfers out 2021/22	Balance 31 March 2022	Earmarked reserves	Transfers in 2022/23	Transfers out 2022/23	Balance 31 March 2022
£'000	£'000	£'000	£'000		£'000	£'000	£'000
0	(159)	0	(159)	Swift Lane	0	49	(110)
0	(153)	0	(153)	Syrian Refugees	0	26	(127)
0	(2,646)	0	(2,646)	Transformation Reserve	0	2,646	0
0	(147)	0	(147)	Southampton London Pipeline Reserve	(28)	0	(175)
0	(28)	0	(28)	Theatre Restoration Levy Reserve	(26)	0	(54)
0	(35)	0	(35)	Climate Change Action Plan Reserve	0	0	(35)
0	(33)	0	(33)	Sanctuary Scheme Reserve	(3)	0	(36)
0	(75)	0	(75)	Afghan Resettlement Scheme Reserve	0	30	(45)
0	0	0	0	Asylum Dispersal	(35)	0	(35)
0	0	0	0	Home for Ukraine	(586)	0	(586)
0	0	0	0	Air pollution	(12)	0	(12)
0	0	0	0	Carry Forward	(10)	0	(10)
(33,489)	(13,856)	2,541	(44,804)	Total	(891)	9,346	(36,359)

9 Other Operating Income and Expenditure

2021/22	Other operating expenditure	2022/23
£'000		£'000
617	Parish Council precepts	649
(582)	(Gains) / losses on the disposal of non-current assets	32
35	Total	681

10 Financing and Investment Income and Expenditure

2021/22	Financing and investment income and expenditure	2022/23
£'000		£'000
2,291	Interest payable and similar charges	3,735
1,140	Net interest on defined benefit liability	1,288
(115)	Interest receivable and similar income	(543)
(3,539)	Income and expenditure in relation to investment properties	(3,832)
(3,291)	(Gains)/losses on the revaluation of investment properties	1,107
(3,514)	Total	1,755

11 Taxation and Non Specific Grant Income and Expenditure

2021/22	Taxation and non-specific grant income and expenditure	2022/23
£'000		£'000
(9,815)	Council tax income	(10,109)
(2,353)	Non-domestic rates income and expenditure	1,237
(4,029)	Non-ringfenced government grants	(761)
(1,062)	Capital grants and contributions	(1,667)
(17,259)	Total	(11,300)

12 Property, Plant and Equipment

2022/23	Other land & buildings	Vehicles, plant & equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Total PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 01 April 2022	191,789	6,374	136	3,231	961	5,297	207,788
Additions	71	157	6	(5)	0	93	322
Revaluation increases recognised in the revaluation reserve	15,478	0	0	0	0	0	15,478
Revaluation decrease recognised in the surplus/deficit on the provision of services	0	0	0	0	(20)	0	(20)
Transfers (to)/from other non-current asset categories	0	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0	0
At 31 March 2023	207,338	6,531	142	3,226	941	5,390	223,568
Accumulated depreciation and impairment at 01 April 2022	(88,482)	(3,407)	(111)	0	0	0	(92,000)
Depreciation charge	(814)	(540)	(3)	0	0	0	(1,357)
Depreciation written out to the revaluation reserve	0	0	0	0	0	0	0
Transfers to other non-current asset categories	0	0	0	0	0	0	0
Derecognition-disposals	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the deficit on the provision of services	0	0	0	0	0	0	0
Other adjustments	(1)	(1)	1	0	0	0	(1)
At 31 March 2023	(89,297)	(3,948)	(113)	0	0	0	(93,358)
Net book value							
At 31 March 2023	118,041	2,583	29	3,226	941	5,390	130,210
At 31 March 2022	103,307	2,967	25	3,231	961	5,297	115,788

12 Property, Plant and Equipment (continued)

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

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 2023 the Council entered into a number of contracts for the construction or enhancement of property and plant in 2022/23 and future years budgeted to cost £4.9 million.

The major commitments are:

- London Road Block - £3.5 million
- The Square (refurbishments) - £1.4 million

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

Revaluations

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

Valuation	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000
Valued at current value as at:			
31-Mar-23	14,734	941	15,675
31-Mar-22	21,793	0	21,793
31-Mar-21	8,104	0	8,104
31-Mar-20	57,456	0	57,456
31-Mar-19	4,719	0	4,719
31-Mar-18	7,714	0	7,714
31-Mar-17	3,521	0	3,521
Total cost or valuation	118,041	941	118,982

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 2022	175	111	48	334
31 March 2023	175	111	48	334
Cost or valuation 01 April 2021	175	111	48	334
31 March 2022	175	111	48	334

Museum

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

Other

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

14 Revenue from contracts with service recipients

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

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

15 Investment Properties

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

2021/22		2022/23
£'000		£'000
(4,689)	Rental income from investment properties	(4,576)
1,150	Direct operating expenses arising from investment properties	744
0	Profit on sale of assets	0
(3,291)	Revaluation losses/(gains) on revaluations	1,107
(6,830)	Net income on investment properties	(2,725)

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.

2021/22		2022/23
£'000		£'000
78,102	Balance at the beginning of the year	81,505
111	Purchases	202
0	Disposals	0
0	Transfers	0
3,292	Net (losses)/gains from fair value adjustments	(1,013)
81,505	Balance at the end of the year	80,694

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 2021/22		2022/23
£'000		£'000
213,968	Opening Capital Financing Requirement	211,839
	Capital investment	
176	Other land and buildings	71
34	Community assets	(5)
111	Investment assets	202
439	Vehicles, plant and equipment	157
2,856	Assets under construction	93
13	Intangible assets	145
871	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,283
	Sources of finance	
(2,490)	Capital receipts	(569)
(1,538)	Government grants and other contributions	(1,305)
(345)	Sums set aside from revenue	(78)
127	Unfinanced capital expenditure in year	(6)
(2,256)	Less: Statutory provision for the financing of capital investment	(2,541)
211,839	Closing Capital Financing Requirement	209,292

	Explanation for movement in year	
(2,129)	Increase/(decrease) in underlying need to borrow	(2,547)

17 Debtors

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

2021/22	Short-term debtors	2022/23
£'000		£'000
11,103	Trade receivables	11,839
12,558	Other receivables	9,135
23,661		20,974
(1,060)	Allowance for bad debts	(1,057)
22,601	Total	19,917

2021/22	Long-term debtors	2022/23
£'000		£'000
160	Charges on properties	161
143	Other debtors	142
303	Total	303

18 Cash and Cash Equivalents

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

2021/22	Cash and cash equivalents	2022/23
£'000		£'000
11	Cash held by the Council	9
4,316	Bank current accounts	1,583
14,529	Short-term deposits	8,578
18,856	Total cash and cash equivalents	10,170

19 Creditors

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

2021/22	Short-term creditors	2022/23
£'000		£'000
(202)	Trade payables	(140)
(33,798)	Other payables	(18,077)
(1,019)	Receipts in Advance	(1,880)
(35,019)	Total	(20,097)

2021/22	Long-term creditors	2022/23
£'000		£'000
(4,551)	Other entities and individuals	(5,176)
(4,551)	Total	(5,176)

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:

2021/22	NDR appeals provision	2022/23
£'000		£'000
(1,822)	Balance at 1 April	(1,707)
(2,733)	Additional provision	(296)
2,848	Amounts used in year	644
0	Amounts reversed unused	0
(1,707)	Balance at 31 March	(1,359)

21 Unusable Reserves

2021/22	Unusable Reserves	2022/23
£'000		£'000
(20,373)	Revaluation Reserve	(34,247)
32,124	Capital Adjustment Account	29,952
47,028	Pension Reserve	11,054
4,972	Collection Fund Adjustment Account	1,393
51	Accumulated Absences Account	162
(459)	Financial Instruments Revaluation Reserve	(53)
63,343	Total Unusable Reserves	8,261

(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.

2021/22	Revaluation Reserve	2022/23
£'000		£'000
(18,803)	Balance at 1 April	(20,373)
(4,977)	Upward revaluation of assets	(14,112)
3,296	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	76
111	Difference between fair value depreciation and historical cost depreciation	162
(20,373)	Balance at 31 March	(34,247)

(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.

2021/22	Capital Adjustment Account	2022/23
£'000		£'000
34,074	Balance at 1 April	32,124
832	Opening balance adjustment	0
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
1,297	Charges for depreciation, amortisation and impairment of non-current assets	619
5,194	Revaluation losses/(gains) on property, plant and equipment	(430)
871	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,283
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
7,362		1,472
(111)	Adjusting amounts written out of the Revaluation Reserve	(162)
7,251	Net written out amount of non-current assets consumed in the year	1,310
	Capital financing applied in the year:	
(2,490)	Use of the Capital Receipts Reserve to finance new capital expenditure	(569)
(1,455)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,304)
(539)	Capital expenditure funded from reserves	(78)
	Capital expenditure funded from revenue	
(2,256)	Statutory provision for the financing of capital investment charged to the General Fund	(2,541)
	Capital expenditure charged to the General Fund	
(6,740)		(4,492)
(3,291)	Movements in the market value of investment properties debited/(credited) to the Comprehensive Income and Expenditure Statement	1,013
(2)	Other movements	(3)
32,124	Balance at 31 March	29,952

(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.

2021/22	Pension Reserve	2022/23
£'000		£'000
56,031	Balance at 1 April	47,028
(12,116)	Actuarial (gains)/losses on pensions assets and liabilities	(38,663)
6,097	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	5,182
(2,984)	Employer pension contributions and direct payments to pensioners payable in the year	(2,493)
47,028	Balance at 31 March	11,054

(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.

2021/22	Collection Fund Adjustment Account	2022/23
£'000		£'000
9,711	Balance at 1 April	4,972
(4,739)	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	(3,579)
4,972	Balance at 31 March	1,393

(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.

2021/22	Accumulated Absences Account	2022/23
£'000		£'000
378	Balance at 1 April	51
(378)	Settlement or cancellation of accrual made at the end of preceding year	(51)
51	Amount accrued at end of the current year	162
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
51	Balance at 31 March	162

(f) Financial Instruments Revaluation Reserve

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

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

2021/22	Financial Instruments Revaluation Reserve	2022/23
£'000		£'000
(91)	Balance at 1 April	(459)
(368)	Loss/(gain) on revaluation of long-term investments	406
(459)	Balance at 31 March	(53)

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:

2021/22 £'000	Comprehensive Income and Expenditure Statement	2022/23 £'000
4,957	Service costs included in cost of services - current service cost	3,894
1,140	Included in financing and investment income and expenditure - net interest expense	1,128
6,097	Total post-employment benefits charged to the surplus or deficit on the provision of services	5,022
	Other post-employment benefits charged to Other Comprehensive Income and Expenditure	
	Remeasurement of the net defined benefit liability comprising:	
(4,408)	- Return on plan assets (excluding the amount included in the net interest expense)	4,082
(8,659)	- Actuarial gains and losses arising on changes in financial assumptions	(50,598)
(595)	- Changes in demographic assumptions	(903)
1,546	- Other experience	8,756
(12,116)	Total post-employment benefits charged to Other Comprehensive Income and Expenditure	(38,663)

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:

2021/22 £'000	Local Government Pension Scheme	2022/23 £'000
(148,387)	Present value of defined benefit obligation	(110,100)
101,359	Fair value of plan assets	99,046
(47,028)	Net liability arising from defined benefit obligation	(11,054)

Reconciliation of fair value of scheme assets

Funded Assets	Unfunded Assets		Funded Assets	Unfunded Assets
2020/21	2020/21		2022/23	2022/23
£'000	£'000		£'000	£'000
93,704	0	Opening fair value of scheme assets	101,359	0
1,871	0	Interest income	2,722	0
		Remeasurement gain/(loss):		
4,408	0	- the return on plan assets, excluding the amount included in the net interest expense	(4,082)	0
1,541	0	The effect of changes in foreign exchange rates:	0	0
2,782	202	Contributions from employer	2,281	212
646	0	Contributions from employees in the scheme	584	0
(3,593)	(202)	Benefits paid	(3,818)	(212)
101,359	0	Closing fair value of scheme assets	99,046	0

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
2021/22	2021/22		2022/23	2022/23
£'000	£'000		£'000	£'000
(150,139)	404	Opening balance at 1 April	(148,993)	606
(4,722)	0	Current service cost	(3,894)	0
(235)	0	Past service cost	0	0
(3,011)	0	Interest cost	(4,010)	0
(646)	0	Contributions from scheme participants	(584)	0
		Remeasurement (gains)/losses:		
8,659	0	- Actuarial gains/losses arising from changes in financial assumptions	50,598	0
595	0	- Changes in demographic assumptions	903	0
(3,087)	0	- Other experience	(8,756)	0
		Liabilities assumed on entity combinations:		
0	202	Unfunded benefits paid	0	212
3,593	0	Benefits paid	3,818	0
(148,993)	606	Closing balance at 31 March	(110,918)	818

Local Government Pension Scheme assets

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

2021/22					2022/23		
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
			Cash and cash equivalents				
2,551	0	2,551	All	2%	2,074	0	2,074
			Equity securities				
1,773	0	1,773	Consumer	2%	1,555	0	1,555
1,414	0	1,414	Manufacturing	1%	1,299	0	1,299
314	0	314	Energy and utilities	1%	498	0	498
1,176	0	1,176	Financial institutions	2%	1,761	0	1,761
1,211	0	1,211	Health and care	2%	1,540	0	1,540
3,172	0	3,172	Information technology	2%	2,182	0	2,182
0	0	0	Other	0%	0	0	0
			Debt securities				
0	0	0	Corporate bonds (investment grade)	0%	0	0	0
0	0	0	Corporate bonds (non-investment grade)	0%	0	0	0
0	3,374	3,374	UK government	0%	0	0	0
0	0	0	Other	0%	0	0	0
			Private equity				
0	9,961	9,961	All	14%	0	14,026	14,026
			Real estate				
1,314	2,730	4,044	UK property	4%	1,104	2,538	3,643
0	2,160	2,160	Overseas property	2%	0	2,326	2,326
			Investment funds and unit trusts				
59,518	0	59,518	Equities	58%	57,682	0	57,682
11,102	0	11,102	Bonds	11%	10,724	0	10,724
0	0	0	Other	0%	0	0	0
			Derivatives				
0	0	0	Interest rate	0%	0	0	0
(411)	0	(411)	Foreign exchange	0%	(264)	0	(264)
83,134	18,225	101,359		100%	80,156	18,891	99,046

Basis for estimating assets and liabilities

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

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

2020/21	Local Government Pension Scheme	2022/23
Years	Mortality assumptions	Years
	Longevity at 65 for current pensioners:	
22.3	Men	22.4
24.7	Women	25.0
	Longevity at 45 for future pensioners:	
23.4	Men	23.1
26.4	Women	26.3
%		%
3.75%	Rate of increase in salaries	4.00%
2.85%	Rate of increase in pensions	3.00%
2.00%	Rate for discounting scheme liabilities	4.75%

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
Change in assumptions at 31 March 2023		
0.1% decrease in Real Discount Rate	2%	1,753
1 year increase in member life expectancy	4%	4,404
0.1% increase in the Salary Increase Rate	0%	146
0.1% increase in the Pension Increase Rate	2%	1,632

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

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

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

The liabilities show the underlying long-term commitment that the Council must pay post-employment (retirement) benefits. The net liability of £11 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet (£47 million – 2021/22). 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 £2.4 million to the scheme in 2023/24.

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
2021/22	2021/22		2022/23	2022/23
£'000	£'000		£'000	£'000
		Investments		
		At fair value through Other Comprehensive Income:		
2,459	20,000	Equity investments designated FVOCI	2,076	0
2,459	20,000	Total investments	2,076	0
		At amortised cost:		
0	18,833	Principal	0	10,147
0	23	Accrued interest	0	23
0	18,856	Total cash and cash equivalents	0	10,170
		Debtors		
		At amortised cost:		
303	16,363	Financial assets carried at contractual amount	303	17,908
2,762	55,219	Total financial assets	2,379	28,078

Long-term	Current	Financial liabilities	Long-term	Current
2021/22	2021/22		2022/23	2022/23
£'000	£'000		£'000	£'000
		Borrowings		
		Loans at amortised cost:		
(99,596)	(85,282)	Principal sums borrowed	(97,789)	(73,381)
		Accrued interest		
(99,596)	(85,282)	Total borrowings	(97,789)	(73,381)
		Borrowings		
(4,551)	(10,912)	Creditors	(5,176)	(10,912)
(104,147)	(96,194)	Total financial liabilities	(102,965)	(84,293)

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:

2021/22					2022/23					
Financial liabilities measured at amortised cost	Financial assets measured at amortised cost	Financial assets: fair value through OCI	Assets and liabilities designated to fair value through OCI	Total		Financial liabilities measured at amortised cost	Financial assets measured at amortised cost	Financial assets: fair value through OCI	Assets and liabilities designated to fair value through OCI	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
2,201	0	0	0	2,201	Interest expense	3,633	0	0	0	3,633
90	0	0	0	90	Fee expenses	102	0	0	0	102
2,291	0	0	0	2,291	Total expense in surplus or deficit on the provision of services	3,735	0	0	0	3,735
0	(20)	0	0	(20)	Interest income	0	(461)	0	0	(461)
0	0	0	0	0	Increase in fair value	0	0	0	0	0
0	0	0	(95)	(95)	Dividend income	0	0	0	(82)	(82)
0	(20)	0	(95)	(115)	Total income in surplus or deficit on the provision of services	0	(461)	0	(82)	(543)
0	0	0	0	0	(Gains) on revaluation	0	0	0	0	0
0	0	0	0	0	Losses on revaluation	0	0	0	0	0
0	0	0	0	0	(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0	0	0
2,291	(20)	0	(95)	2,176	Net loss for the year	3,735	(461)	0	(82)	3,192

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
2021/22	2021/22		2022/23	2022/23
£'000	£'000		£'000	£'000
2,459	(95)	CCLA Property Fund	2,076	(82)

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.

2021/22 Fair Value £'000	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	2022/23 Fair Value £'000
2,459	Long-term investments designated to fair value through Other Comprehensive Income	Level 2	Quoted prices for similar assets or liabilities in active markets	2,076

As at 31 March 2023 the Council held £2.1 million (2021/22: £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 2021/22	Fair value 2021/22		Balance Sheet 2022/23	Fair value 2022/23
£'000	£'000		£'000	£'000
		Recorded in Balance Sheet as:		
303	303	Long-term debtors	303	303
0	0	Short-term investments	0	0
37,718	37,718	Short-term debtors	17,908	17,908
22,365	22,365	Cash and cash equivalents	10,147	10,147
60,386	60,386	Total financial assets	32,430	32,430

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

2021/22			2022/23	
Balance Sheet	Fair value*		Balance Sheet	Fair value*
£'000	£'000		£'000	£'000
		Recorded in Balance Sheet as:		
(44,936)	(44,936)	Short-term creditors	(10,912)	(10,912)
(103,931)	(103,931)	Short-term borrowings	(73,381)	(73,381)
(4,503)	(4,503)	Long-term creditors	(5,176)	(5,176)
(76,378)	(87,690)	Long-term borrowings	(97,789)	(122,084)
(229,748)	(241,060)	Total financial liabilities	(187,258)	(211,553)

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

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

24 Nature and Extent of Risks of Financial Instruments

Introduction

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

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

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

The main risks covered are:

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

Credit risk

Investments

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

Receivables

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

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

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

2021/22			2022/23	
Lease receivables	Trade receivables		Lease receivables	Trade receivables
£'000	£'000		£'000	£'000
236	32,437	Neither past due nor impaired	324	16,151
27	2,640	Past due <3 months	38	1,346
18	377	Past due 3 - 6 months	27	62
9	755	Past due 6 - 12 months	14	394
13	1,509	Past due 12+ months	11	749
303	37,718	Total	414	18,702

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:

2021/22				2022/23		
%	Debt	Loss Allowance		%	Debt	Loss Allowance
	£'000	£'000		%	£'000	£'000
			Debt at 2022			
5	9,601	480	Debt at 2022	5	10,337	517
5	0	0	Debt at 2021	5	0	0
5	0	0	Debt at 2020	5	0	0
8	0	0	Debt at 2020	8	0	0
100	286	286	Debt at 2020	100	286	286
21	717	150.57	Debt at 2019	21	717	151
n/a	0	0	Debt at 2019	n/a	0	0
n/a	0	0	Debt at 2018	n/a	0	0
100	411	411	Debt older than 2 years 2018	100	411	411
n/a	0	0	Debt older than 2 years 2017	n/a	0	0
100	58	58	Gypsy debts less than 2 years old	100	58	58
100	30	30	Gypsy debts more than 2 years old	100	30	30
	11,103	1,416	Total		11,839	1,452

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:

2021/22 Liabilities £'000	Period to maturity	2022/23 Liabilities £'000
(83,870)	Not over 1 year	(70,162)
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	0
(19,150)	Over 10 years but not over 20 years	(19,150)
(61,789)	Over 20 years but not over 40 years	(61,789)
(20,069)	Over 40 years	(20,069)
(184,878)	Total	(171,170)

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 2023, £98 million (2021/22: £99 million) of net principal borrowed on long-term loans (borrowings net of investments) was exposed to fixed rates and £73 million (2021/22: £85 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:

2021/22		2022/23
£'000		£'000
1,849	Increase in interest payable on variable rate borrowings	1,712
(200)	Increase in interest receivable on variable rate investments	0
934	Impact on surplus/deficit on the provision of services	934
(25)	Increase in fair value of investments held at FVOCI	(21)
889	Impact on Other Comprehensive Income and Expenditure	889
(42)	Increase/(decrease) in fair value of loans and receivables*	(324)
1,608	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 (2021/22: £2.5 million). A 5% fall in commercial property prices would result in a £0.1 million (2021/22: £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:

2021/22		2022/23
£'000		£'000
(206)	Interest received	(543)
2,364	Interest paid	3,735

2021/22		2022/23
£'000		£'000
1,204	Depreciation	1,358
1,904	Impairment	(430)
965	Amortisation	252
1,487	Increase/(Decrease) in impairment for bad debts	(3)
(9,869)	Increase/(Decrease) in creditors	(14,297)
13,826	(Increase)/Decrease in debtors	2,687
(8)	(Increase)/Decrease in inventories	10
3,113	Movement in pension liability	2,689
(115)	Increase/(Decrease) in provisions	(348)
0	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0
(4)	Other non-cash items charged to the net deficit on the provision of services	1
12,503		-8,081

26 Cash Flow Statement- Investing Activities

The cashflows for investing activities include the following items:

2020/21	Cashflow Statement - investing activities	2022/23
£'000		£'000
(4,508)	Purchase of property, plant and equipment, investment properties and intangible assets	(669)
(20,000)	Purchase of short term and long term investments	20,000
0	Proceeds from the sale of investments	0
581	Proceeds from the sale of property, plant and equipment and investment properties	(33)
1,632	Capital Grants received	2,552
(22,295)	Net cashflows from investing activities	21,850

27 Cash Flow Statement- Financing Activities

The cashflows for financing activities include the following items:

2020/21	Cashflow Statement - financing activities	2022/23
£'000		£'000
4,569	Cash receipts of short-term borrowings and long-term borrowings	(13,708)
0	Other payments for financing activities	0
4,569	Net cashflows from financing activities	(13,708)

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 2022/23 and the prior year are also detailed in the table itemised below.

2021/22		2022/23
£'000		£'000
	SANGS and SAMM	
(644)	Income	0
523	Expenditure	0
(121)	(Surplus)/deficit on the agency arrangement	0

2021/22		2022/23
£'000		£'000
	CIL	
(195)	Income	(7)
195	Expenditure	24
0	(Surplus)/deficit in the year	17

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:

2021/22		2022/23
£'000		£'000
35	Fees payable in relation to external audit services undertaken by the appointed auditor for the year	35
0	Non-audit services	0
12	Fees payable for the certification of grant claims and returns for the year	15
47		50

30 Members Allowance

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

2021/22		2022/23
£'000		£'000
271	Member allowances	279
0	Travel and other allowance amounts	0
6	Mayor's allowance	5
277	Total allowances	284

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:

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	2
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	3
Head of Investment and Development	80,599	0	0	0	0	7,479	88,078	0	88,078	

Notes:	
1	S151 Officer allowance received.
2	Post vacant for two months.
3	Monitoring Officer allowance received.

2021/22 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Compensation for loss of office	Employer pension contributions	Sub-total	Returning officer amount	Total	Notes
	£	£	£	£	£	£	£	£	£	
Chief Executive	118,006	0	2,000	0	0	20,297	140,303	0	140,303	
Executive Head of Finance	55,900	0	0	0	0	0	55,900	0	55,900	1
Strategic Director of Finance and Customer Service	48,699	3,108	23	0	0	8,614	60,444	0	60,444	2
Head of Planning	45,794	0	13	0	0	7,877	53,685	0	53,685	3
Executive Head of Transformation	44,930	0	1,000	0	0	7,728	53,658	0	53,658	4
Head of HR, Performance and Communications	44,930	0	1,000	0	0	7,728	53,658	0	53,658	5
Executive Head of Community	44,930	0	1,000	228	0	7,728	53,886	0	53,886	6
Executive Head of Business	68,120	0	1,516	380	39,690	11,717	121,422	0	121,422	7
Executive Head of Regulatory	16,140	0	270	0	0	2,089	18,498	0	18,498	8
Strategic Director of Environment and Community	22,016	0	0	0	0	3,787	25,803	0	25,803	9
Executive Head of Corporate	52,418	0	1,167	266	47,259	216,674	317,784	4,669	322,453	10
Head of Legal	32,180	5,250	0	0	0	6,438	43,867	0	43,867	11
Head of Legal and Democratic Services	36,000	3,750	0	0	0	6,837	46,587	0	46,587	12
Head of Investment and Development	71,296	0	0	0	0	0	71,296	0	71,296	

In October 2020, a new senior management structure was implemented at SHBC. The posts in grey represent the previous structure.	
Notes:	
1	Interim officer left Jul/21. Post deleted as part of restructure.
2	Post created as part of restructure. Interim officer from Sep/21 to Dec/21. Permanent officer appointed Dec/21. S151 Officer allowance received.
3	Post created as part of restructure. Permanent officer appointed Aug/21.
4	Post deleted in Sep/21 as part of restructure.
5	Post created in Oct/21 as part of restructure.
6	Officer left Sep/21. Post deleted as part of restructure.
7	Officer left Jan/22. Post deleted as part of restructure.
8	Officer left May/21. Post deleted as part of restructure.
9	Post created as part of restructure. Permanent officer appointed Jan/22.
10	Officer left Oct/21. Post deleted as part of restructure.
11	Post deleted in Sep/21 as part of restructure. Additional duties and Monitoring Officer allowances received.
12	Post created in Oct/21 as part of restructure. Monitoring Officer allowance received.

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 2021/22	Remuneration band	2022/23
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
38		43

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 2022/23 are set out in the table below:

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
Total	0	0	0	0

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

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 significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, these including council tax bills and housing benefits. Grants receivable from government departments are disclosed in Note 34.

Members

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

Payments totalling £455,221 (excluding SCC) were paid to eight organisations in which three Members had an interest. The balance outstanding at year-end was £nil. The relevant Members did not take part in any discussion or decision relating to the payments.

Payments totalling £34,125 (excluding SCC) were received from seven organisations in which four Members had an interest, and the balance outstanding at year-end was £6,000. The relevant Members did not take part in any discussion or decision relating to the sums received.

The total Members' allowances paid during 2022/23 are disclosed in Note 29.

Officers

Chief Officers can influence the Council. No interests were declared by Chief Officers during 2022/23.

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 2022/23 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:

2021/22 £'000	Council as lessee - operating leases	2022/23 £'000
24	Not later than one year	14
2	Later than one year and not later than five years	0
0	Later than five years	0
26	Total	14

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

2021/22 £'000	Operating lease expenditure charged	2022/23 £'000
24	Adult Social Care?	22
11	Other services	11
35	Total	33

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:

2021/22 £'000	Council as lessor - operating leases	2022/23 £'000
4,234	Not later than one year	8,925
13,919	Later than one year and not later than five years	29,949
33,913	Later than five years	29,009
52,066	Total	67,883

34 Grant Income

2021/22 £'000	Grant income credited to Taxation and non-specific grant income and expenditure	2022/23 £'000
(115)	New Homes Bonus	(329)
(1)	New Burdens	(16)
(3,914)	Covid-19 grants	3,138
0	Transition Grant	0
(1,061)	Capital grants and contributions	0
(5,091)	Subtotal	2,793
	Grant income credited to services	
(11,430)	Rent Allowance subsidy	(10,667)
(306)	Housing Benefit administration grant	(306)
(410)	Family Support	(320)
(835)	Covid-19 grants	0
0	Other grants	0
(12,981)	Subtotal	(11,293)
(18,072)	Total	(8,500)

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.

2021/22				2022/23		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			INCOME			
0	(82,027)	(82,027)	Council Tax receivable	0	(86,572)	(86,572)
(28,585)	0	(28,585)	Business Rates receivable	(28,836)	0	(28,836)
(28,585)	(82,027)	(110,612)	Total income	(28,836)	(86,572)	(115,408)
			Apportionment of previous year surplus/(deficit)			
(9,441)	0	(9,441)	Central Government	(5,519)	0	(5,519)
(7,553)	(195)	(7,748)	Surrey Heath Borough Council	(4,415)	221	(4,194)
(1,888)	(1,204)	(3,092)	Surrey County Council	(1,104)	1,373	269
0	(216)	(216)	Surrey Police Commissioner	0	253	253
(18,882)	(1,615)	(20,497)		(11,038)	1,847	(9,191)
			EXPENDITURE			
			Precepts, demands and shares			
18,046	0	18,046	Central Government	15,578	0	15,578
14,437	9,666	24,103	Surrey Heath Borough Council	12,463	9,931	22,394
3,609	60,121	63,730	Surrey County Council	3,116	63,391	66,507
0	11,083	11,083	Surrey Police Commissioner	0	11,520	11,520
36,092	80,870	116,962		31,157	84,842	115,999
			Charges to the Collection Fund			
360	0	360	Transitional Protection Payments due to Central Government	182	0	182
(5)	0	(5)	Less: write-off for uncollectable amounts	20	0	20
188	(84)	104	Less: increase/decrease in allowance for Impairment	210	208	418
(288)	0	(288)	Less: increase/decrease in provision for appeals	(870)	0	(870)
128	0	128	Less: cost of collection	127	0	127
383	(84)	299		(331)	208	(123)
17,593	79,171	96,764	Total expenditure	19,788	86,897	106,685
(10,992)	(2,856)	(13,848)	(Surplus)/deficit arising during the year	(9,048)	325	(8,723)
23,926	1,168	25,094	(Surplus)/deficit brought forward 1 April	12,934	(1,688)	11,246
12,934	(1,688)	11,246	(Surplus)/deficit carried forward 31 March	3,886	(1,363)	2,523

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 2023, the total non-domestic rateable value of properties owned by the Council was £42.2 million. The 2022/23 national non-domestic rate multiplier was 49.9p (2021/22 49.9p) for small businesses and 51.2p (2021/22 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:

2021/22				2022/23		
Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents	Band	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
0	5/9	0	A*	0	5/9	0
362	6/9	241	A	369	6/9	246
1,416	7/9	1,101	B	1,602	7/9	1,246
4,684	8/9	4,163	C	4,874	8/9	4,333
8,478	9/9	8,478	D	8,625	9/9	8,625
6,049	11/9	7,393	E	6,108	11/9	7,465
5,439	13/9	7,856	F	5,478	13/9	7,912
4,845	15/9	8,076	G	4,905	15/9	8,174
477	18/9	954	H	482	18/9	965
31,750		38,262	Total	32,443		38,966
		400	New properties Band D equivalent			166
		444	Ministry of Defence (MOD) properties			431
		(580)	Less: allowance for non-collection			(587)
		38,526	Council tax base			38,976
		98.50%	Collection rate assumed			98.50%

INTRODUCTION

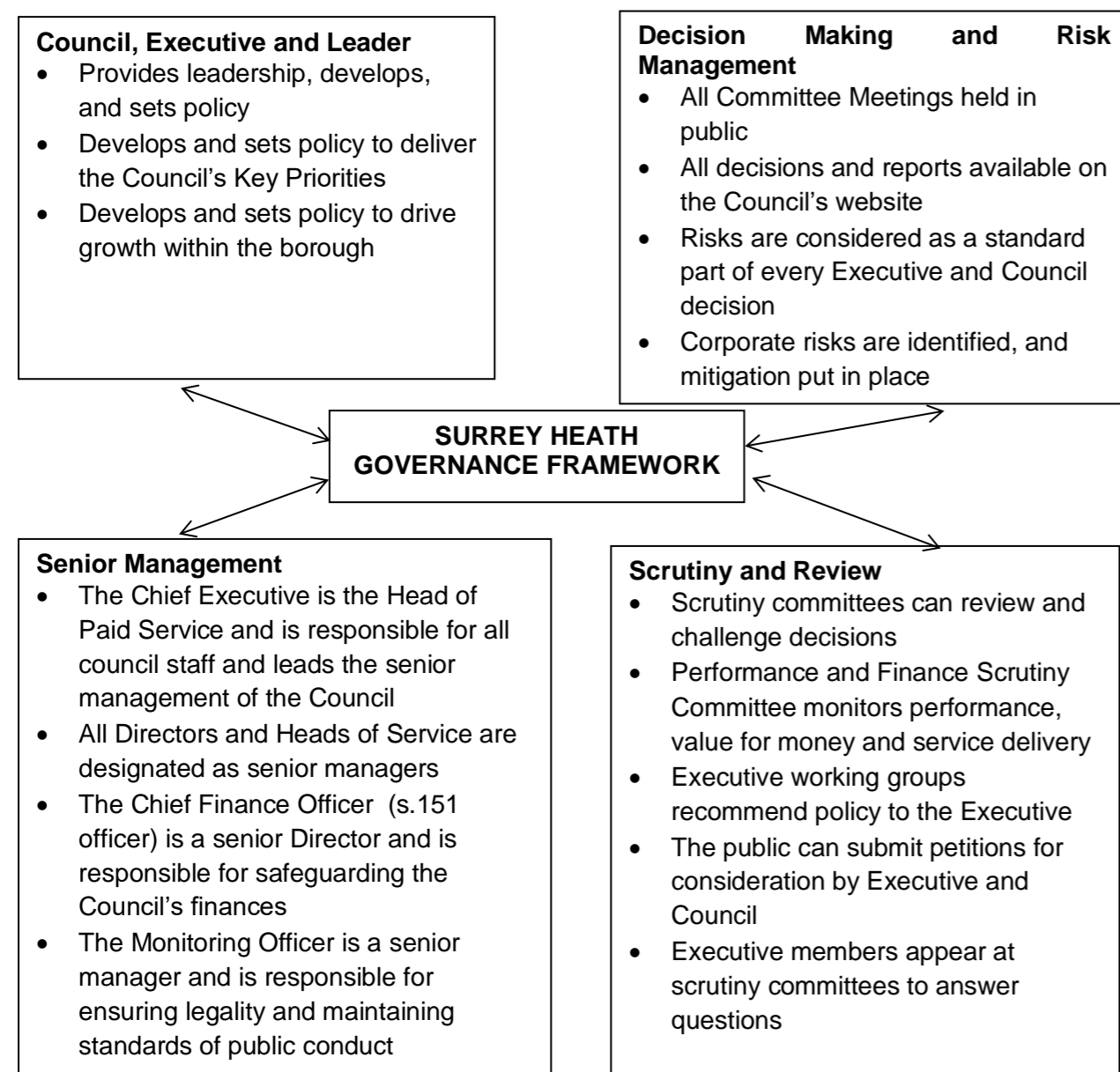
Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

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

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

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

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

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

The Covid-19 pandemic, the cost of living crisis and inflationary pressures have had a significant impact on both the Council's finances as well as how the organisation is able to deliver its services sustainably. These major issues have required the Council to change the way services are delivered and at the same time develop and maintain new services to support those residents affected. Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE framework during 2022-23.

PRINCIPLE A

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

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

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

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

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

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

New Council policies and updates to existing policies have been reviewed by an officer Equality working group. The role of the working group was also to monitor compliance with the Equalities Policy, and undertake Impact Assessments (although much of this work has since been transferred to the Joint Staff committee). There is also a Member Equality Working Group (now part of the Engaging Communities working group) looking at ways to engage the community. Decision reports include a section on equalities implications.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

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

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

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

The Council sends every household a copy of its residents' magazine, Heathscene, up to three times per year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube. More specific e-bulletins and publications are created for various communities of interest, such as businesses, theatre users etc as well as for changes in services. The Council has set up a special website 'Camberley Be Inspired' that promotes news on the town centre regeneration. The site provides an overview of the Council's regeneration projects for the town and also promotes the places to visit in the town and the event programme.

PRINCIPLES C AND D

Defining, optimising, and achieving outcomes

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

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

To ensure that the Council continues to deliver sustainable social, economic and environmental benefits an Economic Development Strategy was adopted in 2018. The focus of the Council's activities shifted in 2020 due to the Covid 19 pandemic. Although objectives remained the same, the activity and deliverable changed to support businesses through their response and recovery phases. A new strategy was produced and adopted in March 2023 to cover the time period 2023-2028. The Economic Development Strategy 2023-2028 aligns with various Surrey Heath Borough Council policies, as well as external plans including the Local Enterprise Partnership's Strategic Economic Plan, the Local Industrial Strategy, Surrey's Plan for Growth and the Surrey Place Ambition.

Some decisions such as agreeing the annual budget and Council Tax level can only be taken by full Council. All other decisions, unless delegated, are made by Executive which include reviews of options and risks by officers and Members. Key performance indicators are in place for all services, and these are reported bi-annually, together with performance against the Annual Plan, to Members for discussion and potential intervention where expected performance is not being achieved.

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

The Council's ageing network switch infrastructure has been re designed improving resilience and connection speeds for staff and equipment. The majority of Council computer applications have migrated across Box and are no longer stored on the Council's legacy server network. Acolaid has been replaced with Idox Uniform, the Customer Relations Management system has been replaced with a new cloud base system, a cloud-based Graphical Interface System has been implemented and the Council's finance system Civica successfully migrated to a cloud-based system to allow users to be able to access it remotely. The Human Resources and ICT Teams have jointly implemented a cloud-based HR system to further support agile working. Elsewhere, modern automated systems have been implemented at Surrey Heath House and at locations across the borough which allow water quality to be tested for issues such as legionella. Council staff have been provided with Intune laptops that support agile working and working remotely.

Carbon Net Zero

The organisation is creating costed decarbonisation plans for all of its major built assets. Applications for Public Sector Decarbonisation Scheme are being completed to provide some capital for these projects and other sources of funding are being identified before projects can be delivered. This includes bid to fund Air Source Heat Pumps, increased insulation of buildings and solar panel installation.

REGOs (Renewable Energy Guarantees of Origin) will be purchased from Oct 23, ensuring that all Council electricity will be from a renewable source.

The Council is currently installing 46 Electric Vehicle (EV) chargers within its car parks. Options are currently being assessed for a second phase of this project that would be expected to install a similar number of chargers again.

The Council has started to decarbonise its fleet, with 4 EVs bought to help deliver the Meals At Home service. The Council also plans to replace its fleet with EVs, where suitable alternatives exist, at end of vehicle life.

A biodiversity scoping document is being produced ahead of planned work on a biodiversity strategy.

There is joint work between the Council and County on completing a Local Cycling and Walking Infrastructure Plan that will allow them to plan and deliver better infrastructure for active travel. Additionally, the Council is at the advanced planning stage of a new cycle route from Frimley to Camberley.

The Council is expanding climate change training opportunities to all staff and Members with the first set of training scheduled for Oct.

PRINCIPLE E

Developing capacity and capability

A key element of the Council's service planning is to maximise the investment in staff through training to enhance the qualifications and skills to enable them to fulfil their roles and potentially progress within the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. Training requirements are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides compulsory training for all new staff including health and safety and equalities and diversity, as well as compulsory training for existing staff including data protection and safeguarding. The organisation is also starting to roll out courses in absence management training. The Council is also a member of the Surrey Learn Partnership which offers cost effective personal skills training in areas such as management skills, communication skills and personal effectiveness on a Surrey wide basis. The Council has a full induction programme for staff and Members.

A comprehensive training programme was undertaken for all Members, with training sessions on the Code of Conduct, Planning matters, Licensing Act 2003, Constitution, decision making and scrutiny, the Local Plan, Local Government Finance, and equalities. Online training on Data Protection was facilitated. Members were also invited to attend a welcome day and received detailed welcome packs. Further training will take place later in the year on Climate Change and training for Chair persons.

During the year, a number of staff continue to be supported through training and experience to gain professional qualifications. This is seen as a major incentive to attract staff to the Council and enable it to address skill shortages and competencies in the future. The organisation has rolled out an agile working policy for its staff to support business continuity, recruitment and retention to key roles, and to support greater resilience through a more positive work life balance by providing systems that enable effective working away from the office environment.

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

The pandemic has resulted in more efficient collaborative working with partner organisations to help support welfare work, including new arrangements with the voluntary sector such as Surrey Heath Prepared, and Age UK, as well as with the National Shielding Service and Surrey County Council to deliver a welfare response. New governance arrangements as well as data sharing protocols were established.

Project Management

The Council recognises that, whilst there are strong examples of effective project management within Council services, ensuring a robust approach to project management across all team and an improved oversight of project and programme governance is an area of improvement. This was also recognised in the recent Peer Challenge undertaken by the Local Government Association in July 2023.

Strong project governance is in place to support some of the Council's key regeneration schemes such as the London Road development. There is a regular board monitoring the achievement of Capital Projects in place, chaired by the Director of Finance and Customer Services, and more work needs to take place to embed and extend the work of this board following staff turnover within the finance team. For significant property projects the organisation has put in place standard project highlight reports which include key risk analysis, project financials and milestone progress – reports on the agenda with monthly, minuted officer project boards. Design Team meetings now take place, with officers and the external design teams. At the Project Board level a Project is managed with senior management where a Highlight report is presented. This report includes key information on project progress. At Member level the Property Working Group get an update on the project progress.

Work is programmed for September – November 2023 to improve the project management approach across the whole Council. A number of areas have been identified including identifying and capturing key projects and programmes, developing and launching toolkits and templates to support project managers, putting in place where needed additional boards to ensure regular conversations and challenge take place to identify any barriers to success and necessary escalation to senior management and to put in place any training and support needed to support officers across the Council.

Contract Management

The Council has introduced a number of examples of effective contract management across the organisation. The Greenspace and recreation team has introduced more site inspections and spot checks to assess service and performance standards of the contractor where there is a concern around non-performance. This also includes additional reporting, for example, on the number of bins that are reported as overflowing so that problematic bins or collection routes can be detected and addressed with the contractor. A Performance Improvement Plan is a working document that is developed during weekly meetings between the Council's Senior Contract Manager and the contractor where areas of concern or non-performance are raised and added to the improvement plan along with dates for when the work is to be completed as well as a traffic light system. This process runs in conjunction with the contractual default process that issues financial penalties for non-performance. The enhanced monitoring and improvement plans document the failings whilst working with the contractor to enable the resolution in order to meet the expected contractual standard.

In the Investment and Development team the Council's new partner for managing its retail assets, including the Square, is Praxis having replaced Montagu Evans. Monthly Interface meetings with Praxis are used to help run through asset management and project management duties, health and safety compliance updates, and reports on arrears in rent. There are monthly operational income meetings with Finance staff and Asset Manager to review monthly cashflow. There are six-weekly rent arrears meetings alongside the Council's legal team. A new KPI review will be introduced later in the year to measure performance.

Following a tender exercise a framework of pre-agreed and qualified property advisers is being contracted to ensure consultants can be appointed swiftly at competitive rates to enable the team to operate in a dynamic way to the needs of the property portfolio and potential acquisitions.

PRINCIPLE F

Managing risks and performance

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. The Council aims to take a 2 tiered approach to risk management ensuring risks are identified and managed at both service level and corporate level.

The organisation is working with all service areas to identify risks that could effect and/or impact on the objectives and business of the individual service, each service area should maintain and manage its own risk register ensuring all risks are reviewed and mitigations put in place in accordance with the Councils Risk Management Strategy. Any significant risks identified at service level are reported to the Corporate Risk Management Group.

The Corporate Risk Register is maintained which identifies the key risks the Council is facing and measured against impact and likelihood. The Corporate Risk Register is reviewed quarterly by the Council's Risk Management Group and is considered by senior management and Members at the Performance and Finance Scrutiny Committee annually. Mitigating actions are identified to help address each risk reported in the Corporate Risk Register. There is also the opportunity for Member review on a more regular basis by sharing the Corporate Risk Register with the Audit Standards and Risk Scrutiny Committee.

The Corporate Risk Management group has continued to build upon reviewing existing as well as emerging risks. The main risks associated with financial pressures on Council resources have been a priority for the group. These include the medium and long term impacts of the pandemic, the cost of living crisis and the current inflationary pressures that the Council and its workforce are facing. Inflationary pressures continue to affect the Council's main contracts as contract prices increase. The cost of living and after effects of the Pandemic have impacted the financial performance of The Square shopping centre, as well as the Council's ability to service its debts. In particular, rising interest rates to reduce inflation are likely to have an adverse impact on the repayments for short term debt. The Council also needs to plan for any future waves or variances of the Pandemic including any future restrictions on service delivery.

During 2022/23 the Council has continued to prioritise the health and safety of its workforce and the communities it serves. The Council regularly reviews and assesses hazards within the workplace and implements control measures to mitigate risk. Updates on Health and Safety matters are now a standing item on the senior management team's agendas. This is defined in law under the Management of Health and Safety at Work Regulations 1999. The measures are communicated to relevant staff.

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

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

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

are being added. All staff have completed information security and GDPR training. One of the main risks to information management comes from cyber-attack.

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

The Council recognises that it does not have the expertise internally in all matters and engages external advisors when required for example in relation to the town centre regeneration, the public realm works, and Council development projects including Ashwood House, the London Road Block and 45-51 Park Street.

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

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

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce harmful emissions. A cross-party working group has been established which is charged with a number of actions including how the Council plans to deliver the carbon reduction target set out in the Council's Climate Change Action Plan to make Surrey Heath Borough Council carbon neutral by 2030.

[The Council's corporate enforcement team continues to manage the risks associated with unauthorised encampment sites and other enforcement cases including flytipping.](#)

Covid-19 has had a significant effect on both the Council's short term cash flow and financial situation, but equally on the long-term effect on the level of resources available, together with the uncertainty over its medium-term financial planning.

New Homes Bonus will continue in 2023/24 as an annual grant, the provisional grant for 2023/24 is £714,667. The final allocation for 2022/23 was £328,788. The future of NHB grant will be confirmed before the 2024/25 Local Government Finance Settlement, due to be announced mid-December 2023.

Surrey Heath is in the Surrey and Sutton business rates pool for 2023/24. The Government intends to reset the baseline. The reset may be delayed by the General Election. Retained business rates income is compared to the Council's baseline funding level, with retained income to a 92.5% threshold protected by the safety net. If retained income is above the baseline funding, the Council may be subject to a levy.

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

The government announced a new comprehensive package of support to help address spending pressures and to cover lost income during the pandemic. The major support package to help councils respond to the pandemic provided one-off assistance. The scheme reimbursed the Council for lost income and allowed council tax and business rates deficits to be repaid over 3 years instead of one.

Where losses were more than 5% of planned income from sales, fees and charges, the government provided cover at a rate of 75p in every £1 lost.

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

The aftermath of the Pandemic has continued to have a significant impact on the Council's capital programme. The increase in costs for labour and materials in the construction sector has meant that the Council has prudently placed a number of build projects on hold and new viability studies and timeframes have been developed. Major contract costs have also risen in particular at renewal stage.

The budget challenges have been recognised by the Council by undertaking more detailed analysis of the financial position of the Council. A revised Medium Term Financial Strategy was developed and approved by the Council; as part of this the Council has undertaken a Base Budget review process to examine further savings and efficiencies for 2023/24 together with opportunities to increase income. These savings and opportunities are currently being progressed.

PRINCIPLE G

Implementing good practices in transparency, reporting, and accountability

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

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

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

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

REVIEW OF EFFECTIVENESS

Management Assurance Statements – summary of key points from service areas

Finance & Customer Service (including Planning Services)

Development Control (incorporating Local Land Charges)

Areas for improvement – the service will improve the response times from internal and external consultees in order to prevent bottlenecks with the determination of planning applications and to ensure

speedier decisions. They will further improve the Council's internal systems and performance monitoring tools, including reporting templates and ICT databases, to improve service efficiencies, and the quality of the service delivered. Improvements to customer service in respect of greater engagement with applicants and agents have been identified and can be tackled by following the determination of a planning application to obtain their feedback on the quality of the service delivered, and more regular developer/agent forums.

Governance weaknesses that have been addressed in-year - backlog of planning applications have been tackled by concerted efforts made by all planning officers with regular caseload meetings held and prioritisations discussed in 1-2-1s. Over-reliance on consultants has been addressed by filling vacancies and by increasing the capacity of the establishment by creating new posts. Additionally the service's urban design consultant now has a dual role by assisting with heritage matters but without an increase in hours, so removing the need for two separate consultants. The Technical Services team has also been trained to undertake householder validations, thus reducing the burden on senior planning officers who were validating applications.

The service has also reviewed and revised its fee structure where possible and appropriate to do so, including some fee increases, more fee categories and optional extras such as the introduction of heritage advice charges, concept level only meetings and specialist advice provided by environmental health, the Council's tree officer and drainage engineer. These charges have had a levelling up effect when compared with other Surrey districts.

Planning Policy & Conservation

Areas for improvement – the service has identified a specific need to provide clear and accessible procurement process information including the need to produce a separate fit for purpose JotForm to enable better approval of commissioning of consultant studies but which also allows for better tracking and monitoring of progress. There is also the potential to undertake more work to support delivery of social benefits.

Governance weaknesses that have been addressed in-year - a number of temporary service accountants in year have caused issues with communication and information sharing such as a lack of information on salaries budgets. The recruitment of a permanent service accountant for Planning Services has resolved this issue. Improving working relationships between service managers and accountants to ensure financial data is better understood has been addressed by having more regular service manager and accountant meetings. At a corporate level internal communications was identified as a weakness in the previous staff survey have been tackled by the introduction of a new staff engagement platform for all Council employees.

Building Control

Areas for improvement - providing resilience to the Building Control service as well as ensuring the Building Control Inspectors achieve compliance with the requirements set by the Building Safety Regulator. As part of this, the service was successful at achieving quality assurance accreditation for ISO 90001.

Governance weaknesses that have been addressed in-year – service resilience has been addressed by a successful recruitment campaign to recruit a fully staffed Building control team. Work has also commenced on providing a shared service with Runnymede Building Control.

Finance

Areas for improvement - some internal controls within Finance need improving around approving journals over £20,000, the management of the Council Banking app Bankline, and treasury borrowing.

Improvements are also needed to budget management across the Council, by improving budget holders knowledge and also improving the level of budget monitoring both on revenue and capital areas. Training and developments by sending finance staff on training courses to improve their financial and related skills, abilities and knowledge.

Governance weaknesses that have been addressed in-year – issues around approving journals over £20,000 by senior accountants have been tackled by reviewing and approving journals centrally on a weekly basis by the Chief Accountant. Bankline Payments have been addressed by setting a maximum daily limit on transactions taking place on Bankline. Bankline admin has been improved by having two administrators within the finance section, rather than just one. Treasury borrowing controls have been tightened up including having a better approval process for borrowing.

Procurement

Areas for improvement - the Council needs to embed its Procurement Strategy across all services that procure goods, works and services and also needs to review and update its Contract Standing Orders, as contained in the Constitution, to ensure they reflect the corporate approach and strategy and best practice. The Council should continually review its pipeline of procurements to ensure that procurement processes are commenced with sufficient time to complete a thorough process. The Council needs to rollout a process of procurement awareness and training to all officers involved in the procurement process.

Governance weaknesses that have been addressed in-year - the Council has recruited a full-time procurement officer to tackle a lack of procurement resource, however the Procurement manager post within the Investment and Development service has since become vacant with the work being covered by an agency support.

To address an out-of-date Contract Register, the Council has introduced a new application called 'Airtable' which better tracks and monitors procurement exercises but services now need to be ensure it is updated accordingly. A Procurement Strategy has now been produced and approved by senior managers. The implementation of the new Strategy has also addressed a review of its procurement considerations and criteria such as: equality diversity and inclusion, anti-poverty, social value, fairtrade considerations.

A Procurement pipeline is now operational which should be updated by services regularly. The pipeline addressed the need for visibility on procurements, particularly with the major contracts. A review by Internal Audit of the suitability and capacity of the corporate procurement function has been actioned by the Finance Stabilisation Review with a view to enhancing the capacity and capability of the Procurement team.

Customer relations/contact centre

Areas for improvement – the introduction of a coordinated approach to the measurement of customer satisfaction and public consultations is planned for Autumn 2023. A focus on Councillor engagement and understanding of services provided since the May 2023 local elections. To work in collaboration with other council services to ensure a robust council approach to safeguarding, specifically in respect of individuals presenting as homeless.

Governance weaknesses that have been addressed in-year – Mental Health awareness training for staff. All customer service staff have now attended an initial training programme. A further more in-depth programme is under development and planned for 2023/24. Improvements to several corporate policies including the Customer Service Policy, the Complaints and Compliments Policy and the Unreasonable Persistent and Vexatious Communication and Complaints Policy and Procedure. These

have been reviewed, updated and agreed through the Executive. Councillor Engagement has been improved by having regular meetings and revised reporting has been very effective. Learning from all activity can and will be utilised in ensuring continued positive engagement with the new administration.

Revenues and Benefits

Areas for improvement - continue to improve training for staff in order to support them in identifying the business risks that will affect the team. Ensuring adequate controls are in place to ensure the accuracy of the work undertaken by the service area and also ensuring procedure notes are updated regularly.

Legal & Democratic Services

Democratic Services and Elections

Areas for improvement - continuous programme of development for Members by the implementation of a four year programme of training coterminous with the councillors' terms of office.

Governance weaknesses that have been addressed in-year - issues with sound production during the streaming of Councillor meetings have been tackled with better dialogue with suppliers. A Member Induction Programme 2023 has helped to address a perceived need to have a greater understanding by Members of the decision-making structure. A new fortnightly Members Briefing newsletter ensures that Members are kept up to date with latest developments taking place across the Council, the borough and the wider sector, as well as learning and training opportunities for Councillors.

Information Governance and Data Protection

Areas for improvement – develop tools and strengthen awareness to all staff helping to ensure the correct management for transferring confidential information via appropriately secure means. Improve staff awareness of cyber-crime including how to spot it and prevent malicious access to Council equipment and network information. Improve the Councils Freedom Of Information (FOI) Publication Scheme, making the content as comprehensive and up to date as possible to help reduce the number of information requests.

Improve working relationships between the FOI office and service managers to ensure Freedom of Information and Data Protection Subject Access requests are processed correctly and responded to in a time appropriate manner.

Governance weaknesses that have been addressed in-year - staff awareness and training of data protection and information security have been improved. Data protection and information security including cyber security forms parts of the Council Induction programme for all new starters and it is also a mandated annual training refresher course for all staff. The Data Security and Protection toolkit (DSPT) which allows organisations to measure their performance against the National Data Guardians 10 data security standards has been addressed by ensuring that accreditation of the DSPT is a requirement of some sharing agreements that the Council is signed up to with other authorities. Prior to 2022 the Council had not completed the DSPT but in 2023 DSPT accreditation had been achieved. Data Loss Prevention (DLP) alerts have been addressed. The Council has activated the DLP alert tool on outlook, this identifies if staff are sharing information excessively or insecurely via email.

Legal (property)

Areas for improvement – with records held separately by Corporate Property, Leisure and Investment and Development, obtaining information and instructions can be challenging. This exposes the Council to greater risks, increases costs and reduces the ability of the Council to maximise income from its

property portfolio. This can be addressed by locating the management of all properties under a single 'property team'.

Wider management responsibilities has reduced capacity in the legal team for contract work so the recruitment of a contracts solicitor would assist, subject to budgetary constraints.

Governance weaknesses that have been addressed in-year – better reliance on electronic records by taking advantage of better scanning facilities has aided disaster recovery processes, helped provide faster and more effective property management and helps to free-up space within Surrey Heath House by destroying documents that are no longer needed. All Tree Protection Orders (TPOs) are currently being scanned to ensure we have a complete digital database.

One of the Principal Solicitors in the team has undertaken the diploma in Local Government Law and Practice to increase knowledge within the team and better support the Head of Legal and Democratic Services. A risk-based approach has been adopted for contract work such that lower value and lower risk contracts may not be reviewed by legal services whilst solutions are explored to manage demand. Two additional property managers have been recruited to assist with the management of retail and leisure properties which has helped to address resource, capacity, and skills issues within the team particularly in terms of the management of Leisure properties where there is a gap in expertise. This provides Corporate Property greater capacity to manage the investment property portfolio in a more effective manner and better exploit opportunities to increase revenue. This assists the legal team with faster and more comprehensive instructions.

Legal (litigation)

Areas for improvement – better utilisation of bundle documents to enable court bundles to be produced electronically, saving printing and paper resource and officer time, and the submission of electronic claims to the Courts wherever possible. Capacity requires improvement and discussions are ongoing with Joint Waste Solutions on the potential for additional resource.

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

Internal Audit

Areas for improvement – to ensure that the Council delivers the National Fraud Initiative (NFI) data matching exercise for 22/23 and actions all outcomes. Audit provides the Key Contact role in this exercise. Ensure that the Peer Review exercise of the Audit functions involving the two Surrey districts Elmbridge and Spelthorne where the Quality Management Assurance processes are reviewed, which was postponed from 2022, is completed and actioned. To build upon the corporate consultancy activities as a support to senior management that have been delivered, especially corporate risk management. To ensure that overdue audit recommendations are monitored and reviewed on a more regular basis and reported to senior management and committee twice per year. Getting more service departments to fully engage with the audit process.

Governance weaknesses that have been addressed in-year – Capacity issues of the team have been addressed in year, with more regular monitoring and intervention. Training and development needs have been identified and staff have attended both compulsory and discretionary training.

Human Resources, Performance & Communications

Human Resources

Areas for improvement – more efficient staff recruitment processes to be introduced focusing on identifying budget and the prompt and timely completion of Staffing Resources Forms for all recruitment or extension of contracts whether it be a Fixed Term Contract or Agency. The Human Resources team are considering introducing tighter controls including putting tasks on the forms as they are approved for Managers so they can start to consider new options approximately 6 weeks prior to the expiry date set.

A new checklist has been introduced on Warbler to enable managers to review their responsibilities and what HR or ICT complete when someone is appointed. Managers need to be encouraged to use this checklist moving forward on a timely basis.

Governance weaknesses that have been addressed in-year – sickness has been addressed by having interventions and more effective discussions between line managers and staff who have been off sick for a period of time and where ‘trigger points’ have been reached. Occupational Health guidance could also be sought to improve the events. Better use of the Council’s HR management system iTrent. Managers have always had to complete a return to work form which is now on iTrent but they also have to complete a mandatory question regarding hitting trigger points. Automated emails are also going to be introduced advising when a trigger point has been reached and actions now required.

Manager absence training has also been rolled out following a revised policy going through the Joint Staff Consultancy Group and the Employment Committee this year.

Organisation Development

Areas for Improvement - improving project management across the organisation for example through the capital programme board and escalation of issues. A report was taken to senior managers in March 2023 to agree an approach and work has been programmed for Autumn 2023.

Continuing to strengthen the corporate approach to performance management, for example by looking at more benchmarking. Improving the Council’s use of the apprenticeship levy. Continuing to improve processes around mandatory training e.g. continuing to deliver more in depth safeguarding training for front line staff. Ensuring all managers have the skills they need to manage staff effectively. Ensuring the Council responds to recommendations raised as part of the Local Government Act Peer Challenge and monitoring and managing actions to be taken as a result.

Governance weaknesses that have been addressed in-year – enhancements to the organisation’s learning and development programme including growing talent by the full use of the 2022/23 training budget through extensive corporate training programmes (impact demonstrated through staff survey results) and promotion of opportunity (highest user of Surrey Learning Partnership).

Compulsory training improvements have been made by the successful certification programmes for Data Protection and Introduction to Safeguarding training with very high completion rates as well as commissioning more in-depth safeguarding course for front-line staff. Compulsory Attendance Management and Managing Mental Health courses have begun. Some headway has been made in promoting apprenticeships linked to the apprenticeship levy but this area still needs further work. Improved performance management has been addressed by ensuring all services now own and produce annual performance reports for discussion with senior managers. A Corporate Policies list was developed and is being reported quarterly to the senior management team to monitor how and when all policies and strategies should be updated to ensure all are fit for purpose and meet the changing needs of the business.

ICT

Areas for improvement – the service has identified some Council website rebuilds will be required to modernise and improve security and accessibility. There will be some (Payment Card Industry) PCI compliance work to replace point of sale equipment in the theatre and museum. ICT has also earmarked enhancements to Data Loss Prevention (DLP) to further improve security and end-user awareness.

The further strengthening of cyber security continues to be progressed, including the rolling out of cyber security awareness training for officers.

Governance weaknesses that have been addressed in-year – the legacy Council website was no longer fit for purpose and recognising that support for the infrastructure that runs the website was due to expire towards the end of 2023, a procurement exercise was undertaken to replace the website. The result is that the organisation now has migrated its website development and management to a much larger, more experienced and robust company. Best value for this project was also ensured by joining the Local Government Drupal project, essentially shared code for building websites. ICT has also taken the opportunity to ensure its new website meets or exceeds the government requirement for websites to be compliant with the industry accessibility guidelines.

ICT also identified that a review of its Payment Card Industry (PCI) compliance was overdue by an independent Qualified Security Assessor to understand whether the organisation is complying with the latest industry best practise and security guidelines relating to PCI DSS. Some areas for improvement have been identified, but these are also tied into the upgrade of the Adelante income management system. ICT intends to replace the point of sale equipment in the theatre and museum with point of sale equipment which processes card details via the new payment gateway and merchant acquiring bank that the service will be moving to during the Adelante upgrade. ICT is also planning on implementing an ‘end call’ solution to remove the need for contact centre staff to manually take card payments over the phone. This will de-scope the contact centre from PCI compliance and reduce organisational risk.

The legacy door security access system at Surrey Heath House has been in place for a number of years and has become unsupportable due to age. The legacy nature of the system also resulted in expensive support and callout charges. Following a successful capital bid a suitable replacement was identified and implemented involvement from the FM and ICT teams. The system transition was fairly seamless due to compatibility with existing door passes and elements of the existing cabling. The new system is cloud-managed and also removed the need for a legacy management PC.

Community Development and Safety

Areas for improvement –the management of the Community Grant function needs addressing and there is a commitment to a clear, transparent and governance driven process. As part of this the information available about grants is to be reviewed in order to provide clear information internally and externally to make sure the process of applying for and receiving a grant is clearer and more equitable. There is a need for Community Development activities to be more strategic and focussed, the service department to become a separate function reporting directly to a head of service, and the recruitment of a Community Development Manager to enable oversight of the service area.

Communications and Engagement

Governance weaknesses that have been addressed in-year - in order to correct a Council website running on an old system with poor design and limited accessibility options, the service has launched a new website to tackle the risks and issues associated with the previous legacy system. Further development has also taken place in developing the employment engagement platform Warbler.

Investment & Development

Economic Development

Areas for improvement – continuous reviews required of services from external stakeholders, for example the Workshop Camberley, to improve the service offered to businesses, communities and individuals in Surrey Heath. There were a number of appointments made without a service level agreement and which delivery has been impacted as a result.

Weaknesses that have been addressed in-year – there has been a focus on delivering a service rather than reviewing the current service offering and continuous improvement. This has been addressed through feedback from external organisations such as holding focus groups with key stakeholders to review and improve a service.

There has been a weak delivery of some commissioned services generally relating to smaller funding amounts circa £3k. Service Level Agreements have also been simple previously especially in terms of outputs and outcomes.

Regeneration

Areas for improvement – to develop better arrangements to capture and hold all relevant data on the Council's properties including financial information, to enable more accurate and robust income and expenditure monitoring to take place.

Weaknesses that have been addressed in-year – Project Management Office and governance have been improved by setting up a set of new governance arrangements for regeneration projects involving standard templates and regular reporting.

Corporate Property (retail)

Areas for improvement – The Square shopping centre was purchased in 2016 and the managed services had not been retendered in that time. In May 2022 the retendering of the Managed Services contract for the Council's retail assets commenced. A new contract was awarded starting April 2023 achieving savings of around £115k pa for the Asset Management service core fee.

There was also no formal arrangement in place with a letting agency with several agencies being appointed across the assets. A new company was appointed in November 2022 as local letting agency for the Square.

The leaseholders in respect of the head lease for the Atrium were not providing statements as per the head lease obligations. More regular meetings have since been established and Head Rent payments are now getting up to date. The letting strategy for the Square had not been reviewed for some time and as a result a new Strategy Policy has since been published.

Weaknesses that have been addressed in-year – a retender of Managed Services for the retail assets with cost savings was delivered April 2023 and a new contract set up with a new asset management

company. The service has set up a new letting agent appointment for the Square shopping centre. It has reviewed and appointed a local agent as part of the Managed Services contract.

A new strategy for managing The Square shopping centre vacancies has been established in year as per Council's five year plan. The Atrium Head Lease rent collection has been addressed with additional meetings arranged with stakeholders. The service has reviewed the Head lease and statements are now received as per obligations within the contract. To bolster this regular Finance and Asset Manager meetings are taking place to help monitor the situation. There were no regular meetings held with Collectively Camberley the Business Improvement District and this has been addressed by holding more regular monthly meetings with an officer from the Investment and Development team in attendance at BID board meetings.

Corporate Property (estates)

Areas for improvement – the service has prepared an Asset plan for each individual Investment Property as defined by Wilkes Head & Eve, the Council's property surveyors. The format of the Asset Plan is to be agreed and signed off and to commence August 2023.

The Council is also improving the way it manages its community properties. There is now a dedicated resource dealing with the backlog of lease renewals, a new Head of Technical Services role has been created and recruited – putting in place an inspection regime and maintenance contract for the servicing of community properties. There are now regular meetings with portfolio holder to get direction on community issues.

Work is underway to completely overhaul the Council's approach to the inspection and maintenance of its community estate. This includes the introduction of up to date policies in respect of statutory compliance, a formal inspection regime of all properties for which the Council is responsible, forward planning for preventative maintenance and co-ordinated liaison with operational colleagues to properly support them in the delivery of their services.

The community team is also undertaking a full review of the strategic value of its community and leisure portfolio, looking at utilisation rates, and leases. The team are carrying out more rent reviews, and lease reviews upon expiry, as well as more tenancy schedules.

Environment & Community

Joint Waste Services (JWS)

Areas for improvement – on behalf of the Surrey Environment Partnership (SEP), Joint Waste Solutions (JWS) utilises the waste hierarchy to focus priorities on waste prevention and recycling, the service has developed an interim strategy, a partnership approach to waste prevention and recycling, to bridge the gap until further clarity is received from government on key emerging policy. The principles are distilled down into JWS's annual work programme of projects and initiatives that are aligned to the aims and objectives of SEP 2025.

JWS is currently building on the strength of the work programme procedure to further develop its approach to business continuity in the event of a failure in the delivery of the joint waste contract, and its approach to performance management, ensuring tangible outputs and/or outcomes; and managing its resources to ensure successful delivery of both the SEP and Joint Contract work programmes.

JWS encourages all staff to continue their professional development and actively seeks opportunities and supports team members to do so. JWS intends to develop a skills matrix and training plan, with consideration to succession planning. Due to current operational challenges and staff turnover this was

not delivered in 2022-23 and will hopefully be delivered in 2023-24. JWS has identified staff who would benefit from the safeguarding training.

JWS is accountable to all 12 local authority partners of the SEP and the 4 local authorities in the joint contract area. Governance arrangements with 3 SEP officer and member meetings annually and 4 joint contract officer and member meeting annually enables approval of the work programme and associated expenditure and transparency of delivery throughout the year.

JWS is actively engaging with local authority practices and procedures to identify and where relevant implement savings and efficiencies and increase income generation.

To further improve relationships the service has implemented 2-3 meetings per annum with the SEP officers' representatives of each of the 12 local authority partners. This enables the service to build, develop and strengthen positive working relationships, remain up-to-date on current priorities and issues within each of the respective authorities and understand how JWS can support and improve service delivery for waste prevention and recycling.

Weaknesses that have been addressed in-year – to support an out-of-date Joint Municipal Waste Management Strategy the JWS team led on a project to develop an interim strategy, SEP 2025 aimed at bridging the gap between now and receiving further clarity from government on key emerging policy and provides a clear strategic direction with a vision and objectives for the next 2-3 years.

JWS have worked with SEP to develop a new funding mechanism that encourages the district and borough councils to improve their performance in line with the vision, aims and objectives of SEP 2025.

JWS intends to develop a skills matrix and training plan, with consideration to succession planning.

Environmental Health and Licensing

Areas for improvement – increase staff understanding of the financial aspects of Environmental Health and Licensing's work, particularly full cost recovery in fee setting, income generation and contract management. Improve retention processes and succession planning for professionally qualified Environmental Health and Licensing staff to maintain a competent workforce. Better use of IT to generate and analyse service performance management information. Continue to develop use of Uniform across the service to improve data recording and sharing and to improve customer response.

Governance weaknesses that have been addressed in year – there have been limited budget manager oversight of salary budgets and of the service's financial position by having more regular and comprehensive budget setting/monitoring meetings with the Environmental Health and Licensing service accountant. Increase in key performance indicator data collected across the service to address limited service performance management information. Uniform improvements have been identified in the service with staff participating in regular meetings with ICT and action planning to address Uniform software not being used to full potential within the service.

Enforcement

Areas for improvement – the development of an overarching, Council- wide enforcement policy, and the development of an anti-social behaviour policy with relevant stakeholders.

Governance weaknesses that have been addressed in-year – the scheme of delegation has been addressed by widening powers for enforcement. The planning enforcement register is being published on the Council's website and an action plan has been agreed to tackle the Uniform system. The CCTV infrastructure is being improved by the introduction of a working group with clearly defined terms of reference and responsibilities.

Housing

Areas for improvement - work is underway with finance colleagues to improve the debt management process and rent collection for Connaught Court to allow accurate rent accounting for residents and those supporting them. The relicensing of HMOs is placing a peak autumn demand on the service due to the cyclical nature of the licensing process. The Council's Allocations Policy is being applied consistently at all times to ensure social housing is always allocated fairly. A review and upgrade of the Housing Register will be conducted in 2023 to produce a more efficient system for officers and a better experience for applicants.

Governance weaknesses that have been addressed in-year - the provision of adaptations through the Council's Disabled Facility Grant policy has been streamlined to speed up the process for means testing and the commencement of works. Adaptations works are now routinely assessed to ensure proper completion to a high standard. The very positive working relationship with Surrey County Council Adult Social Care and Registered Providers such as Accent helps ensure adaptations progress in a smooth manner.

The number of housing complaints regarding both Social and Private Landlords have remained consistent, and all have been satisfactorily resolved mostly through informal means but where appropriate more formal action has been taken.

Family Support

Areas for improvement – improvements to budget management and communication with accountants are to be improved by having more regular meetings with service accountants to ensure budgets are consistently monitored and reviewed.

Governance weaknesses that have been addressed in-year - team leaders have worked with stakeholders to increase their knowledge and understanding which has helped to address lack of stakeholder awareness of the expectations on them on engagement with the 'team around the family' process. This has led to an increase in attendance at 'team around the family' meetings, especially from hard to reach services. Low rates of family feedback at the end of Family Support Intervention has been dealt with by the reintroduction of paper 'family feedback forms' in addition to the online form to ensure accessibility for all clients.

Recreation and Leisure (Green spaces)

Areas for improvement – improved service communications at every level, even though there are regular team meetings, by the introduction of wider team meetings. Broaden the team's capability, knowledge and skill sets to be able to self-serve and operate more independently.

Governance weaknesses that have been addressed in-year – over reliance on contractors, enhanced training for officers, purchasing of new equipment to improve service and reduce operational costs. Improved non-performance of contractor by focusing on enhanced monitoring and performance improvement plans.

Camberley Theatre

Areas for improvement – The theatre continually seeks to improve how it functions and supports the delivery of a rich and diverse cultural offering within the Borough. Further improvements have been identified including:

Amendments to the method of advertising ticket prices so that all tickets advertised include the booking fee as part of the displayed ticket price. Improved project management processes are being introduced to provide consistent outcomes.

A full review of the contracts for pantomime workers is also underway due to a change in employment law which has meant that the current contractual arrangements do not meet industry standards and are no longer suitable.

Parking

Areas for improvement – the service has identified that the Cleaning contract, the provision of CCTV infrastructure, and the fire system located within the borough’s car parks need improvement.

Governance weaknesses that have been addressed in-year – the Cleaning contract at the town centre car park has been addressed by the introduction of regular meetings between the Council and the contractor with financial penalties being introduced if no improvement. CCTV at Main square car park has been improved through a full review of the existing system. The Fire system has benefited from an independent review carried out focusing on health & safety compliance.

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

Assurance from Internal and External Audit

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

The Internal Audit team delivered a number of internal audits from the Plan in 2022-23. Sixteen individual audits were completed, and action plans were agreed with managers to mitigate risks and improve overall controls. Completed audits included the key finance audits conducted annually including capital, treasury management and cash and bank. A number of periodic reviews were also completed including Payroll, Insurance, Democratic Services and Corporate Health and Safety. Audit also assisted with various consultancy type activities including participating in some internal investigations, a review of the Business Improvement District, support with the IR35 regulations, and a review of corporate procurement card use.

An annual report was presented to the Audit and Standards committee in July 2023 where it was reported that the internal auditors’ opinion for 2022/23 was that the Council’s internal control environment and systems of internal control in the areas audited were adequate and effective.

Selected audit recommendations reported in 2022/23	Agreed action
Treasury Audit - All loans need to be supported by way of senior officer approval, such as a signed loans agreement letter or similar.	The Council’s Chief Accountant or other senior officer in the accountancy service needs to sign the borrowing paperwork for any new or rolled over loan going forward. An example of the paperwork to be signed was provided by the Chief Accountant.
Capital Audit - Relevant budget holders for capital projects must update finance on a timely basis with updates of activities or developments undertaken with their respective projects, and to indicate whether their budgets were under or overspent.	Directors and Service Heads should remind budget holders to send their capital budget updates to Finance on a timely basis.
Democratic Services Audit - Councillors should make every effort to attend Mandatory training provided by the Council. Democratic Services should raise this with respective party group leaders.	Democratic Services will review training records and make any improvements necessary to enable complete training records to be provided for an audit trail. A review of the relevant section of the Constitution will also be carried out to ensure that the information contained is up to date and reflects training practices.
Debtors Audit - A review of the success or otherwise of the Consumer Protection Agency is undertaken including a cost benefit analysis. The Council could also consider benchmarking the performance of the existing arrangements with the CPA as the current contract is due to expire April 2023.	Agreed to be undertaken by Finance by end of 2023/24.
Payroll Audit - Clarification should be sought as to whether certain contractual payroll items should be included in Employment Contracts.	Applicants need to sign either Essential car user allowance agreement letters or Golden Hello agreement letters using Box Sign which are issued separately to the Employment Contracts, as these terms are subject to change.

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

Self-assessment and review of key outcome indicators

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

The key outcome indicators below have been used to assess the quality of governance arrangements in 2022/23:

Issues Identified	Performance for 2022/23
Formal reports by s.151 officer or Monitoring officer	All committee reports are reviewed by the relevant statutory officers, and contain a section on the report for their comments
Outcomes from Standards Committee of Monitoring Officer investigations	Monitoring Officer presented his annual report to the November 2022 Audit and Standards Committee which included the outcome of investigations for the Committee to note.
Proven Frauds carried out by members or officers	None identified/proven
Objections received from local electors	None received.
Local Government Ombudsman referrals upheld exceed national average	LGSCO referrals are monitored and any upheld are reviewed and a lessons learned report presented to P&F Scrutiny Committee.
Unsatisfactory/limited internal audit reports	None in 22/23

Follow up of issues identified in the previous financial year for 2022-23

The 2021/22 Annual Governance Statement highlighted seven areas for improvement. The table below sets out the actions that have been taken to address these issues in the current year:

Issues for 2022/23	Action Taken in 2022/23 to address issues
Delivery of the star chamber (now renamed Base Budget Review) process	Base Budget Review process completed with an over achievement of targeted efficiencies in the first two years of the Medium Term Financial Strategy
Joint Waste Solutions	Discussions relating to the Joint Waste contract continue between Amey and the four partner boroughs. Regular Board and Committee meetings are conducted to ensure performance against the contract is monitored, reviewed and where necessary addressed.
Commercial rent arrears	Arrears which accumulated during the times of covid restrictions have been recovered or concessions agreed where necessary to keep businesses trading. New retail asset management company, Praxis, appointed from 1 April 2023. Arrears recovery is reviewed in monthly meetings with Praxis and quarterly meetings with Portfolio Holder.
London Road Development	Market testing on potential options for development completed via Homes England procurement framework. Progress and Proposals on the way forward worked up with the Property and Regeneration Working Group.
Asset management contract	New contract in place wef 1 April 2023 with new asset manager, Praxis, resulting in considerable savings to SHBC.
Building control partnership	Discussions underway with Runnymede Borough Council. Interim arrangement in place pending full s.1113 arrangement with SHBC as host authority
Capturing actions at Committee meetings	Rolling action sheet now in place to capture agreed actions at Executive and minutes of meetings record actions to be taken.

Issues for 2023/24

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

Issues for 2023/24	Action already taken/ to be taken
Local Government Act (LGA) Peer Challenge	The Council invited a LGA Corporate Peer Review to take place in the summer of 2023. The final report is awaited, and once received and reviewed, an action plan for the Council in response will be developed and addressed.
Delivering savings and efficiencies	The Council underwent a thorough Base budget review which was completed in July. The required base budget targets were met/exceeded for 2023/24. The Council is currently delivering the target level savings.
Local Elections (including the roll out of ID voting) and the induction of the new Council.	Successful administration of local elections were completed in May 2022 and a further election in June (due to the death of one candidate). This included a successful implementation plan to address voter ID. Implementation of a complete induction programme and training for the new Council, with a large intake of new Members.
Further strengthening project management practice	Developing and implementing a framework to provide a more consistent approach to project management across the organisation.
Further embedding Risk Management	Building on the Corporate Risk Register and Risk board level Risk Registers, the intention is to establish service and project level risk registers so that risk management becomes more embedded in the work of the organisation.
Risk of major contractor failure	Timely retendering of major contracts in need of renewal (e.g. management of the Square shopping centre). Robust contract management arrangements in place and appropriate enforcement. Exploring contingency measures should a contractor fail through poor performance or a contractor pulling out.
Public questions at Committee meetings	To promote better public engagement with the Council, the intention is to introduce public question time at Executive meetings and other Committee meetings where appropriate

CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements over time. The significant impact as a result of the current economic and financial climate, in particular to the Council's funding and income receipts and use of reserves, will need to continue to be closely monitored.

Damian Roberts
Chief Executive

Cllr Shaun Macdonald
Leader of the Council

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

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.