

Surrey Heath Borough Council

Statement of Accounts 2023/24

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Narrative Statement 2023/24

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

Organisational Overview and External Environment

Our Borough

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

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

Our People

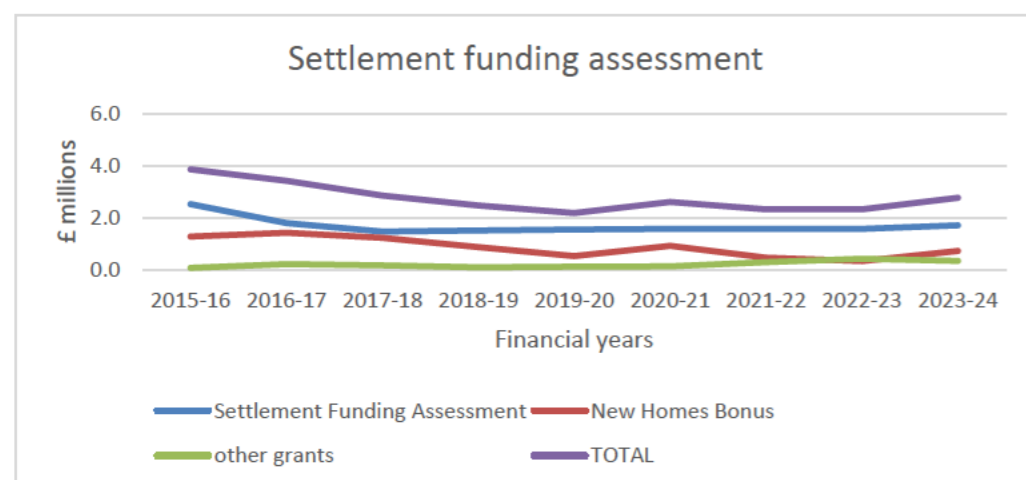
The resident population of Surrey Heath according to the 2021 Census is 90,500, which is a 5.1% increase since the last Census in 2011. A Surrey County-wide trend noted since the last Census is the continuing growth of an ageing population. The largest 5 years cohort across Surrey are those residents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

Our Environment

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

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

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



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

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

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

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

The Council

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

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

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

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

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

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

Our plans and strategies

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

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

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

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

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

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

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

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

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

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

In the Environment section:

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

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

For Health & Quality of Life:

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

In the Economy area:

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

For Effective & Responsive Council:

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

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

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

Governance and Strategy

Political leadership

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

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

Councillor Governance

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

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

Budgets are monitored on the following basis:

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

Council workforce

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

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

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

Annual Governance Statement

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

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

Risk Management

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

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

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

Economy, Efficiency and Effectiveness

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

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

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

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

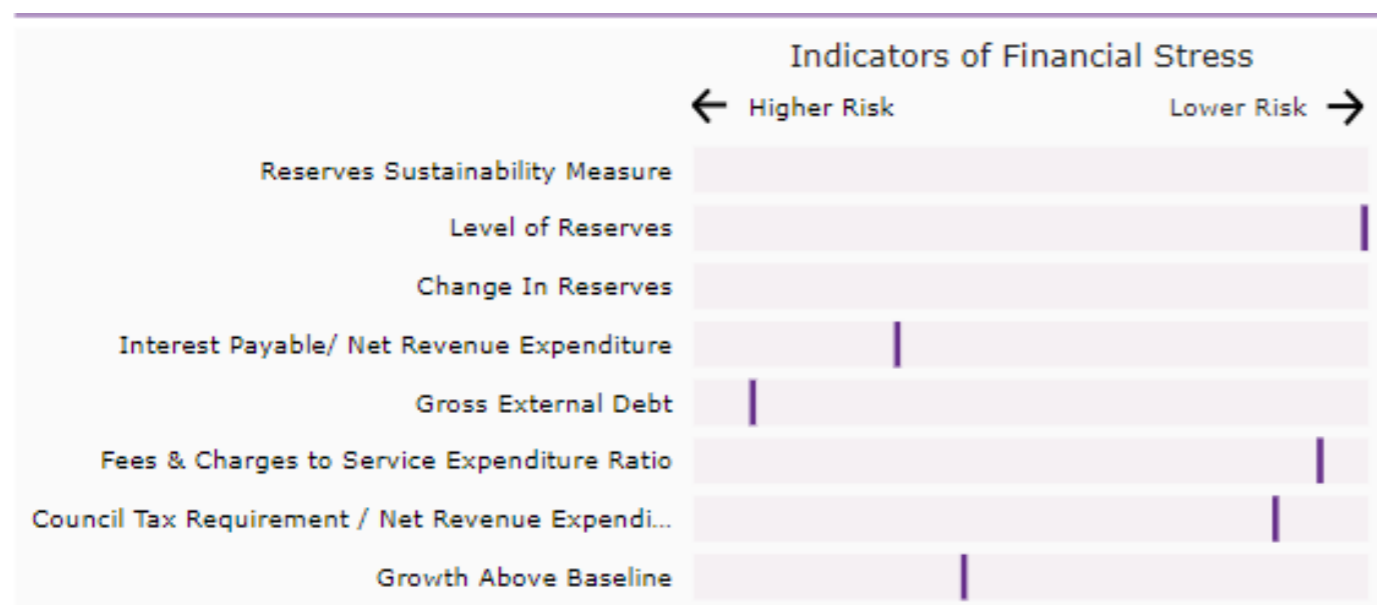
principles which are supported by specific standards of practice which CIPFA considers necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code.

The Council is working on compliance with this Code.

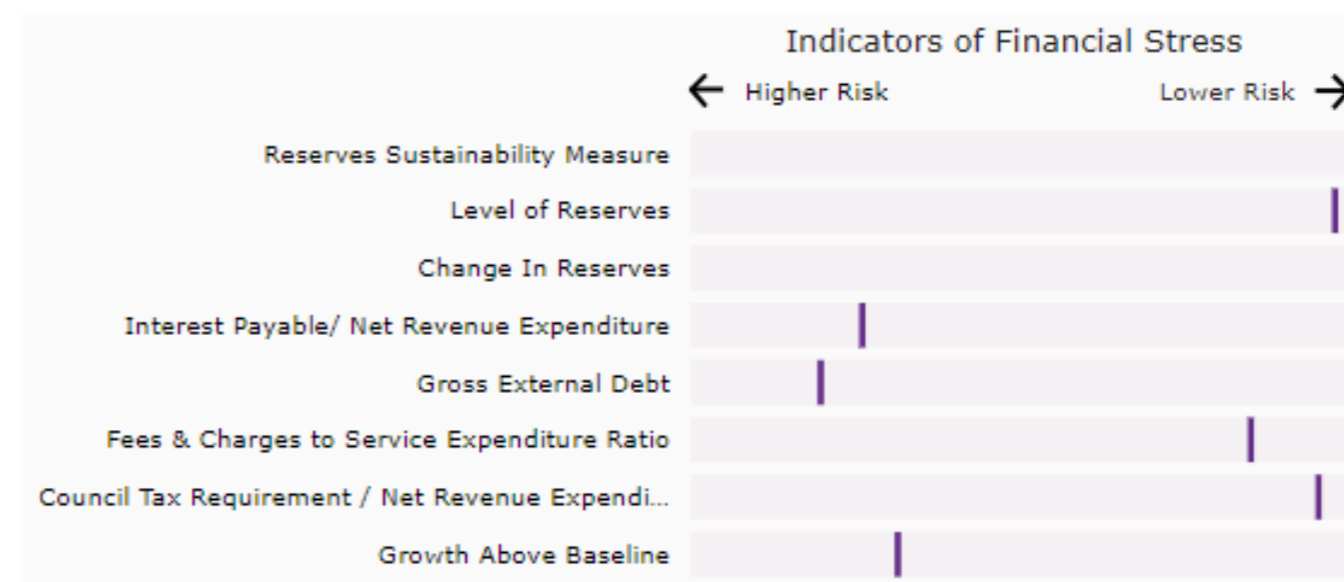
Financial resilience indices

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

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



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



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

Opportunities

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

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

Financial Performance

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

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

General Fund (Revenue account)

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

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

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

The outturn for 2023/24 was:

Service	Working Budget £000s	Reported Outturn £000s	Actual Outturn £000s	Variance Actual vs Reported Outturn £000s	Net Variance (Actual vs Budget) £000s
Environment and Community	8,650	7,521	7,519	(2)	(1,131)
Finance and Customer Services	2,689	3,070	3,017	(53)	328
HR Performance and Communications	3,757	3,088	3,089	1	(668)
Property and Economic Development	(4,184)	(3,740)	(3,734)	6	450
Legal Democratic Services and Strategic Management	1,586	1,477	1,477	0	(109)
Planning	519	325	(240)	(565)	(759)
Corporate Financing and Debt Management	312	755	1,521	766	1,209
Subtotal	13,329	12,496	12,649	153	(680)
Accumulated Absences	(10)	(10)	0	10	10
Interest Receivable	(100)	(1,041)	(1,119)	(78)	(1,019)
Interest Payable	1,934	5,421	5,498	77	3,564
MRP	2,616	2,616	2,607	(9)	(9)
Net cost of Services	17,769	19,482	19,635	153	1,866
Financing /Funding	(13,676)	(13,350)	(18,846)	(5,496)	(5,170)
Transfer from Reserves	(4,093)	(6,132)	(789)	5,343	3,304

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

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

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

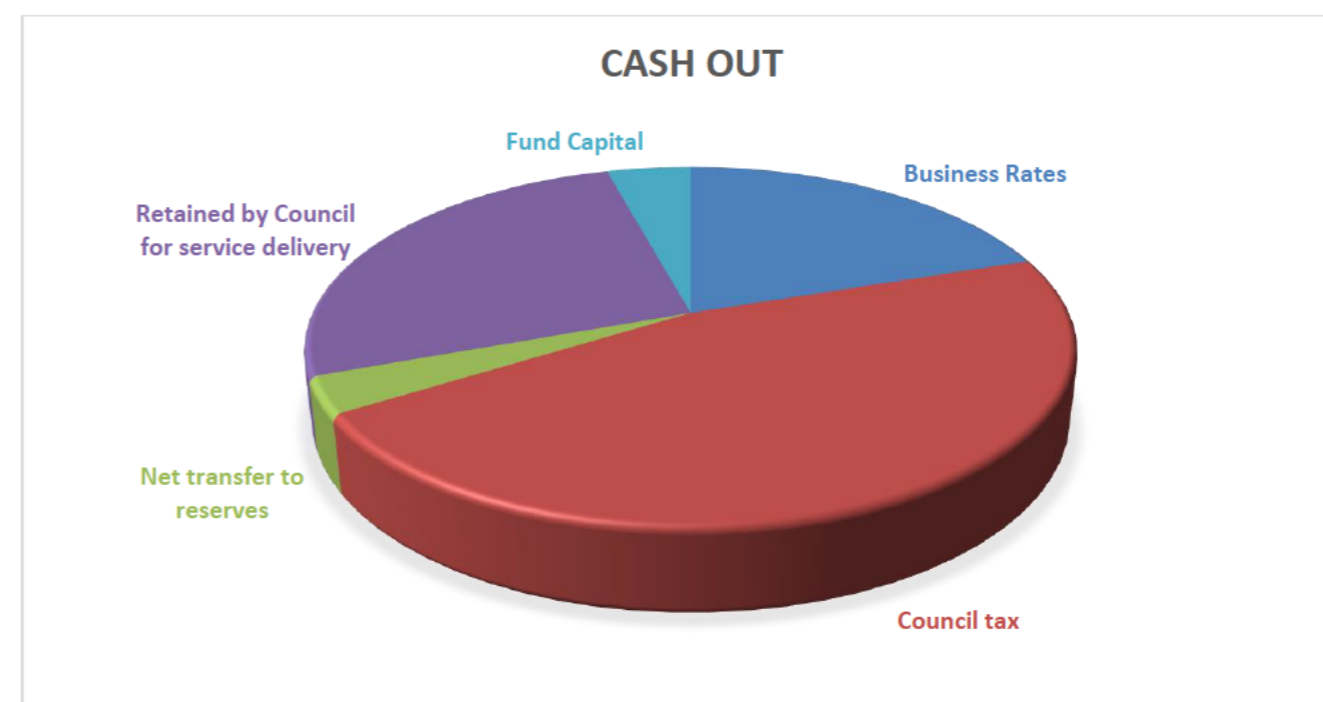
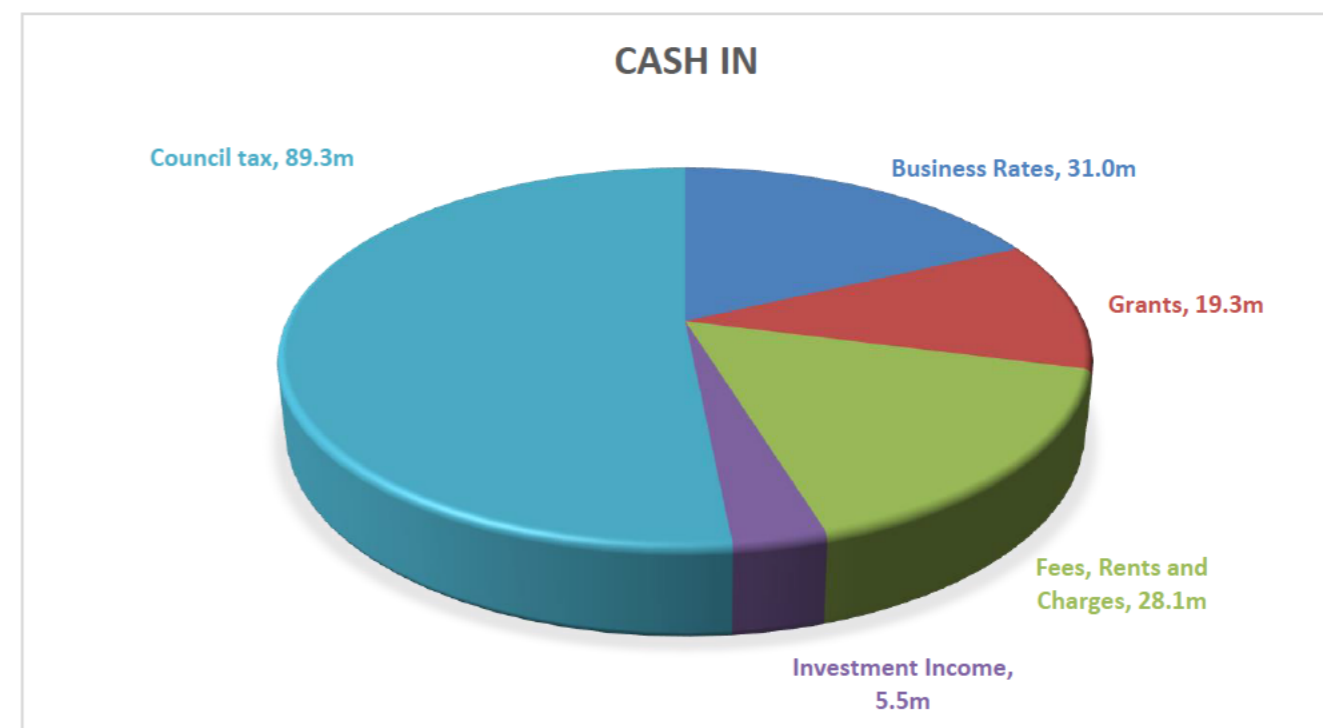
Capital Programme

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

Treasury Management

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

Summary Financial Information



Reserves

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

Pensions

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

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

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

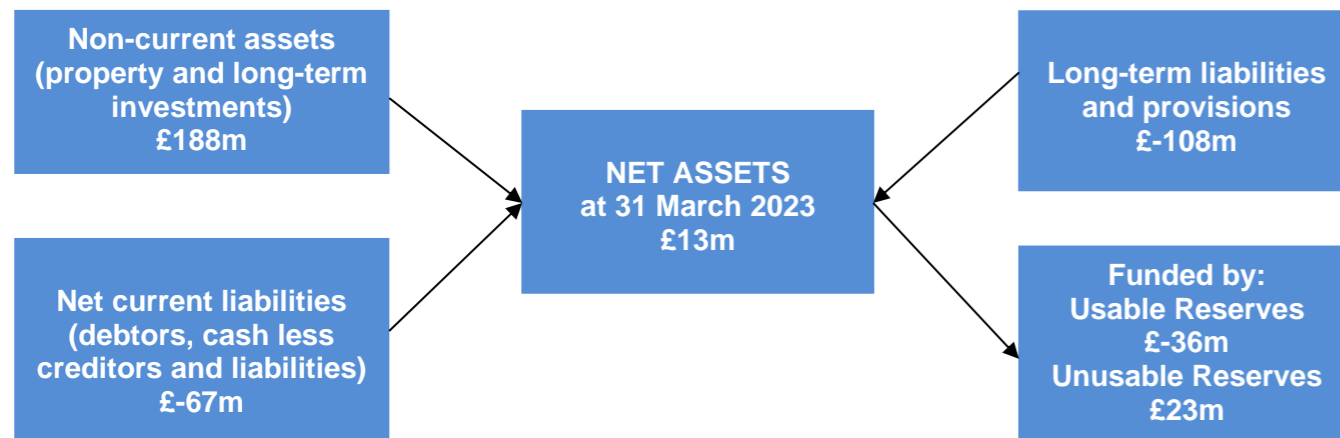
The deficit means that the assets (investments) in the fund are not enough to meet future liabilities (pensions payable)

Collection Fund

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

Balance Sheet / Assets and Liabilities

The Councils Balance Sheet consist of:



Future outlook

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

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

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

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

Statement of accounts

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

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

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

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

Core financial statements:

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

Summary Position

The Council's financial and non-financial performance in 2023/24 has been robust. The Council continues to treat the regeneration of the surrounding town centre as a key strategic target. Whilst there are still financial challenges ahead the Council is taking the right steps to deal with them.

Receipt of future information

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

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

Acknowledgements

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

Bob Watson
Strategic Director – Finance and Customer Services and Chief Finance Officer

The Authority is required to:

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

Assigned Responsibilities

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

In preparing this Statement of Accounts (comprising of pages 12 to 48), the Strategic Director – Finance and Customer Service has:

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

I confirm that the Statement of Accounts presents a true and fair view of the financial position for the year to which it relates and of the income and expenditure for 2023/24.



Bob Watson FCMA, CGMA, CPFA
Strategic Director - Finance and Customer Service
24 February 2025

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement discloses the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis Notes to the Accounts and the Movement in Reserves Statement.

2022/23					2023/24		
Gross Expenditure	Gross Income	Net Expenditure	Service	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
38,255	(32,453)	5,802	Environment and Community		39,923	(31,259)	8,664
14,218	(11,997)	2,221	Finance and Customer Services		14,961	(12,070)	2,891
4,350	(435)	3,915	HR Performance and Communications		3,285	(189)	3,096
2,990	(4,010)	(1,020)	Property and Economic Development		27,097	(854)	26,243
1,488	(90)	1,398	Legal Democratic Services and Strategic Management		1,511	(89)	1,422
2,743	(1,621)	1,122	Planning		2,034	(2,376)	(342)
1,682	(28)	1,654	Corporate Financing and Debt Management		1,514	7	1,521
65,726	(50,634)	15,092	Cost of Services		90,325	(46,830)	43,495
649	32	681	Other operating expenditure	9	663	0	663
7,007	(5,252)	1,755	Financing and investment income and expenditure	10	15,703	(9,044)	6,659
0	(11,300)	(11,300)	Taxation and non-specific grant income and expenditure	11	(78)	(17,270)	(17,348)
73,382	(67,154)	6,228	(Surplus)/Deficit on Provision of Services		106,613	(73,144)	33,469
0	(14,036)	(14,036)	(Surplus) or deficit on revaluation of property, plant and equipment assets	21(a)	0	(6,281)	(6,281)
0	404	404	(Surplus) or deficit on revaluation of available for sale financial assets	21(f)	0	79	79
0	(38,663)	(38,663)	Remeasurement of the net defined benefit liability	21(c)	0	(8,707)	(8,707)
0	(52,295)	(52,295)	Other Comprehensive Income and Expenditure		0	(14,909)	(14,909)
73,382	(119,449)	(46,067)	Total Comprehensive Income and Expenditure		106,613	(88,053)	18,560

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 2023 carried forward		(665)	(36,359)	(807)	(5,314)	(43,145)	8,261	(34,884)
<u>Movement in Reserves during 2023/24</u>	-							0
Total Comprehensive Income and Expenditure	CIES	33,469	0	0	0	33,469	(14,909)	18,560
Adjustments between Accounting Basis and Funding Basis under Regulations	7	(27,624)	0	671	459	(26,494)	26,494	0
(Increase) or decrease in 2023/24		5,845	0	671	459	6,975	11,585	18,560
Transfer to or from Earmarked Reserves	8	(5,718)	5,718	0	0	0	0	0
Balance at 31 March 2024 carried forward		(538)	(30,641)	(136)	(4,855)	(36,170)	19,846	(16,324)
Balance at 31 March 2022 carried forward		(1,880)	(44,804)	(1,409)	(4,067)	(52,160)	63,343	11,183
Opening balance adjustment (capital financing)		0	0	0	0	0	0	0
<u>Movement in Reserves during 2022/23</u>	-							0
Total Comprehensive Income and Expenditure	CIES	6,228	0	0	0	6,228	(52,295)	(46,067)
Adjustments between Accounting Basis and Funding Basis under Regulations	7	3,432	0	602	(1,247)	2,787	(2,787)	0
(Increase) or Decrease in Movement 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 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-23		Note	31-Mar-24
£'000			£'000
	Property, plant and equipment		
118,982	Other land and buildings	12	77,766
2,583	Vehicles, plant and equipment	12	2,573
29	Infrastructure assets	12	4,692
3,226	Community assets	12	5,003
5,390	Assets under construction	12	887
130,210	Total property, plant and equipment		90,921
334	Heritage assets	13	334
80,694	Investment properties	15	94,720
23	Intangible assets		71
2,076	Long-term investments	23	1,999
303	Long-term debtors	17	171
83,430	Other Long-term assets		97,295
13	Inventories		21
19,917	Short-term debtors	17	19,517
10,170	Cash and cash equivalents	18	7,279
30,100	Current assets		26,817
(73,381)	Short-term borrowings	23	(80,943)
(20,097)	Short-term creditors	19	(13,629)
(93,478)	Current liabilities		(94,572)
(5,176)	Long-term creditors	19	(2,980)
(1,359)	Provisions	20	(852)
(97,789)	Long-term borrowings	23	(98,236)
(11,054)	Other long-term liabilities	22	(2,069)
(115,378)	Long-term liabilities		(104,137)
34,884	Net (liabilities)/Assets		16,324
(43,145)	Usable reserves	MIRS	(36,170)
8,261	Unusable reserves	21	19,846
(34,884)	Total reserves		(16,324)

These financial statements replace the unaudited statements confirmed on 30 September 2024 and were authorised for issue on 04 February 2025



Bob Watson
Strategic Director - Finance and Customer Service

Cash Flow Statement

The Cashflow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Cashflow Statement summarises how the Council generates and uses cash and cash equivalents by classifying cashflows as operating, investing and financing activities. The amount of net cashflow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded via taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful in predicting claims on future cashflows by providers of capital i.e. borrowings to the Council.

2022/23			2023/24
£'000		Note	£'000
(6,228)	Net surplus/(deficit) on the provision of services	CIES	(33,469)
(8,081)	Adjustments for non-cash movements	25	25,910
(2,519)	Adjustments for items that are investing and financing activities	25	(1,653)
(16,828)	Net cash inflows from operating activities		(9,212)
21,850	Investing activities	26	(1,688)
(13,708)	Financing activities	27	8,009
(8,686)	Net increase/(decrease) in cash and cash equivalents		(2,891)
18,856	Cash and cash equivalents at the beginning of the reporting period		10,170
10,170	Cash and cash equivalents at the end of the reporting period		7,279
(8,686)	Movement in cash		(2,891)

1 Accounting Policies

General

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"), supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

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

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

Non-current assets

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

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

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

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

At 31 March 2024 there have been no material components recognised that have a significantly different useful life from that of the asset.

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

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

Heritage assets

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

Investment properties

Investment properties are those that are held solely to earn rental income and/or capital appreciation. Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually based upon prevailing market conditions at year-end. Revaluation gains and losses are posted to the Financing and Investment Income and Expenditure heading in the Comprehensive Income and Expenditure Statement and then reversed out by the Movement in Reserves Statement to the Capital Adjustment Account.

Intangible assets

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

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

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

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

Depreciation

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

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

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

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

Charges to revenue for non-current assets

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

Debtors and creditors

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

Provisions

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

Employee benefits

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

Revenue recognition

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

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

Termination benefits

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

Reserves

The Council's individual Unusable Reserves are itemised within Note 21.

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

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

Leases

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

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

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

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

Pensions

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

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

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

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

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

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

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

Grants

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the Council has fulfilled any conditions attached to the grant and/or contribution which would require repayment if not met.

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

Designation of pooled funds

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

Financial instruments

Amortised cost

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

Fair value

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

Cash and cash equivalents

Cash and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cashflow statement, cash and cash equivalents are shown net of bank overdrafts that are payable on demand and form an integral part of the Council's cash management.

Business Improvement Districts

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

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

Community Infrastructure Levy

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

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

Contingent assets and liabilities

Contingent assets

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

Contingent liabilities

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

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS 16 Leases

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

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

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

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

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.

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

- IAS 12 (amendment issued in May 2023) – This relates to international tax reform.

- IAS7 and IFRS 7 (amendments issued in May 2023) – Requires additional disclosures in relation to supplier finance arrangements.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to form certain judgments in relation to complex transactions or those involving uncertainty regarding future events. The critical judgments made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to lose facilities and reduce levels of service provision.

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

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

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainty	Effect if actual results differ from assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>The periodic revaluation of Land and Building assets are subject to complex valuation techniques undertaken by professional valuers based on certain assumptions at the time the valuations are undertaken which may change over the passage of time.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the aggregate annual depreciation charge for buildings would increase by £1.03m for every year that useful lives had to be reduced for all the council's buildings.</p> <p>Of the total value of the Councils Operational Land & Buildings £40.275m and Investment Properties totalling £94.72m at 31 March 2024. These values are material and the sources of estimation uncertainty as they require complex valuation techniques, use of indices, comparison with values of alternative sites etc. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year may be based on different assumptions to the current year and could result in material adjustment to their carrying amount.</p>
Investment Properties	<p>The annual revaluation of Investment Property assets are subject to complex valuation techniques undertaken by professional valuers based on certain assumptions at the time the valuations are undertaken which may change over the passage of time.</p>	<p>Movements in value are charged to the CI&ES account but are reversed out under regulation and held in unusable reserves and have no impact on taxation or usable resources. Without undertaking another valuation exercise at a real cost to the taxpayer it is not possible to estimate the amount of any difference.</p> <p>The effect of a 5% change in the carrying value of investment properties would equate to a +/- change in the value by £4.7m.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £1.952m. However, the assumptions interact in complex ways. A 1-year increase in member life expectancy would increase the liability by £4.45m. Similarly, a 0.1% increase in the salary rate or in the pension increase rate would increase the liability by £0.06m and £1.925m respectively.</p>
Impairment Losses on Debtors	<p>Estimation of the impairment losses on debtors from all debtors</p>	<p>The effect of the cost of living crisis on both individuals and business to pay debts remains uncertain. If the allowance for impairments changes by 10% the cost would be an additional £2.7m. At 31 March 2024 the carrying value of the bad debt provision was £1.1m.</p>
Provision for Appeals Business Rates	<p>Estimation of the likelihood of successful appeals against the valuations calculated by the Valuation Office</p>	<p>The effect of a 1% increase in the assumption for appeals against the 2017 and 2023 valuations would result in a £0.21 m change in the provision, of which Surrey Heath's provision would change by £0.09m.</p>

5 Events After Balance Sheet Date

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

Two types of events can be identified:

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

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

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

6 Expenditure and Funding Analysis

(a). Adjustments between Funding and Accounting Basis

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

2022/23			Service	2023/24		
Net expenditure chargeable to General Fund	Adjustments between Accounting Basis and Funding Basis	Net expenditure in Comprehensive Income and Expenditure Statement		Net expenditure chargeable to General Fund	Adjustments between Accounting Basis and Funding Basis	Net expenditure in Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
4,368	1,434	5,802	Environment and Community	7,519	1,145	8,664
1,961	260	2,221	Finance and Customer Services	3,017	(126)	2,891
3,345	570	3,915	HR Performance and Communications	3,089	7	3,096
(1,150)	130	(1,020)	Property and Economic Development	1,322	24,921	26,243
1,271	127	1,398	Legal Democratic Services and Strategic Management	1,477	(55)	1,422
908	214	1,122	Planning	(240)	(102)	(342)
1,646	8	1,654	Corporate Financing and Debt Management	1,521	0	1,521
12,349	2,743	15,092	Net cost of services	17,705	25,790	43,495
648	33	681	Other operating expenditure	663	0	663
1,942	(187)	1,755	Financing and investment income	3,854	2,805	6,659
(5,279)	(6,021)	(11,300)	Taxation and non-specific grant income and expenditure	(16,377)	(971)	(17,348)
9,660	(3,432)	6,228	(Surplus)/Deficit for the year	5,845	27,624	33,469
(1,880)			Opening General Fund	(665)		
9,660			Less/plus surplus or (deficit) on General Fund in year	5,845		
(8,445)			Transfer to/(from) Earmarked Reserves	(5,718)		
(665)			Closing General Fund	(538)		

(b) Notes to the Expenditure and Funding Analysis

2022/23				Adjustments from General Fund to reconcile to Comprehensive Income and Expenditure Statement	2023/24			
Adjustments for capital purposes	Net change for pension adjustment	Other differences	Total adjustments		Adjustments for capital purposes	Net change for pension adjustment	Other differences	Total adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
962	472	0	1,434	Environment and Community	1,493	(348)	0	1,145
1	259	0	260	Finance and Customer Services	1	(127)	0	(126)
344	226	0	570	HR Performance and Communications	106	(99)	0	7
41	89	0	130	Property and Economic Development	24,971	(50)	0	24,921
4	123	0	127	Legal Democratic Services and Strategic Management	4	(59)	0	(55)
0	214	0	214	Planning	0	(102)	0	(102)
5	3	0	8	Corporate Financing and Debt Management	0	0	0	0
1,357	1,386	0	2,743	Net cost of services	26,575	(785)	0	25,790
33	0	0	33	Other operating expenditure	0	0	0	0
(1,491)	1,304	0	(187)	Financing and investment income and expenditure	2,295	507	3	2,805
(2,552)	0	(3,469)	(6,021)	Taxation and non-specific grant income and expenditure	(1,653)	0	682	(971)
(2,653)	2,690	(3,469)	(3,432)	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	27,217	(278)	685	27,624

Adjustments for capital purposes

1) Adjustments for capital purposes – this column adds depreciation and impairment and revaluation gains and losses in the services line, and for:

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

Net change for pension adjustment

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:

- For services – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

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

(c) Expenditure And Income Analysis By Nature

2022/23	Expenditure/income	2023/24
£'000		£'000
	Expenditure	
16,925	Employee benefits expenses	15,719
48,301	Other services expenses	50,899
2,485	Depreciation, amortisation, and impairment	33,404
5,023	Interest payments	6,005
648	Precepts and levies	586
73,382	Total expenditure	106,613
	Income	
(27,390)	Fees, charges, and other service income	(30,005)
1,139	Gains on disposal of non current assets	0
(5,252)	Interest and investment income	(9,044)
(8,872)	Income from council tax, non-domestic rates, and district rate income	(10,280)
(26,779)	Government grants and contributions	(23,815)
(67,154)	Total income	(73,144)
6,228	(Surplus)/Deficit on the provision of services	33,469

7 Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

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

General Fund

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Notes to the Statement of Accounts

2022/23				2023/24							
General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	Adjustments Under Statute				General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£'000	£'000	£'000	£'000					£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Adjustment							
				1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
63			(63)	Charges for depreciation and impairment of non-current assets.				(25,183)			25,183
				Revaluation losses on Property, Plant and Equipment.							
(1,013)			1,013	Movements in the market value of Investment Properties.				(6,828)			6,828
(252)			252	Amortisation of Intangible Assets.				(23)			23
				Capital grants and contributions applied.							
(1,283)			1,283	Revenue expenditure funded from capital under statute.				(1,369)			1,369
0			0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.				0			0
				2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
2,541			(2,541)	Statutory provision for the financing of capital investment.				2,607			(2,607)
78			(78)	Capital expenditure charged against the General Fund (Direct Revenue Contributions).				1,926			(1,926)
				Adjustment primarily involving the Capital Grants Unapplied Reserve:							
2,552		(2,552)		Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.				1,653		(1,653)	
		1,304	(1,304)	Application of grants and capital financing transferred to the Capital Adjustment Account.						2,112	(2,112)
				Adjustment primarily involving the Capital Receipts Reserve:							
(33)	33			Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.				0	0		
	569		(569)	Use of Capital Receipts Reserve to finance new capital expenditure.					671		(671)
				Adjustments primarily involving the Pension Reserve:							
(5,182)			5,182	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 37).				(2,755)			2,755
2,493			(2,493)	Employer's pension's contributions and direct payments to pensioner's payable in the year.				3,033			(3,033)
				Adjustments primarily involving the Collection Fund Adjustment Account:							
3,579			(3,579)	Amount by which Council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements.				(674)			674
				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:							
(111)			111	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.				(10)			10
		1	(1)	Other Movements				(1)		0	1
3,432	602	(1,247)	(2,787)	Total Adjustments				(27,624)	671	459	26,494

8 Movements in Earmarked Reserve

This note sets out the amounts set aside from the General Fund to specific earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to source General Fund expenditure in 2023/24:

Balance 31 March 2022	Transfers in 2022/23	Transfers out 2022/23	Balance 31 March 2023	Earmarked reserves	Transfers in 2023/24	Transfers out 2023/24	Balance 31 March 2024
£'000	£'000	£'000	£'000		£'000	£'000	£'000
(10,933)	0	0	(10,933)	Capital Fund	0	0	(10,933)
(373)	(23)	0	(396)	Affordable Housing	(39)	0	(435)
(320)	0	0	(320)	Atrium - Section 106 Agreement	0	0	(320)
(83)	0	31	(52)	Blackwater Valley developers' contributions	0	0	(52)
(7,679)	0	3,138	(4,541)	Business Rate Equalisation Fund	0	0	(4,541)
(5)	0	5	0	Chobham and Town Team Partnership	0	0	0
(146)	0	0	(146)	Community Fund 2002	0	6	(140)
(653)	(23)	0	(676)	CIL-Administration and Monitoring	0	676	0
(139)	0	10	(129)	Commuted sums	0	90	(39)
(574)	0	272	(302)	Contain Outbreak Management Fund	0	254	(48)
(1,239)	0	0	(1,239)	Covid-19	0	1,239	0
(35)	0	4	(31)	Crime and Disorder Partnership	0	1	(30)
(72)	0	0	(72)	Custom Build	0	0	(72)
(286)	0	0	(286)	Deepcut Village Centre - Alma Dettingen	0	0	(286)
(35)	(19)	0	(54)	Environmental health	0	51	(3)
(151)	(21)	0	(172)	Frimley Lodge Park 3G Pitch	(21)	0	(193)
(7)	0	0	(7)	Heatherside - multi-use games area	0	0	(7)
(61)	(10)	0	(71)	Home Improvement Agency	0	0	(71)
(793)	(20)	0	(813)	Homelessness support	0	0	(813)
(194)	0	0	(194)	Insurance Reserve	0	0	(194)
(7,318)	0	3,100	(4,218)	Interest Equalisation Reserve	0	1,820	(2,398)
(384)	0	0	(384)	Land drainage	0	0	(384)
(182)	0	0	(182)	New Burdens Fund	0	0	(182)
(185)	0	0	(185)	Nottcutts (Bagshot project)	0	185	0
(17)	0	0	(17)	Old Dean toddlers' playground	0	0	(17)
(365)	0	0	(365)	One Public Estate	0	280	(85)
(138)	0	29	(109)	Planning and Section 106 agreements	0	2	(107)
(1,627)	0	6	(1,621)	Property Maintenance	0	0	(1,621)
(45)	0	0	(45)	Remediation Fund	0	45	0
(107)	0	0	(107)	Rent Equalisation	0	107	0
(56)	0	0	(56)	Strategic Access Management and Monitoring (SAMM)	0	0	(56)
(7,247)	(85)	0	(7,332)	Suitable Alternative Natural Green Space (SANGS)	0	1,378	(5,954)
(79)	0	0	(79)	Surrey Family Support Programme	0	0	(79)

Notes to the Statement of Accounts

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

9 Other Operating Income and Expenditure

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

10 Financing and Investment Income and Expenditure

2022/23	Financing and investment income and expenditure	2023/24
£'000		£'000
3,735	Interest payable and similar charges	5,498
1,288	Net interest on defined benefit liability	507
(543)	Interest receivable and similar income	(1,119)
(3,832)	Income and expenditure in relation to investment properties	(5,056)
1,107	(Gains)/losses on the revaluation of investment properties	6,829
1,755	Total	6,659

11 Taxation and Non Specific Grant Income and Expenditure

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

12 Property, Plant and Equipment

2023/24	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 2023	208,279	6,531	142	3,226	0	5,390	223,568
Additions	269	499	0	1,777	0	373	2,918
Revaluation increases recognised in the revaluation reserve	6,281	0	0	0	0	0	6,281
Revaluation decrease recognised in the surplus/deficit on the provision of services	(23,182)	0	0	0	0	0	(23,182)
Transfers (to)/from other non-current asset categories	(20,500)	45	4,831	0	0	(4,876)	(20,500)
Other adjustments	(2,804)	0	0	0	0	0	(2,804)
At 31 March 2024	168,343	7,075	4,973	5,003	0	887	186,281
Accumulated depreciation and impairment at 01 April 2023	(89,297)	(3,948)	(113)	0	0	0	(93,358)
Depreciation charge	(1,280)	(554)	(167)	0	0	0	(2,001)
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	0	0	(1)	0	0	0	(1)
At 31 March 2024	(90,577)	(4,502)	(281)	0	0	0	(95,360)
Net book value							
At 31 March 2024	77,766	2,573	4,692	5,003	0	887	90,921
At 31 March 2023	118,982	2,583	29	3,226	0	5,390	130,210

12 Property, Plant and Equipment (continued)

Restated 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	192,750	6,374	136	3,231	0	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	(20)	0	0	0	0	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	208,279	6,531	142	3,226	0	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	118,982	2,583	29	3,226	0	5,390	130,210
At 31 March 2022	104,268	2,967	25	3,231	0	5,297	115,788

Depreciation

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

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

Capital commitments

At 31 March 2024 there are no material capital commitments.

Revaluations

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

Valuation	Other land and buildings
	£'000
Valued at current value as at:	
31-Mar-24	(40,275)
31-Mar-23	14,734
31-Mar-22	21,793
31-Mar-21	8,104
31-Mar-20	57,456
31-Mar-19	4,719
31-Mar-18	7,714
31-Mar-17	3,521
Total cost or valuation	77,766

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

13 Heritage Assets

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

	Museum	Civic regalia	Other	Total
	£'000	£'000	£'000	£'000
Cost or valuation 01 April 2023	175	111	48	334
31 March 2024	175	111	48	334
Cost or valuation 01 April 2022	175	111	48	334
31 March 2023	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.

15 Investment Properties

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

Restated 2022/23		2023/24
£'000		£'000
(8,458)	Rental income from investment properties	(7,925)
2,270	Direct operating expenses arising from investment properties	2,869
0	Profit on sale of assets	0
1,107	Revaluation losses/(gains) on revaluations	6,829
(5,081)	Net income on investment properties	1,773

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

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

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

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

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

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

that are not active and inputs (other than quoted prices) that are observable for the asset or liability, examples including implied volatilities and credit spreads.

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

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

16 Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Restated 2022/23		2023/24
£'000		£'000
209,523	Opening Capital Financing Requirement	206,970
	Capital investment	
71	Other land and buildings	269
(5)	Community assets	1,777
202	Investment assets	354
157	Vehicles, plant and equipment	499
93	Assets under construction	373
145	Intangible assets	68
1,283	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,369
	Sources of finance	
(569)	Capital receipts	(671)
(1,305)	Government grants and other contributions	(2,112)
(78)	Sums set aside from revenue	(1,926)
(6)	Unfinanced capital expenditure in year	0
(2,541)	Less: Statutory provision for the financing of capital investment	(2,607)
206,970	Closing Capital Financing Requirement	204,363
	Explanation for movement in year	
(2,547)	Increase/(decrease) in underlying need to borrow	(2,607)

17 Debtors

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

2022/23	Short-term debtors	2023/24
£'000		£'000
11,839	Trade receivables	7,667
9,135	Other receivables	12,929
20,974	Subtotal	20,596
(1,057)	Allowance for bad debts	(1,079)
19,917	Total	19,517

2022/23	Long-term debtors	2023/24
£'000		£'000
161	Charges on properties	161
142	Other debtors	10
303	Total	171

18 Cash and Cash Equivalents

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

2022/23	Cash and cash equivalents	2023/24
£'000		£'000
9	Cash held by the Council	7
1,583	Bank current accounts	1,246
8,578	Short-term deposits	6,026
10,170	Total cash and cash equivalents	7,279

19 Creditors

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

2022/23	Short-term creditors	2023/24
£'000		£'000
(140)	Trade payables	(174)
(18,077)	Other payables	(11,430)
(1,880)	Receipts in Advance	(2,025)
(20,097)	Total	(13,629)

2022/23	Long-term creditors	2023/24
£'000		£'000
(5,176)	Other entities and individuals	(1,603)
0	Capital Grants Receipts in Advance	(1,377)
(5,176)	Total	(2,980)

20 Provisions

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

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

21 Unusable Reserves

2022/23	Unusable Reserves	2023/24
£'000		£'000
(34,247)	Revaluation Reserve	(35,081)
29,952	Capital Adjustment Account	50,593
11,054	Pension Reserve	2,069
1,393	Collection Fund Adjustment Account	2,067
162	Accumulated Absences Account	171
(53)	Financial Instruments Revaluation Reserve	27
8,261	Total Unusable Reserves	19,846

(a) Revaluation Reserve

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

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

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

2022/23	Revaluation Reserve	2023/24
£'000		£'000
(20,373)	Balance at 1 April	(34,247)
(14,112)	Upward revaluation of assets	(4,033)
76	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(2,248)
162	Difference between fair value depreciation and historical cost depreciation	357
0	Reversal of revaluation Reserve on assets transfer	5,090
(34,247)	Balance at 31 March	(35,081)

(b) Capital Adjustment Account

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

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

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

(c) Pension Reserve

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

2022/23	Pension Reserve	2023/24
£'000		£'000
47,028	Balance at 1 April	11,054
(38,663)	Actuarial (gains)/losses on pensions assets and liabilities	(8,707)
5,182	Reversal of items relating to retirement benefits debited/(credited) to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	2,755
(2,493)	Employer pension contributions and direct payments to pensioners payable in the year	(3,033)
11,054	Balance at 31 March	2,069

(d) Collection Fund Adjustment Account

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

2022/23	Collection Fund Adjustment Account	2023/24
£'000		£'000
4,972	Balance at 1 April	1,393
(3,579)	Amount by which Council Tax income and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non-Domestic Rates income calculated for the year in accordance with statutory requirements	674
1,393	Balance at 31 March	2,067

(e) Accumulated Absences Account

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

2022/23	Accumulated Absences Account	2023/24
£'000		£'000
51	Balance at 1 April	162
(51)	Settlement or cancellation of accrual made at the end of preceding year	(162)
162	Amount accrued at end of the current year	171
0	Amount by which officer remunerations charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from the remuneration chargeable in the year in accordance with statutory requirements.	0
162	Balance at 31 March	171

(f) Financial Instruments Revaluation Reserve

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

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

22 Pensions

Participation in pension schemes

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

The Council participates in two post-employment schemes:

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

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

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

Transactions relating to post-employment benefits

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

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

Assets and liabilities in relation to post-employment benefits

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

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

Reconciliation of fair value of scheme assets

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

Local Government Pension Scheme assets

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

2022/23	Quoted prices in active markets	Quoted prices not in active markets	Total	Asset category	% of total assets	2023/24	Quoted prices in active markets	Quoted prices not in active markets	Total
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000
				Cash and cash equivalents					
2,074	0	2,074	All	2%	1,688	0	1,688		
				Equity securities					
1,555	0	1,555	Consumer	1%	1,438	0	1,438		
1,299	0	1,299	Manufacturing	2%	1,742	0	1,742		
498	0	498	Energy and utilities	0%	0	0	0		
1,761	0	1,761	Financial institutions	1%	1,445	0	1,445		
1,540	0	1,540	Health and care	1%	1,486	0	1,486		
2,182	0	2,182	Information technology	2%	2,618	0	2,618		
0	0	0	Other	0%	0	0	0		
				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	0	0	UK government	0%	0	0	0		
0	0	0	Other	0%	0	0	0		
				Private equity					
0	14,026	14,026	All	15%	0	16,706	16,706		
				Real estate					
1,104	2,538	3,643	UK property	3%	1,192	2,258	3,450		
0	2,326	2,326	Overseas property	2%	0	1,911	1,911		
				Investment funds and unit trusts					
57,682	0	57,682	Equities	56%	60,821	0	60,821		
10,724	0	10,724	Bonds	15%	15,907	0	15,907		
0	0	0	Other	0%	0	0	0		
				Derivatives					
0	0	0	Interest rate	0%	0	0	0		
(264)	0	(264)	Foreign exchange	0%	(62)	0	(62)		
80,156	18,891	99,046		100%	88,275	20,875	109,150		

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels as examples. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent actuary, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1st April 2022.

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

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

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

Local Government Pension Scheme	Approximate % increase to employer liability	Approximate monetary amount £'000
Change in assumptions at 31 March 2023		
0.1% decrease in Real Discount Rate	2%	1,952
1 year increase in member life expectancy	4%	4,449
0.1% increase in the Salary Increase Rate	0%	62
0.1% increase in the Pension Increase Rate	2%	1,925

The objectives of the scheme are to retain employer contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The latest triennial valuation of 31 March 2022 recommends no increase in employer contributions.

The scheme will need to take account of the national changes described in the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes and to pay pension amounts and other benefits.

The liabilities show the underlying long-term commitment that the Council must pay post-employment (retirement) benefits. The net liability of £2 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet (£11 million – 2022/23). However, statutory accounting arrangements for funding this deficit means that the overall financial position of the Council remains healthy.

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

The Council anticipates paying employer contributions of £2.8 million to the scheme in 2024/25.

23 Financial Instruments

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

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

Long-term	Current	Financial liabilities	Long-term	Current
2022/23	2022/23		2023/24	2023/24
£'000	£'000		£'000	£'000
		Borrowings		
		Loans at amortised cost:		
(97,789)	(73,381)	Principal sums borrowed	(98,236)	(80,943)
		Accrued interest		
(97,789)	(73,381)	Total borrowings	(98,236)	(80,943)
		Borrowings		
(5,176)	(10,912)	Creditors	(1,603)	6,169
(102,965)	(84,293)	Total financial liabilities	(99,839)	(74,774)

Long-term	Current	Financial liabilities	Long-term	Current
2022/23	2022/23		2023/24	2023/24
£'000	£'000		£'000	£'000
		Borrowings		
		Loans at amortised cost:		
(97,789)	(73,381)	Principal sums borrowed	(98,236)	(80,943)
		Accrued interest		
(97,789)	(73,381)	Total borrowings	(98,236)	(80,943)
		Borrowings		
(5,176)	(10,912)	Creditors	(1,603)	6,169
(102,965)	(84,293)	Total financial liabilities	(99,839)	(74,774)

Income, expenses, gains and losses

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

2022/23					2023/24					
Financial liabilities measured at amortised cost	Financial assets measured at amortised cost	Financial assets: fair value through OCI	Assets and liabilities designated to fair value through OCI	Total		Financial liabilities measured at amortised cost	Financial assets measured at amortised cost	Financial assets: fair value through OCI	Assets and liabilities designated to fair value through OCI	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
3,633	0	0	0	3,633	Interest expense	5,421	0	0	0	5,421
102	0	0	0	102	Fee expenses	77	0	0	0	77
3,735	0	0	0	3,735	Total expense in surplus or deficit on the provision of services	5,498	0	0	0	5,498
0	(461)	0	0	(461)	Interest income	0	(1,003)	0	0	(1,003)
0	0	0	0	0	Increase in fair value	0	0	0	0	0
0	0	0	(82)	(82)	Dividend income	0	0	0	(116)	(116)
0	(461)	0	(82)	(543)	Total income in surplus or deficit on the provision of services	0	(1,003)	0	(116)	(1,119)
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
3,735	(461)	0	(82)	3,192	Net loss for the year	5,498	(1,003)	0	(116)	4,379

The Council has no soft loans.

Equity instruments designated to fair value through Other Comprehensive Income

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

Fair value	Dividends		Fair value	Dividends
2022/23	2022/23		2023/24	2023/24
£'000	£'000		£'000	£'000
2,076	(82)	CCLA Property Fund	1,999	(116)

Fair values of financial assets and liabilities

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

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

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

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

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

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

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

As at 31 March 2024 the Council held £2.1 million (2022/23: £2.4 million) in long-term investments which are pooled funds, comprising the CCLA Property Fund.

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

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

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

Balance Sheet 2022/23	Fair value 2022/23		Balance Sheet 2023/24	Fair value 2023/24
£'000	£'000		£'000	£'000
		Recorded in Balance Sheet as:		
303	303	Long-term debtors	171	171
0	0	Short-term investments	0	0
17,908	17,908	Short-term debtors	10,717	10,717
10,147	10,147	Cash and cash equivalents	7,253	7,253
28,358	28,358	Total financial assets	18,141	18,141

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

2022/23			2023/24	
Balance Sheet	Fair value*		Balance Sheet	Fair value*
£'000	£'000		£'000	£'000
		Recorded in Balance Sheet as:		
(10,912)	(10,912)	Short-term creditors	6,169	6,169
(73,381)	(73,381)	Short-term borrowings	(80,943)	(80,943)
(5,176)	(5,176)	Long-term creditors	(1,603)	(1,603)
(97,789)	(122,084)	Long-term borrowings	(98,236)	(70,500)
(187,258)	(211,553)	Total financial liabilities	(174,613)	(146,877)

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

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

24 Nature and Extent of Risks of Financial Instruments

Introduction

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

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

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

The main risks covered are:

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

Credit risk

Investments

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

Receivables

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

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

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

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

2022/23				2023/24		
	Debt	Loss Allowance		%	Debt	Loss Allowance
%	£'000	£'000		%	£'000	£'000
5	0	0	Debt at 2024	5	1,130	0
5	3,538	517	Debt at 2023	5	0	0
5		0	Debt at 2022	5	0	0
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	0	0
100	30	30	Gypsy debts more than 2 years old	100	77	77
	5,040	1,453	Total		2,621	925

Liquidity risk

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

The maturity analysis of financial instruments is as follows:

2022/23 Liabilities £'000	Period to maturity	2023/24 Liabilities £'000
(70,162)	Not over 1 year	(80,943)
0	Over 1 year but not over 2 years	0
0	Over 2 years but not over 5 years	0
0	Over 5 years but not over 10 years	(1,514)
(19,150)	Over 10 years but not over 20 years	(18,291)
(61,789)	Over 20 years but not over 40 years	(63,497)
(20,069)	Over 40 years	(14,934)
(171,170)	Total	(179,179)

Market risks: interest rate risk

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

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

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

The Council's Treasury Management Strategy aims to mitigate these risks by setting upper limits on net exposures to fixed and variable interest rates. At 31 March 2024, £98 million (2022/23: £98 million) of net principal borrowed on long-term loans (borrowings net of investments) was exposed to fixed rates and £81 million (2022/23: £73 million) in short-term loans was exposed to variable rates.

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

2022/23		2023/24
£'000		£'000
1,712	Increase in interest payable on variable rate borrowings	1,792
0	Increase in interest receivable on variable rate investments	0
934	Impact on surplus/deficit on the provision of services	934
(21)	Increase in fair value of investments held at FVOCI	(20)
889	Impact on Other Comprehensive Income and Expenditure	889
(324)	Increase/(decrease) in fair value of loans and receivables*	(181)
13,329	Increase/(decrease) in fair value of fixed rate borrowings/liabilities*	13,329

* No impact on Other Comprehensive Income and Expenditure

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

Market risks: price risk

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

This risk is limited by the Council's maximum exposure to property investments of £2.1 million (2022/23: £2.5 million). A 5% fall in commercial property prices would result in a £0.1 million (2022/23: £0.1 million) charge to Other Comprehensive Income and Expenditure.

25 Cash Flow Statement- Operating Activities

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

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

2022/23		2023/24
£'000		£'000
1,358	Depreciation	2,002
(430)	Impairment	32,811
252	Amortisation	23
(3)	Increase/(Decrease) in impairment for bad debts	22
(14,297)	Increase/(Decrease) in creditors	(8,664)
2,687	(Increase)/Decrease in debtors	510
10	(Increase)/Decrease in inventories	(8)
2,689	Movement in pension liability	(278)
(348)	Increase/(Decrease) in provisions	(507)
0	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0
1	Other non-cash items charged to the net deficit on the provision of services	(1)
12,503		25,910

26 Cash Flow Statement- Investing Activities

The cashflows for investing activities include the following items:

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

27 Cash Flow Statement- Financing Activities

The cashflows for financing activities include the following items:

2022/23	Cashflow Statement - financing activities	2023/24
£'000		£'000
(13,708)	Cash receipts of short-term borrowings and long-term borrowings	8,009
0	Other payments for financing activities	0
(13,708)	Net cashflows from financing activities	8,009

28 Agency Services

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

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

The Council's Community Infrastructure Levy (CIL) funding (income) and expenditure amounts received and paid during 2023/24 and the prior year are also detailed in the table itemised below.

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

2022/23		2023/24
£'000		£'000
	CIL	
(1,841)	Income	(685)
153	Expenditure	158
(1,688)	(Surplus)/deficit in the year	(527)

29 External Audit Fees

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and the certification of grant claims provided by the Council's external auditor. Where the annual audit is outstanding this cost is an estimated accrued cost:

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

30 Members Allowance

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

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

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

31 Officer Remuneration

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

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

Note 1 : S151 Officer allowance

Note 2 : Monitoring Officer Allowance

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

Note 1 : S151 Officer allowance

Note 2 : Monitoring Officer Allowance

Remuneration bands

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

Restated 2022/23	Remuneration band	2023/24
Number of employees		Number of employees
14	£50,000 - £54,999	15
11	£55,000 - £59,999	6
6	£60,000 - £64,999	13
1	£65,000 - £69,999	2
1	£70,000 - £74,999	1
1	£75,000 - £79,999	2
0	£80,000 - £84,999	1
1	£90,000 - £94,999	0
0	£95,000 - £99,999	1
0	£100,000 - £104,999	1
2	£105,000 - £109,999	0
1	£120,000 - £124,999	0
0	£125,000 - £129,999	1
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 2023/24 are set out in the table below:

2023/24 Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £
£0 - £20,000	2	0	2	19,537
£20,001 - £40,000	0	0	0	0
£250,000 - £255,000	0	0	0	0
Total	2	0	2	19,537

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

32 Related Party Declarations

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

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

Central Government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. Payments totalling £16,712 were paid to seven organisations in which five members had an interest, and the total was £320.

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

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

Officers

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

Other Public Bodies (subject to common control by Central Government)

The Council had significant financial transactions with both Surrey County Council and Surrey Police Authority, details of which are disclosed in the 2023/24 Collection Fund Statement.

33 Leases

Finance leases

The Council has no finance leases.

Council as lessee – operating leases

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

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

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

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

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

Council as lessor – operating leases

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

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

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

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

34 Grant Income

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

35 Contingent Liabilities

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

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of Council Tax and National Non-Domestic Rates.

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

Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Government specifies the rate poundage, and subject to the effects of transitional arrangements, the rates payable are calculated by multiplying the rateable values by the rate poundage. As at 31 March 2024, the total non-domestic rateable value of properties owned by the Council was £94.2 million. The 2023/24 national non-domestic rate multiplier was 49.9p (2022/23 49.9p) for small businesses and 51.2p (2022/23 51.2p) for other businesses.

Calculation of Council Tax base

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

The calculation of the tax base is shown below:

2022/23				2023/24		
Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents	Band	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
0	5/9	0	A*	0	5/9	0
369	6/9	246	A	388.6	6/9	259
1,602	7/9	1,246	B	1,808	7/9	1,406
4,874	8/9	4,333	C	4,977	8/9	4,424
8,625	9/9	8,625	D	8,819	9/9	8,819
6,108	11/9	7,465	E	6,159	11/9	7,528
5,478	13/9	7,912	F	5,523	13/9	7,978
4,905	15/9	8,174	G	4,935	15/9	8,224
482	18/9	965	H	494.55	18/9	989
32,443		38,966	Total	33,104		39,628
		166	New properties Band D equivalent			149
		431	Ministry of Defence (MOD) properties			433
		(587)	Less: allowance for non-collection			(597)
		38,976	Council tax base			39,613
		98.50%	Collection rate assumed			98.50%

SURREY HEATH BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT 2023/24

INTRODUCTION

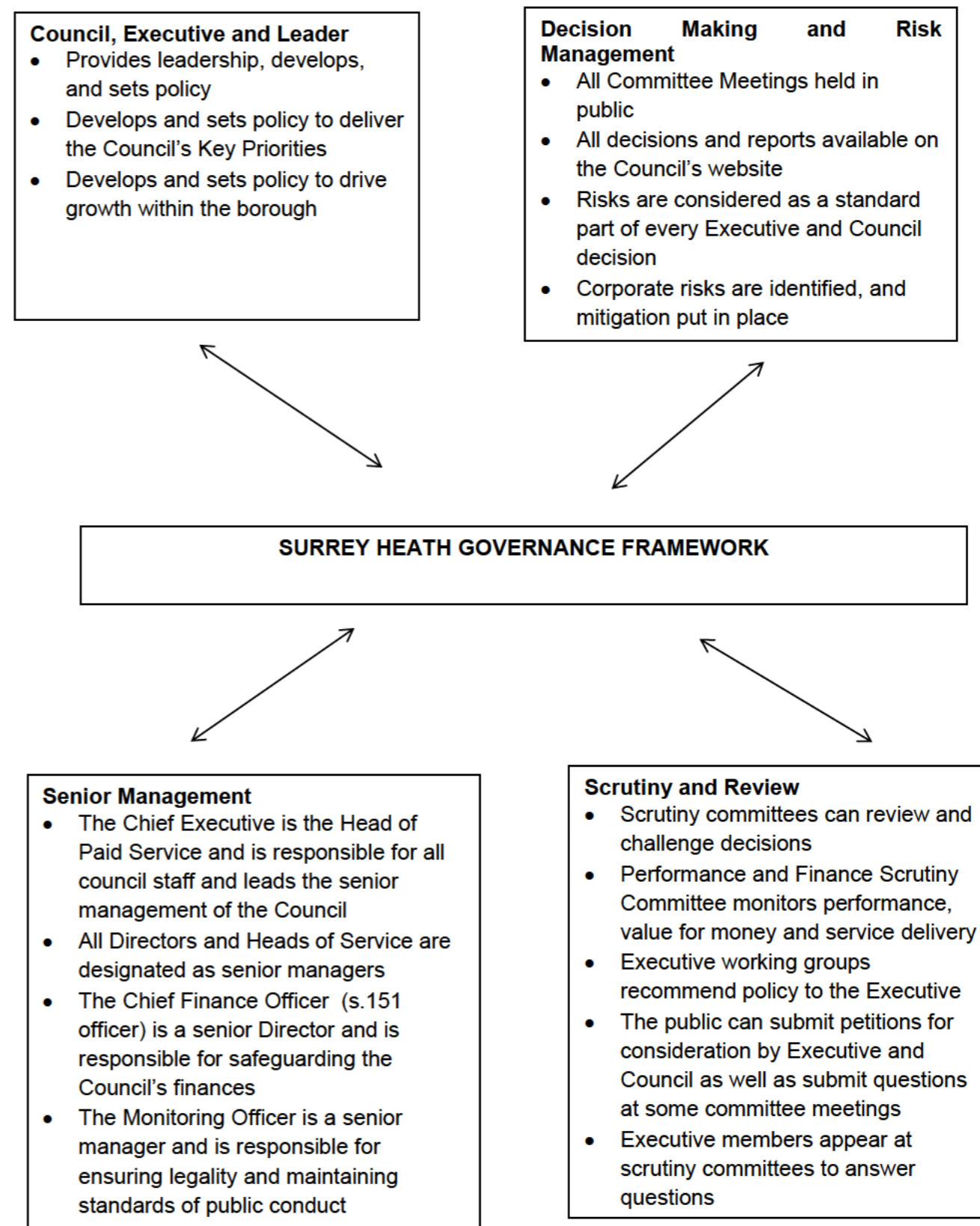
Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement.

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.

A system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31 March 2024 and up to the date of approval of the Annual Reports on financial outturn and performance as well as the quarterly reports on budget monitoring.

The Statement covers the period April 2023 to March 2024 and reflects the performance and governance arrangements of the Council during this reporting period. A number of weaknesses in control relating to financial governance arrangements which were raised at recent committee meetings in 24/25 will be subject to additional comment in the 2024/25 Governance Statement.

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. Notwithstanding the impact, the Council expects commercial arrangements with contractors to be respected, particularly in terms of the balance of risk agreed between the Council and its contractors on a contract by contract basis.

Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE framework during 2023/24.

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 behaviour 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 Standards and Risk 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, is reviewed annually and a report is reviewed annually by the Employment Committee. This 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 Standards and Risk Committee periodically. Internal Audit has a direct reporting line to the Chief Executive as well as the Audit Standards and Risk 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.

There is a Member Engaging Communities Working Group¹ that has oversight for equalities matters, including reviewing the Achieving Equity Strategy. They will review the base line assessment and the Achieving Equity Action Plan. The Action Plan will have actions to develop Equity Champions and to formalise the organisation's training plan.

In relation to policies, there is a requirement to consider equalities and to undertake an equality impact assessment. When policies come to the senior management team, equalities impact assessments are reviewed but also the portfolio holder who has equalities in her brief will give due consideration to equality issues during Executive decisions.

The Council has a rolling training programme on equality issues and a number of service managers have received training on mental health and wellbeing. The organisation's Organisational Development Manager assists staff with guidance and training of staff on equalities issues.

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. In October 2023, public speaking rights were extended to all Committees except for the Council's Licensing Committee and Planning Applications Committee.

¹ Since April 2024 the Member Engaging Communities Working Group is now the Resident Services Communities Working Group

Also in October 2023, the Council's Petition Scheme was amended to lower the thresholds for petitions to go to Committee meetings with a view to facilitating more public engagement with Members regarding public petitions. The rules of the Scheme now ensure all petitions, regardless of the number of signatures achieved, will require engagement with elected Members. This process is linked to the opportunity for residents to take part in resident panels should there be sufficient requirement.

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's website has been reviewed against the requirements of The Public Sector Bodies (Websites and Mobile Applications) Accessibility Regulations 2018 to ensure the Council is working towards full compliance of the rules and max engagement from the community in terms of accessing Council information.

The Council sends every household a copy of its residents' magazine, Heathscene, twice a year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, Nextdoor 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 a Strategy covering the period 2024 to 2028. Five priorities have been identified for the Council Strategy which are 1) Protect our Environment 2) Promote Healthier and More Inclusive Communities 3) Support a Strong Economy and Create More Homes 4) Campaign for Residents and 5) Deliver Effective Services with Sustainable Finances. A new Annual Plan developed alongside the budget is approved by Members each year which sets out the key targets, projects and KPIs 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 Council Strategy can be delivered and monitored. Progress against the plan is scrutinised by the Performance and Finance Committee and reported to the Executive twice a year.

Each service also plans 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 including the Base Budget reviews.

In March 2023 the Council adopted a new Economic Development Strategy that seeks to deliver sustainable economic growth across the Borough. It identifies opportunities for accelerated economic growth and resilience whilst, taking a proactive approach to mitigating the global, regional and local challenges impacting the Borough. Reinforced by an extensive evidence base, the strategy incorporates 8 strategic priorities that focus on outcomes to support businesses and residents. The strategy builds on the momentum of key industries such as manufacturing, health technologies and pharmaceuticals but also recognises future growth sectors such as film production, the creative industries and the green economy. The Economic Development Strategy 2023-2028 aligns with various Surrey Heath Borough Council policies, as well as external plans including Surrey County Council's Plan for Growth and the Surrey Place Ambition.

Some decisions such as agreeing the annual budget and Council Tax levy 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 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 to Box and Sharepoint 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. Employees have been provided with digital devices including Intune laptops that support agile working and working remotely.

Adoption of virtual desktop technologies to provide responsive and secure access to Council software that can't be delivered directly by cloud services. Implementation of Data Loss Prevention (DLP) to help prevent unsafe or inappropriate sharing, transfer, or use of sensitive data via Outlook. ICT have deployed a SIEM (Security Information and Event Management) solution to help us detect, analyse and respond to security threats.

The Council has decided to consolidate its investment in Microsoft products and migrate staff away from Box to OneDrive and Sharepoint for document storage and collaboration. In addition to saving a considerable amount of money, this option will allow staff to take full advantage of a considerable amount of new technology that Microsoft delivers to its business clients such as being able to standardise on Teams for communication, virtual meetings, telephony and Microsoft AI tools such as Copilot.

Carbon Net Zero

The organisation is creating costed decarbonisation plans for all of its major built assets. Sources of funding are being identified to help deliver projects such as photovoltaic panels on the shopping centre in Camberley.

REGOs (Renewable Energy Guarantees of Origin) have been 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 of Council vehicles, with 4 EVs bought to help deliver the Meals At Home service and 2 replacement parking vehicles scheduled to replace existing diesels this year. The Council also plans to replace the rest of its fleet with EVs, where suitable alternatives exist, at the end of vehicle life.

A biodiversity scoping document has been produced ahead of planned work on a biodiversity strategy.

There is joint work between the Council and Surrey County Council on completing a Local Cycling and Walking Infrastructure Plan that will allow better planning to deliver enhanced 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. Climate Change with the first set of training taking place in October 2023. The first staff training sessions took place in March and April 2024.

PRINCIPLE E

Developing capacity and capability

A key element of the Council's approach is to maximise the investment in staff through learning and development to enhance skills qualifications to enable them to excel in their roles and potentially progress within the organisation. A number of staff obtain qualifications through this route each year. The Council has maintained its training budgets despite reductions in other areas.

Learning, development and career aspirations are reviewed for all staff as part of their annual appraisal conversation which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides mandatory induction training for all new staff including health and safety, equalities and diversity and fraud awareness, as well as compulsory training on a regular 'certification basis' for existing staff including data protection, safeguarding and Prevent. Recent mandatory training for managers has included attendance management and managing mental health. Procurement awareness training is currently being provided for all relevant staff. 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.

This year the Council has introduced the 'Rising Stars' programme supporting the career development of those staff who apply. Two members of staff are currently participating in the programme.

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, climate change and equalities. Online training on Data Protection was facilitated. Members were also invited to attend a welcome day and received detailed welcome packs.

During the year, a number of staff continue to be supported through training and experience to gain professional qualifications, or apprenticeships, and to maintain Continued Professional Development. This is seen as a major incentive to attract and retain staff within the Council and enable it to address skill shortages and competencies in the future. The organisation has 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 regularly reviews benefits for staff to support retention of talent (for example in 2023, maternity pay was enhanced).

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 and Community Services.

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 teams and an improved oversight of project and programme governance was 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 Regeneration Working Group get an update on the project progress and the opportunity to question officers.

The programmed works to improve project management at the Council took place from September 2023 to January 2024.

In addition to the existing project management governance at the council, a project management toolkit was produced with the support of experienced project managers from within the Council and aimed at using best practice from other Councils. The toolkit went through a number of reviews to ensure it was both succinct and inclusive of all the essential documents and processes to provide a good level of support to project managers of all experience levels from across the Council. Alongside the toolkit, a guide was produced to give project managers an understanding of each template and the process of managing the lifecycle of a project.

Looking forward, bespoke project management training is being produced, incorporating the toolkit and will be rolled out to staff who manage projects and the toolkit will be continued to be contributed to and used by project managers across the Council to ensure it remains up to date and relevant to projects being undertaken.

Contract Management

The Council has introduced a number of examples of effective contract management across the organisation. The leisure 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 Property and Economic Development team the Council's new partner (wef Spring 2023) for managing its retail assets, including the Square, is Praxis having replaced Montagu Evans. Monthly Interface meetings with Praxis are used to run through asset management and project management duties, health and safety compliance updates, and reports on arrears in rent and service charges. There are monthly operational income meetings with Finance staff and Asset Managers 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 has been 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 takes a two tiered approach to risk management ensuring risks are identified and managed at both service level and corporate level.

All service areas identify risks that could effect and/or impact on the objectives and business of the individual service, each service area maintains and manages 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 Officers Group.

The Corporate Risk Register identifies the key risks the Council is facing and is measured against the potential impact and likelihood of the risk happening. It is reviewed quarterly by the Council's Risk Management Officers Group and is considered by senior management and Members at the Audit Standards and Risk Committee. Mitigating actions are identified to help address each risk reported in the Corporate Risk Register.

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 world wide events including 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 other worldwide events have impacted on the financial performance of The Square shopping centre, as well as the Council's ability to service its debts due to higher than anticipated interest rates. In particular, higher interest rates set by the Bank of England, used as a monetary tool to reduce inflation, are likely to have an adverse impact on the repayment of short term debt repayable to the Council. Worldwide events have 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.

During 2023/24 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 has established a corporate Health and Safety policy and associated set of procedures which are kept under constant review to ensure they remain 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 (DPA), ensuring effective information governance, information security, information rights and records management processes are in place. The Information Security Policy which is reviewed annually and the Data Protection Policy, Records Management Policy and Email Security Policy which are reviewed 3 yearly or upon changes in legislation, govern 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 have resulted in the corporate Privacy Notices being regularly updated on the Council website and new ones for different departments are being added. The majority of staff have completed information security and Data Protection 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 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 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's corporate enforcement team continues to manage the risks associated with unauthorised encampment sites and other enforcement cases including fly tipping.

New Homes Bonus will continue in 2024/25 as an annual grant. The Council did receive £9,520 for 24/25 in respect of the affordable housing delivery. The final allocation for 2023/24 was £714,667. The future of NHB grant will be confirmed before the 2025/26 Local Government Finance Settlement, due to be announced mid-December 2024.

Surrey Heath is in the Surrey and Sutton business rates pool for 2023/24. 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. As a result of the Fair Funding Review and in order to protect local authorities against disproportionate losses and gains, adjustments are made each year via the levy and the safety net. Authorities which experience a disproportionate growth in business rates income pay a levy on that growth, decreasing the share of growth they actually retain.

If retained income is above the baseline funding, the Council may be subject to a levy. The Government intends to reset the baseline in response to the changes introduced by the Non Domestic Rating Act 2023 although it is acknowledged that there have been delays to the resetting of the baseline figure.

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 aftermath of the Pandemic and subsequent worldwide events 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 reviewed its entire capital programme and reassessed business cases. 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 to 2025/26 together with opportunities to increase income. These savings and opportunities are currently being progressed, and a further base budget review will be undertaken in 2024/25.

The Council has undertaken a finance team stabilisation review which created a new structure and recruitment process to ensure the team is fully staffed and able to support the organisation moving forwards. This will continue into 2024/25 and will enable robust financial budgeting and monitoring becomes standard practice.

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.

All overdue Internal Audit recommendations are regularly reported to senior management and to the Audit Standards and Risk Committee, to ensure that officers undertake any follow up actions promptly and audit recommendations are actioned on time.

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 – to focus on delivering sustainable development by the greater promotion of the use of Planning Performance Agreements as a management tool to facilitate decision-making. This is to include a dedicated web page with a template agreement and range of options offered to developers. To improve customer service by managing and preventing potential costly errors by training and changes to working practices by the department. To reduce the reliance on extension of time agreements (particularly with major and minor developments) to improve, and not mask, the 8 and 13 weeks statutory performance, with these agreements only permitted in exceptional circumstances.

Governance weaknesses that have been addressed in-year - resilience and capacity of the service have been improved. The Technical Support team has been trained to undertake an increased range and amount of planning applications validations including minor developments, plus priors and certificates.

The legibility of the webpages have been improved, inaccessible webpages have been removed and JotForms have been created with clear payment methods set up in order to help customer service enhancements and good practice for accountability management.

The service has introduced new charges to support the resource of the service. This has included new charges for general enquiries and new administrative service charges for handling of post/email planning applications and invalid planning applications and has helped improve managing risks and strong public financial management.

Planning Policy and Conservation

Areas for improvement – the appointment of a new procurement Team has led to the establishment of new procurement processes. There is an outstanding need to produce a separate fit for purpose JotForm for sign-off on the commissioning of consultant studies and which allows for the instigating

officer to track progress of sign-off the JotForm. There is the potential to undertake more work to support delivery of social benefits.

Governance weaknesses that have been addressed in-year - the recruitment of a permanent service accountant for Planning Services will resolve the issue of information being provided on salaries budgets. Improving working relationships between service managers and accountants to ensure financial data is better understood has been improved by having more regular service manager and accountant meetings.

The new consultation on the National Planning Policy Framework may give rise to financial implications for the progression of the new Local Plan.

Building Control

Areas for improvement - providing resilience to the Building Control service; ensuring the Building Control Inspectors achieve compliance with the requirements set by the Building Safety Regulator especially at Level 3. There is also a pressing need to fill the vacancies due to three surveyors of the team departing.

Governance weaknesses that have been addressed in-year –the Runnymede Partnership has arrived at an end and the Council are looking for other partnerships if possible however this will take time to achieve.

Finance

Areas for improvement - implement a full business partner model with the newly formed finance team. This will ensure an improved level of budget management, reporting and support to services, as well as improving budget holders' knowledge, across all areas of finance; upskilling finance staff by attending training courses to improve their financial and personal skills, abilities, and knowledge; implement improved financial reporting to CMT and Councillors; ensure the accounts are brought up to date, with clear processes and procedures to allow excellent working papers to ensure the annual audit is as efficient as possible; review all processes and procedures within finance to ensure they are functioning correctly. The outstanding audit of the 2019/20, 2020/21, 2021/22 and 2022/23 statement of accounts will be disclaimed as part of the Government plan to get the auditing of local authority accounts back on track. The audit of the 2023/24 statement of accounts will be undertaken by Grant Thornton who have been appointed by the Public Sector Audit Appointments from October 2024.

Governance weaknesses that have been addressed in-year – Finance has implemented a new finance structure including a new procurement team to vastly improve the finance function. At the end of the 2023/24 financial year the newly appointed finance staff were in the process of starting in post. The 2020/21 unaudited Statement of Accounts were published.

Procurement

Areas for improvement - the Council will need to review its Strategy and its procurement processes and regulations to reflect any changes from the Procurement Act 2023; the Council must now continue to embed its revised Procurement Strategy across all services that procure goods and services; the Council should continually review its pipeline of procurements to ensure that procurement processes are commenced with sufficient timelines to complete a thorough process; the Council needs to review and update its Contract and Procurement Regulations part of its Constitution

to ensure it reflects the agreed Strategy; the Council needs to roll-out a process of procurement awareness and training to all officers involved in the procurement process.

Governance weaknesses that have been addressed in-year – there has been a lack of lack of procurement resource so the Council has recruited a full-time procurement manager and procurement officer; there has been a lack of procurement awareness in the Council of upcoming procurements so service managers receive regular updates on the 'procurement pipeline'; the Contract Register is out of date so a contract register 'Airtable' has been introduced; there is still a requirement to ensure it is updated accordingly by the services in conjunction with Procurement team; the Council's Procurement Strategy needs to be embedded so a Procurement Strategy has been produced and approved by CMT; the Council requires a review of its procurement processes to include ED&I, anti-poverty, social value, and fairtrade considerations; the Council needs a pipeline of procurements that are coming due – particularly with the major contracts so a Procurement pipeline is now operational; the Council requires a review by internal audit as to the suitability and capacity of the corporate procurement function so this has been picked up in the Finance Stabilisation Review that is underway with a view to enhancing the capacity and capability of the Procurement team.

Customer relations/contact centre

Areas for improvement – following the introduction of a number of new elected Members in May 2023, following the local elections the team will continue to focus on Councillor engagement and understanding of services provided. This work has started but needs to continue now the Members have settled into the role.

Continue to raise awareness of and actively champion the administration hub within the Contact Centre. To build capacity in the service areas and support agile working and therefore the environment.

In line with the LGSCO Complaint Handling Guidelines issued in February 2024 the introduction of a self-service assessment in respect of complaints management will be published on the SHBC website annually.

To work with all service areas to improve communication and reporting in line with the implementation of a new CRM. To simplify the processes, improve service provision and streamline the reporting mechanism.

Governance weaknesses that have been addressed in-year – the Compliments and Complaints Policy has been revised in line with the LGSCO Complaint Handling Guidelines issued in February 2024 which has helped to ensure the Council is compliant with new legislation. An introduction of an automated survey on a trial basis will help to further improve the scope and quality of customer feedback and satisfaction. The introduction of a Council wide notification/alert via jot form has helped to to raise awareness of customer safeguarding issues.

Revenues and Benefits

Areas for improvement – re-structuring the department allowing for clear reporting lines and the opportunity for staff development in addition to providing resilience throughout the service; updating the risk register for the service and continuing to review on an ongoing basis as a living document;

creating a comprehensive timetable and set of procedures to enable delivery of annual billing and benefit uprating for 2024/25 and future years; identifying e-billing as an area of improvement to contribute to the council's net zero target in the future; ensuring that staff receive all mandatory training and sufficient updates on changes to legislation as required.

Governance weaknesses that have been addressed in-year - a concerted effort by the team has reduced all of the outstanding service complaints (some many months old). The team now turn round complaints within the timescales set under the Council's policy. A temporary restructure was initiated (that has since been made permanent) that has resulted in no drop in performance (possibly improved) and a c.£20k saving to the Council.

Legal & Democratic Services

Democratic Services

Areas for improvement - review of urgency procedures has commenced to ensure clarity on the use of powers delegated to officers, especially in regard of decisions that are classed as key decisions.

Governance weaknesses that have been addressed in-year – there is a review of governance arrangements undertaken by a sub group of the Governance Working Group to look in detail about whether to change governance arrangements formally, i.e. moving to the committee system, or adopting a hybrid approach. Review of committee sizes conducted at the request of the new Council is being considered by an amended scheme of proportionality agreed at the October 2023 Council meeting. Review of public participation arrangements for formal meetings is being addressed with minor amendments made to the petition scheme and introduction of public questions at all public meetings (excluding Employment Committee).

Information Governance and Data Protection

Areas for improvement – one of the biggest risks to the Council's information is the use of email, by way of staff misuse or cybercriminals using it as a tool to gain access to our network. The Council must continue to proactively identify area of email security weakness, implementing necessary learning and training, helping to ensure that all staff are confident with the use and secure transfer of data via email.

Continue to ensure the Council achieves its annual accreditation of the Data Security and Protection toolkit (DSPT) which allows organisations to measure their performance against the National Data Guardians 10 data security standards, providing confidence to our residents that the Council is handling their personal data securely.

To ensure that the Council meets its records management obligation, work with all service areas on reviewing and setting retention periods on all information held, ensuring that any data being held that has passed its retention period are destroyed. This will help to ensure that with the transition over to a new cloud document store, only documents that are relevant and within their retention period are moved over to the new system.

Governance weaknesses that have been addressed in-year - developing tools and strengthening awareness to all staff helping to ensure the correct management for transferring confidential

information via appropriately secure means. The Email Security Policy, which provides guidance on the secure transfer of data via email has been written and communicated to all staff. The Data Loss Prevention tool on outlook has been activated to issue an alert messages to staffs email before personal information is sent. The Annual Data Protection refresher training that all staff are mandated to completed has been updated to include secure transfer of information and email security.

Improving staff awareness of cyber-crime including how to spot it and prevent malicious access to Council equipment and network information. The Email Security Policy which has been written includes guidance to all staff around cyber-attack and what to look out for. Cyber Awareness exercises are being rolled out to all staff.

Improving 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. The FOI office have worked closely with all relevant Council officers helping to reduce the burden of providing information on similar requests. This has resulted in a good working relationship and improved the Councils FOI response rate within the legal timeframe to an average 98% in time.

Legal Services

Areas for improvement – the Legal Services Team is to undertake more property work relating to the shopping centre and other Camberley town centre properties owned by the Council. This should provide the team with more diversity in legal work and also opportunities for development. In order to maximise best value from capacity, it is expected the team will prioritise the most high value work with predominantly lower value work being outsourced if capacity is lacking. However, this will reduce capacity in Legal Services to undertake contract work, so teams across the Council will have to budget for this work being undertaken externally. The recruitment of a contracts solicitor would assist in filling this gap in capacity, but this is subject to budgetary constraints.

Developments in the borough are likely to have to provide a “biodiversity net gain” as a result of a new regime which has been introduced to the planning system. The consequence is that there is likely to be an increase in planning work for Legal Services as well as a need to develop our understanding of the regime and precedents to help expedite completion of unilateral undertakings and section 106 agreements.

Governance weaknesses that have been addressed in-year – with records no longer being held separately by Corporate Property, Leisure and Property and Economic Development. This has aided the disaster recovery processes, helped provide faster and more effective property management and helped to free-up space within Surrey Heath House by destroying documents that are no longer needed. All Tree Protection Orders (TPOs) have been scanned to provide a complete digital database.

Internal Audit

Areas for improvement – the External Quality Assessment (Peer Review) conducted in 2023 identified a number of improvements for the Audit service at Surrey Heath, and an Action Plan has been agreed. The challenge in 24-25 will be to ensure the Action Plan has been fully implemented and improvements embedded into the service. The Internal Audit teams needs to continue to develop its skills to ensure that technical audits can be carried out and so that added value and

greater insight can be provided to the organisation. Such audits include climate change, ICT and cyber security. Audit reports and in particular audit recommendations need to continue to be insightful, timely and practical given the nature and size of the Council. This will help demonstrate the value that can be added by Internal Audit.

Governance weaknesses that have been addressed in-year – developing an agile and flexible Internal Audit team to help ensure resilience and maintain robust processes. The audit team is responding more quickly to the business needs of the Council and is helping to tackle the latest risks. The audit programme includes several shorter audits that are more frequent, and the scope of audits are now more closely aligned to the key risks of each service area.

Making sure the Annual Audit Plan continues to be delivered. The Audit team delivered and completed the majority of the Plan in 23-24, including all finance audits. A number of ad hoc tasks were also delivered in year at the request of management at short notice.

A Peer Review was carried out in Oct/Nov 2023 with Spelthorne and Elmbridge borough councils. Overall the Council's Internal Audit function was assessed as being generally compliant with the Public Sector Internal Audit Standards. An Action Plan has been developed to address improvements required, including stakeholder feedback, updating the Charter and Audit Manual and considering an ethics audit.

Human Resources, Performance & Communications

Human Resources

Areas for improvement –the HR team are going to work with managers when recruiting and interviewing for vacant posts with the aim of continually improving the experience for applicants whether they are successful or not. We want to continue our success with SHBC being an attractive place to work and to ensure we consider the applicants needs when they are interviewed for positions here.

The HR Team have undergone a minor restructure to bring improved technical advice and support for managers who are leading on case management and organisational change with the intention of introducing a business partnering model into HR.

Governance weaknesses that have been addressed in-year – managers checking all expenses and mileage claims. This is an area which can be improved on and an email has recently been sent to WMT asking for them to be extra vigilant.

Checks on employees who utilise their vehicles for business purposes have been tightened up. Issues had been identified with staff producing the required documentation on time to ensure the Council is meeting the manslaughter regulations and the workflow in iTrent was not working as expected. HR are now asking staff who have claimed business miles to send their insurance documentation through, asking for permission to check driving licences via DVLA and also checking DVLA if there is a valid MOT on their car using the car registration.

Organisation Development

Areas for Improvement - further improve project management processes and skills throughout the organisation through promoting and refining the project management toolkit and providing bespoke training to appropriate staff in Autumn 2024; launching a 'service review' toolkit for managers which will include a focus on securing efficiencies, improving processes, reviewing policies, improving

customer outcomes and experiences and investigating opportunities for digitalisation; supporting training for relevant staff on project management, procurement and risk management to further strengthen skills and governance in these areas and launching a Leadership Development programme for the wider management team; improve the Council's use of the apprenticeship levy, particularly through promoting internal apprenticeship opportunities and Transfer to Transform.

Governance weaknesses that have been addressed in-year include improving project management across the organisation e.g. through the capital programme board which HR has supported – and escalation of issues. A report was taken to the senior management team in March 2023 to agree a desired approach and work programmed for Autumn 2023. A project management toolkit was developed in consultation with internal experts and using best practice and launched to wider managers in March 2024. Our performance management approach has been strengthened through developing benchmarking visual reports will be part of reporting to Councillors with the end of year report and on an on-going basis. OD has achieved some take-up of the apprenticeship levy with internal staff and are also investigating opportunities with 'transfer to transform' to fund apprenticeships within the community. We continue to improve processes around mandatory training and are delivering more-in depth safeguarding training for front line staff as part of the Surrey Learn programme with the majority of front-line staff trained. Fraud awareness and PREVENT added to mandatory induction training and PREVENT rolled out to all staff. Mandatory manager training has included appraisal briefings, managing attendance and supporting Mental Health with strong take-up of all courses. Following the LGA Peer Challenge in July 2023 an action plan was developed and agreed by the Executive in November 2023. A Peer Review follow-up visit took place in April 2024 with 75% of actions already completed by this stage.

ICT

Areas for improvement – cyber readiness - review of requirements for Cyber Essentials accreditation and readiness for application; AI adoption – understanding Council requirements for likely wider future AI adoption ensuring readiness; Box to OneDrive / SharePoint – reviewing options to migrate content from Box to OneDrive / SharePoint.

The Digital Strategy has been published this year which introduces a more user led, business partnering model into ICT. This means that managers who use platforms 'own' their ICT experience to improve engagement with systems and user experience. Training on platforms is improving to support ongoing digitalisation within the Council.

Innovation within ICT include exploring the use of co-pilot to support teams with transactional tasks (for example meeting agendas).

Governance weaknesses that have been addressed in-year – adoption of Barracuda Security Awareness training, which includes a phishing simulation toolkit to help address cyber readiness and further end-user awareness.

Data Loss Shield (DLS) – helping to prevent unsafe or inappropriate sharing of sensitive email via email has been tackled by working closely with the Information Governance Manager on the DLS project. And following testing and an initial pilot DLS has now been implemented for all users.

Cyber readiness - Single Sign on MFA improvements has been improved by the team by the removal of security questions as a factor and wider adoption of Windows Hello which has increased security.

Community Development and Safety

Areas for improvement – there is a lack of overarching policy for management of community development grants. A draft policy will be taken to the senior management team in 2024. As a team

the Community Development function continually assesses its approach to the principles of effective governance and it have recently completed a local plan focussing on the objectives set out within the Annual Plan and based on the Council's strategy. Team members have regular one to ones and appraisals with clear objectives set to guide their work. It is increasingly developing its understanding of the available data and using this to guide work in the borough and the provision of resources to community initiatives.

Governance weaknesses that have been addressed in-year - the team has worked on reviewing and refreshing the Council's Equality Strategy and has recently published a new 'Achieving Equity Strategy' which sets out how the Council will aim to meet, and where possible exceed its statutory duties in relation to Equality as an employer and a provider of services. A baseline assessment is currently underway to measure achievement against this new strategy and to develop an action plan which will support the council to further undertake assessment by the Local Government Authority via their Equality Framework. The action plan will look at targets around equality of access to service, use of data and how data can be used to provide equity of access, training for all officers and establishment of equality impact assessments for key policies and strategies across the council.

Communications and Engagement

Areas for improvement – Increasing engagement with the Press by removing PR and Communications software, Vuelio. This software, which has been used by many local authorities as a tool to share stories directly to Press can discourage PR and Communications professionals from 'selling' in a story. By removing this software, it can encourage the team to pitch stories, increasing engagement with Press, increasing the standard of writing and give the team a better chance of having Council stories picked up and published reaching wider audiences.

Increasing engagement with staff by creating a communications channel on Warbler, in which the team directly talk to staff as the 'Communications Team' and not as individuals within the team. This will increase the output of staff communications where the team are able to share wider 'Communications Team' updates, increasing the amount of times a message can be seen while also empowering members of the team to be more proactive in communicating key updates to staff and building trust with staff.

Governance weaknesses that have been addressed in-year - communications to different groups and engaging with residents has been improved by launching Surrey Heath News, the organisation's external newsletter. This newsletter goes out every 6 weeks, soon to be every month. It has enabled the Council to share different news with residents in a different format whilst also increasing engagement of news and updates across traditional channels.

The use of multimedia in communications has been tackled by purchasing a camera and wireless mic's and provided training to the team enabling them to look into other tools that increase productivity across the multimedia communications landscape including animations and videos and gifs.

Property and Economic Development

Economic Development

Areas for improvement – openness and comprehensive stakeholder engagement – the Economic Development Team engage with businesses and stakeholders regularly, however this will be increased in 2024/25 to ensure that programmes continue to be suitable for local business; determining the interventions necessary to optimise the achievement of the intended outcomes – due to the change in funding available for the Workshop, the team have been required to redesign the service to ensure that intended outcomes are still met with reduced capacity.

Weaknesses that have been addressed in-year – a Business Support Officer Working Group has been established with all appropriate services represented to help the opportunity to enhance cross service working whilst improving the support available to businesses.

Clearer work programmes established with detailed workplans for associated officers to address more structured delivery of the Economic Development Strategy.

Corporate Property (regeneration estates retail and facilities management)

Areas for improvement – financial business planning and budgeting – work more closely with managing agents and finance colleagues to ensure accuracy of budgeted income from tenants; review processes and market strategy for optimising procurement of maintenance works, particularly those for The Square Shopping Centre; Collectively Camberley – the member who sits on the board is seeking and should insist on securing greater financial disclosure from the BID particularly regarding cash flow; improved monitoring of Minimum Energy Efficiency Standards certificates to ensure that appropriate progress is being made towards the increasing standards required; further work to ensure collaboration with Surrey County Council in relation to maintaining town centre infrastructure. i.e. Highways dept.; working towards sustainability initiatives and net zero across council property assets.

Weaknesses that have been addressed in-year – strengthening project management controls and skills across the group as highlighted by Peer Review has been improved by contributing advice, templates and governance structuring of new projects to the operational performance team who rolled out a project management toolkit across the group.

Improved management approach to statutory areas of health and safety in respect of asbestos management, fire safety and Legionella management in buildings has been tackled by preparing new, more detailed and explicit management policies in respect of asbestos management and fire safety, with a similar document for Legionella in production. Once all three have been approved, training is to be provided to all relevant officers on the parts that they must play to ensure our statutory compliance.

Community and leisure properties suffering from lack of direction as to the preferred use and outdated leases has been addressed with introducing clear structure set up with the community and leisure teams as building owners with the property team delivering leasing and building surveying services. Monthly reviews held including the portfolio holder to ensure appropriate direction and support.

Environment and Community

Joint Waste Services (JWS)

Areas for improvement – on behalf of Surrey Environment Partnership (SEP), JWS utilises the waste hierarchy to focus priorities on waste prevention and recycling. JWS has developed an interim strategy, SEP 2025 – a partnership approach to waste prevention and recycling, to bridge the gap until further clarity is received from government on key emerging policy. This enables JWS to effectively manage its performance – environmentally, financially, etc. These principles are then distilled down into JWS’s annual work programme of projects and initiatives that are aligned to the aims and objectives of SEP 2025.

In October 2023, JWS received significant funding pressure from SCC, to reduce the SEP budget by £300k. Given the decision in 2020-21 to reduce the payments into SEP in order to run down the reserves, JWS challenged this approach and reduced the ask to £100k. The balancing £200k remains a pressure for SCC and JWS have been asked to develop a sustainable funding model that looks to remove this remaining £200k from SCC’s contribution by the end of 2025-26. With approval from the Contract Partnering Board and the Joint Waste Collection Services Committee, JWS has established a project team and commenced a project to consider a Strategic Options Appraisal for the new service arrangements post June 2027. As well as progressing this on behalf of the joint contract authorities, the project team are reaching out to the other 8 local authorities in Surrey to identify opportunities to grow the joint contract and further achieve efficiencies through partnership working.

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 financial pressures and challenges on both the future of SEP and the Joint Contract, this may not be delivered in 2024-25. JWS has identified the staff who would benefit from the Safeguarding Training and is working with colleagues to ensure this requirement is fulfilled. JWS is accountable to all 12 local authority partners of SEP and the 4 local authorities in the joint contract area. Governance arrangements with 4 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 actively engages with local authority practices and procedures to identify and where relevant implement savings and efficiencies and increase income generation. On behalf of the joint contract authorities, JWS is currently managing two projects that were successful in securing external funding – the Materials Focus Electrical Recycling Scheme and Keep Britain Tidy’s Chewing Gum Scheme. One-to-one meetings have been established with the SEP officers’ representatives which helps 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.

JWS has been working 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. This mechanism was refined for 2024-25. JWS intends to develop a new funding mechanism when further clarity is obtained from central government on the new collection and packaging reforms (CPR).

JWS intends to develop a skills matrix and training plan, with consideration to succession planning. Due to current financial pressures and challenges on both the future of SEP and the Joint Contract, this may not be delivered in 2024-25.

Weaknesses that have been addressed in-year – out-of-date Joint Municipal Waste Management Strategy (JMWMS) has been tackled by JWS leading on a project to develop an interim strategy, SEP 2025 – a partnership approach to waste prevention and recycling. SEP 2025 bridges 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. SEP 2025 performance against the strategy is monitored quarterly. A decision was taken by SEP officers in February 2024 to review and extend the strategy until 2026-27, which allow further clarity to be obtained from central government on the emerging policy, to enable the development of a new robust and current JMWMS.

Performance management is being improved by JWS focusing on building the strength of the work programme procedure to further develop its approach to performance management, ensuring tangible outputs and/or outcomes. This enables JWS to better understand the impact of its activities and the cost / benefit of its projects and initiatives and demonstrate value for money. Key decisions have been taken based on this improved performance management around the future implementation (or not) of partnership projects and initiatives. JWS intends to further strengthen this approach to performance management, with the current focus on communication and engagement initiatives and campaigns, with support from SHBC’s Communications Manager.

Community Services

Areas for improvement – Community Services need a full value for money review this year to test reach and impact in the Surrey Heath resident community. This will form part of the transformation programme work on discretionary services.

Following a full review of the Community Services establishment list and a deep dive into salary related expenditure, the need to ensure that frontline posts are replaced at the earliest opportunity, in the event of a vacancy, has been identified. This will address the requirement of other staff having to work additional hours as overtime to cover vacant positions, removing the need for individuals to work additional hours in a business-as-usual capacity. The financial benefits of leaving a post vacant for a period of time are not realised given the need to pay additional hours, often at enhanced rates and therefore there is no operational or financial benefit to such an approach.

As per previous years, work has been undertaken by Community Services to assist service accountants and others to understand the calculation of the cost of delivering Community Services, and the payment arrangements that have been in place for four years. It is hoped that the information provided will assist colleagues with budget planning etc. and provide documentation that can be transferred to new staff members in the event of a vacancy.

Governance weaknesses that have been addressed in year – meetings of the Community Services Partnership Board with Runnymede borough council are infrequent often replaced by direct conversations in each borough. The service has helped to address this by undertaking a review of the purpose and need for the partnership board, and consider potentially replacing with Council specific partnership meetings with respective elected Members.

Environmental Health and Licensing

Areas for improvement – explore succession planning and retention options for qualified professional staff e.g. apprenticeships, development opportunities, salary benchmarking to maintain a competent workforce to meet existing and new demands on the service; enhance accessibility to EH and Licensing services through increased electronic self-service delivery via the Council’s website, Contact Centre and Uniform computer system; and review EH and Licensing procurement and contract management and expertise in line with new corporate procurement processes.

Governance weaknesses that have been addressed in year – benchmarking activities with Surrey local authorities and mapping processes help to ensure full cost recovery in discretionary fee setting; new income streams identified e.g. Food Standards Agency grant funding, new export attestation

certification service, new Primary Authority Partnerships; and improved contract monitoring processes implemented have all contributed to an increase staff understanding of the financial aspects of EH 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 EH and Licensing staff to maintain a competent workforce has been tackled by having a fixed term covid officer allocated wider EH work to gain practical experience necessary to qualify as EHO. Officers maintain competence meeting CPD requirements of professional bodies and via SHBC appraisal/learning and development process.

Better use of ICT to generate and analyse EH and Licensing performance management information has been addressed by developing performance graphs in Uniform and improved capability within service to retrieve and present performance information. More regular reviews taking place of performance at officer one to ones.

Continue to develop use of Uniform across the service areas to improve data recording and sharing, to improve customer response by improving the overview of Uniform use within EH and Licensing and corporately via new SHBC Uniform User Group and Surrey EH and Licensing Uniform User Group.

Enforcement

Areas for improvement – to introduce a Council wide overarching Corporate Enforcement Policy; carry out a review of Fixed Penalty Notices policy; invest in upgrading Uniform / Enterprise systems as still not fit for purpose; roll out planning enforcement training to Parish Councillors.

Governance weaknesses that have been addressed in-year – public realm CCTV is ageing and requires investment to improve effectiveness. Work is being conducted to rationalise and replace CCTV provision in the town centre and Old Dean. Develop anti-social behaviour (ASB) plan in line with new legislation. The ASB Plan is being developed with the intention of being adopted by the council in the autumn 2024. Refresh / review terms of reference for Surrey Heath partnership. A questionnaire was sent to all statutory and non-statutory members which was then evaluated with the Leader of the Council.

Housing

Areas for improvement - the Council's Disabled Facilities Grant (DFG) is budget limited while delivery of DFGs is a mandatory function therefore robust assessment and procurement processes are needed to maximise the value of the grant. Following a review of the service delivery of the resulting action plan is essential in achieving this. The Council attracts a considerable amount of grant to tackle homelessness from DLUHC and other sources however these funding streams have no surety beyond the 2024/5 financial year. Work is needed to embed work into core funding, secure alternative funding streams or look for effective exit strategies for grant funded works. Sometime in the next two years the Council will lose access to 32 units of temporary accommodation provided by

Accent. There is a requirement for suitable alternative temporary accommodation, and potentially interim arrangements to transition to new provision, in order to avoid the use of costly nightly paid accommodation.

Governance weaknesses that have been addressed in-year - a new joint process has been agreed with Finance along with a focused piece of work on historic debt to help address debt management and a lack of a corporate process for debt collection, and inaction on debts.

Finance have moved rent accounting off Civica and are using a new more effective approach which has helped to address weaknesses in the service Finance provides in rent collection at Connaught Court making accurate rent accounting difficult for residents and those supporting them.

Family Support

Governance weaknesses that have been addressed in-year - inconsistent, regular meetings with service accountant and service managers have been improved by having monthly meetings in the diary to ensure budgets are consistently monitored and reviewed. The finance team has completed a restructure of its service and has recruited new staff into post to improve quality and oversight.

Leisure and Recreation

Areas for improvement – improved lease holder communications to strengthen relationships and provide support where necessary to ensure that lease holders are meeting their obligations around statutory requirements whilst continuing to provide valued services to the community.

Encourage the internal team to continue to broaden knowledge and teams capability, increasing their skill sets to support service delivery.

Governance weaknesses that have been addressed in-year – enhanced training for officers and purchasing of new equipment to improve service thus reduce cost have been used to target an over reliance on contractors.

Enhanced support by offering leaseholders inclusion in surveys that are undertaken so that they benefit from reduced pricing e.g. tree inspections; periodic (annual) monitoring to confirm obligations are being met by the leaseholders has helped to address leaseholders compliance.

Camberley Theatre

Areas for improvement – decarbonisation plans need to be reconsidered for the theatre as previous targets are now unobtainable due to the RAAC remediation project. There is currently no defined objective in terms of environmental sustainability. Contracts for touring shows need to be updated to ensure explicit financial protection for the council in the event of cancellations or closure. Contracts do not specifically reference these scenarios, creating ambiguity around which party is liable for costs.

Governance weaknesses that have been addressed in-year – theatre ticket prices were subject to an additional £2 transaction fee which means that advertised prices are not a true representation of the cost to access these shows. The fee has since been removed which included a £1 per ticket booking fee in all ticket prices. This now means that the ticket price is transparent and is as advertised. The contracts for pantomime workers were below industry standard and no longer suitable due to changes in employment law and has been addressed by the introduction of new contracts in time for

the pantomime 2023. Terms and fee structures are now in line with industry standard and compliant with relevant legislation.

Parking

Areas for improvement – multi-storey cleaning standards by reviewing contract arrangements; multi-storey CCTV; multi-storey fire safety systems; rural car park preventative planned maintenance. Cleaning standards remain a challenge and the team is still working with its contractor to drive improvements, the contract is up for renewal early 2025 and may go out to tender across all business units

Governance weaknesses that have been addressed in-year – Multi-storey cleaning standards and contract have been addressed by the implementation of a SLA and KPI monthly report, open channels of communication, agreed roadmap to improvements and agreement of a performance managed plan.

The Council’s parking CCTV systems has benefitted from a full review of existing system and requirements, reaching out to several suppliers for new proposals, and changing the multi- storey office layout and monitoring. The project has been merged with Greenspace requirements and the team is working with procurement to complete the ITT and get the project done.

Parking fire safety systems have been improved including provision of new fire safety panels installed at multi-storeys; DDA compliant sounders and beacons installed; help / refuge points installed at both multi-storeys; interface with the square shopping Centre installed.

Rural car park preventative planned maintenance has been targeted including all locations being surveyed; required work scoped; contractor sourced and quotes pending; role out plan pending. Phase 1 of identified works is near completion, this has seen work at Bagshot, Watchetts, Wilton Road, Heatherside, Burrell Road & Yorktown, a Preventative Planned Maintenance plan will be put together once all the identified works outlined and the parking strategy are completed.

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 Standards and Risk committee annually.

The Internal Audit team delivered a number of internal audits from the Plan in 2023-24. 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 Procurement, Fraud, Housing and the Theatre. Audit also supported the Council by undertaking a number of consultancy activities including assisting with an investigation with one of the Council’s suppliers, support with the IR35 regulations, as well as co ordinating the National Fraud Initiative (NFI) exercise.

An annual report was presented to the Audit Standards and Risk committee in 2024 where it was reported that the internal auditors’ opinion for 2023/24 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 2023/24	Agreed action
<p>Housing and Homelessness</p> <p>Tenant accounts should be up to date and represent a true and accurate account of rental payments, benefit entitlements and any credits or arrears. These accounts need to be such that they can be presented to a court of law if required when chasing debt arrears and carrying out debt recovery action</p>	<p>A meeting was held between finance and housing staff in October 2023 and a new process was agreed by both parties for monitoring and managing the CC rent accounts. New arrangements include - invoices no longer being sent out, introduction of a new excel spreadsheet detailing tenant information, rent and service charge due by period, and any payments or benefits received, with a rolling “live” balance of rent due.</p>
<p>Payroll</p> <p>All service departments should review and submit their Establishment list back to HR in a timely manner. Given the importance of staffing data, managing vacant posts, and controlling staff budgets, this should be done every time.</p>	<p>HR want to ensure all information recorded on Establishment Lists and records within Finance mirror each other. Moving forward the relevant Finance accountant will be included when sending out the quarterly requests. This should be easier as the CMT member will have regular meetings with their accountant and therefore familiar to them both.</p>
<p>Creditors</p> <p>Finance should ensure line managers/budget holders check and approve cardholder expenditure spreadsheets, receipts, and card statements before payment.</p>	<p>Agreed, to be checked in conjunction with the checklist that is actioned each month by finance</p>
<p>Revenues</p> <p>The Council should agree with the BID Company the annual collection fee amount and that the collection fee is paid to the Council. Any back payments in respect of previous year collection fees should also be paid to the Council.</p>	<p>The proposed SLA prepared by Mosaic on behalf of Collectively Camberley Limited originally stated an admin fee of £13k pa, however, the Council suggested that this was lowered to £5k to assist the BID with its overhead costs. Whilst the SLA is unsigned, it is the view of the Council’s Section 151 officer that the previous SLA would remain in force. This means that the debt is enforceable and can legally be pursued.</p>

Revenues	The Council has a record of the amounts owed and can raise an invoice. The BID company has raised a dispute over the amounts owed to them by the Council for collection. The Strategic Director Finance and Customer Services has commissioned an internal reconciliation between the Northgate collection system and the Council's Ledger (Civica) and this has indicated a small discrepancy which may result in a further payment due to the BID
The Council and the BID should agree the total fee amount due to the Council in respect of debt recovery and enforcement action taken on unpaid BID levy payments as per the BID agreement.	

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. The audit of the 2019/20 accounts is nearing completion, and the 2020/21 to 2022/23 will be disclaimed, although a cumulative Value for Money report will be produced.

The 2020/21, 2021/22 and 2022/23 unaudited statement of accounts are now published on our website.

Grant Thornton are the appointed auditors from 2023/24. Engagement and planning has commenced and they are looking to start the audit from October 2024.

Self-assessment and review of key outcome indicators

The key outcome indicators below have been used to assess the quality of governance arrangements in 2023/24:

Issues Identified	Performance for 2023/24
Formal reports by the Section 151 Officer or Monitoring Officer	None
Outcomes from Standards Committee of Monitoring Officer investigations	No matters referred to Standards Committee. Monitoring Officer's Annual Standards Report presented to Audit Standards and Risk Committee
Proven Frauds carried out by members or officers	None
Objections received from local electors	None
Local Government Ombudsman referrals upheld exceed national average	No

Unsatisfactory/limited internal audit reports	None
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Follow up of issues identified in the previous financial year for 2023-24

The 2022/23 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 2023/24	Action Taken in 2023/24 to address issues
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 was published and an Action Plan agreed by the Executive in Nov 2023 to address 9 areas for improvement, including the development of a financially sustainable budget, completing a review of governance, developing a future Engagement Plan with Partners and making improvements to the working environment. Out of the CPC's nine recommendations, the council's RAG rated action plan reports that out of the 19 actions in the council's action plan, 74 % (14) were blue and "complete", 21% (4) were green and "on track" and 5% (1) was amber and "underway".
Delivering savings and efficiencies	The Council underwent a thorough Base budget review which was agreed by the Executive for 24/25 which includes over £4.5 million of identified savings, efficiencies and additional income which it plans to deliver in the next financial year. The Council is also committed to conduct a further Base budget review in 2024.
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 2023 and a further election in June (due to the death of one candidate). This included a successful implementation plan to address voter ID, during which no major issues were reported. Implementation of a full induction programme for new Councillors including training.
Further strengthening project management practice	The Council is developing and implementing a framework to provide a more consistent approach to project management across the organisation. A project management system has been produced and reviewed by senior management, and is being embedded across the organisation. A Toolkit was

	completed February 2024 and launched to the Wider Management Team March 2024.
Further embedding Risk Management	Service lead risk registers are being developed and mostly completed across the authority to further embed risk management processes across the workforce. These feed into the Corporate risk register that identifies the top 10 highest risks. The Council is also establishing project based risk registers to improve project management. Risk management updates are also being reported more regularly to the Audit Standards and Risk committee.
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. The Council is taking a robust approach to contract management including the development of effective dispute resolution arrangements. Budget provision for re tendering contracts has been highlighted in the latest medium term financial strategy. 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, Public Questions and Residents Panels has been introduced at Committee meetings from October 2023

Issues for 2024/25

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 2024/25	Action already taken/ to be taken
Preparation for elections in 2025 including the County Council	Polling Station review to be undertaken together with a review of stock of equipment/stationary for

elections in May 2025 and any by elections	elections. Review of current printing contractor in line with procurement requirements
Progress Community Governance Review of Windlesham Parish Council	Review and evaluate the responses to a preliminary consultation on establishing need and report to the appropriate Full Council meeting
The Council faces cost pressures to establish a sustainable budget by the end of the MTFS in 2028	The Council has established a base budget review process that has been successful so far. It is recognised that more needs to be done to establish a balanced budget and therefore a transformation programme has been initiated to review organisational design, property management, digitalisation, potential shared services, discretionary services, and cost management. Projects within the programme will be established by the end of 2024/25 and will be implemented between 2025/2028
The Council is experiencing higher than preferred staff retention issues in some areas. This is recognised within our People Strategy but is likely to increase in 2024-25 due to cost pressures referred to above	An action plan to focus on particular areas of concern is in implementation. Dedicated HR resources will focus on leavers to understand their reasons for leaving and improve data and actions in this respect. Work with managers will continue to improve retention and engagement skills across the Council
Publication of new National Planning Policy Framework 2024 and proposed Planning reforms.	The Council responded to the consultation on the proposed reforms to the National Planning Policy Framework and other changes to the planning system in September 2024. The Council will need to be live to the implications arising from the new National Planning Policy Framework and increased housing numbers, together with future changes to the planning system. A particular implication will be to assess the impacts arising for land in the Green Belt in Surrey Heath.
Continued development of risk management processes including identifying the Council's risk appetite.	The Council continues to become more aware of its risks and reporting these to the appropriate committee. The 'golden thread' between the service registers and the overall corporate register is working better and the Council is

	<p>becoming more natural in its identification and management of risk and opportunities.</p> <p>The risk appetite statement has been developed and agreed through Committee and will now form part of the Council's risk strategy.</p>
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CONCLUSION

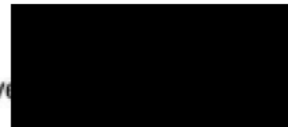
The publication of this report and Annual Governance Statement demonstrates that the Council has complied with the Local Code of Corporate Governance consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government for the reporting period 1 April 2023 to 31 March 2024 and provides assurance over the Council's governance arrangements together with identifying areas of future focus and improvement.

It should be noted that the evidence provided in support of this year's Annual Governance Statement was correct as at 31 March 2024 and primarily reflects the performance of the Council for the preceding 12 month period. The report does not contain any significant issues that the Council has been subject to since 1 April 2024 as these will be included in the following year's Statement.

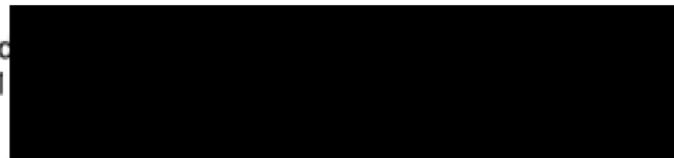
Whilst the Statement aims to be transparent the Council recognises that whilst organisation-wide improvements are needed in a number of areas and the Council is facing many challenges and obstacles, it is nonetheless heading in the right direction which is evidenced by continuous improvement in some of these areas. The organisation 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 revenue receipts and use of reserves, will need to continue to be closely monitored and treated to ensure financial stability whilst ensuring the authority is able to deliver a sustainable balanced budget over the duration of the Medium Term Financial Strategy.

Nick Steevens
Interim Chief Executive



Cllr Shaun Macdonald
Leader of the Council



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.