

Surrey Heath Borough Council

Unaudited Statement of Accounts 2025/26

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Narrative Statement 2025/26

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 2025 to 31 March 2026 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 significantly impacts upon development potential in the borough and has historically led to more intensive development in the urban areas.

Our People

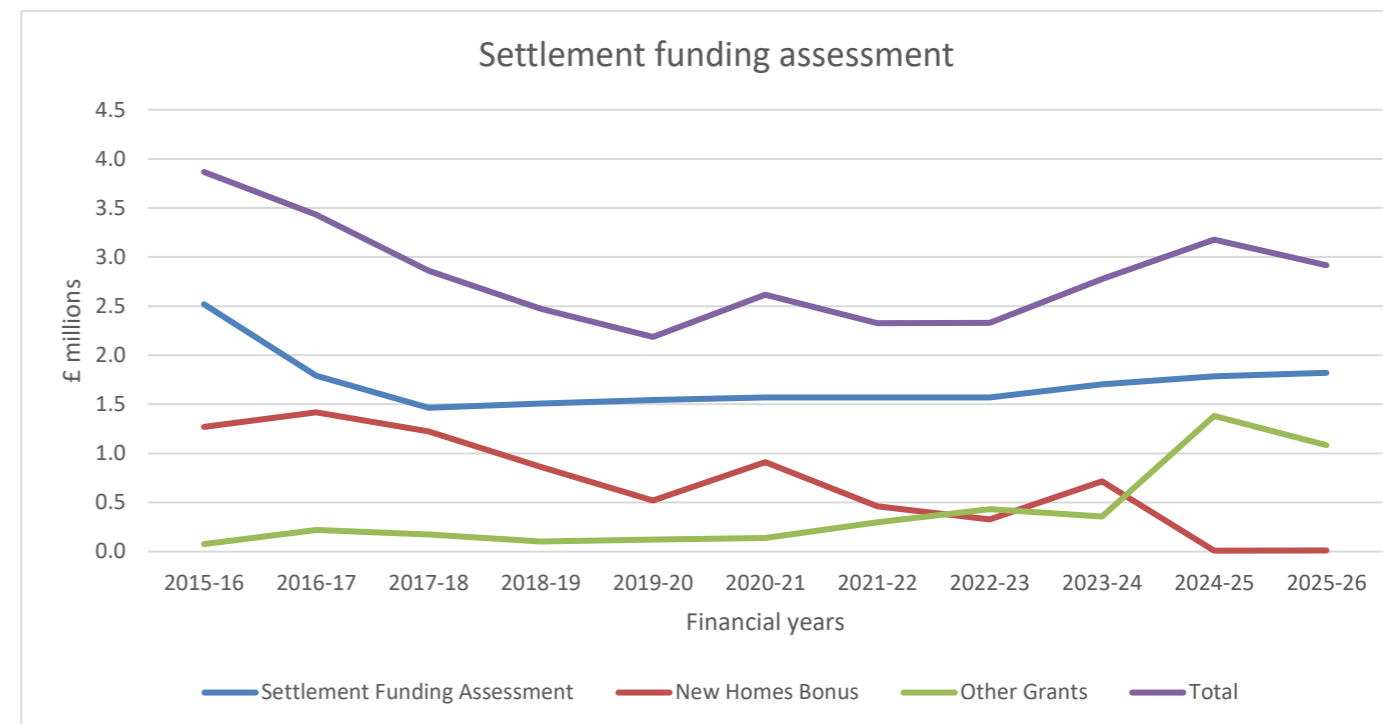
The resident population of Surrey Heath according to the 2021 Census is 90,500, which is a 5.1% increase since the last Census in 2011. A Surrey County-wide trend noted since the last Census is the continuing growth of an ageing population. The largest 5 years cohort across Surrey are those residents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



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 2024 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. A Council wide transformation programme started as a result and this has meant a lower draw down on reserves to fund the base budget deficit than previously planned due to significant efficiencies delivered, and this was presented in the MTFS approved in February 2025.

We continue to invest in the borough and have a modest capital programme. Throughout the year we have reviewed the schemes in the programme to ensure they are still meeting the Council's objectives and as a result we have removed, and reprofiled some schemes. Others have been completed or came in less than budgeted, so we have managed to release £1.05 million of previously budgeted spend to reduce our overall borrowing requirement. Details can be found in the Capital and Investment Outturn report (insert link when published), the General Fund Outturn report (insert link when published) and this statement of 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, and the Council continues to prepare its accounts on a going concern basis, as required by the CIPFA Local Authority Accounting Code of Practice.

The Government announced, in its white paper in December 2024, that it intends on reorganising local government ("LGR"). Surrey Councils are in phase 1 with a very ambitious timetable of 1 April 2027 which is when vesting day of the new Surrey Authorities will be. Surrey Heath will become part of West Surrey Council, one of the two new unitaries in Surrey. A significant amount of work has been undertaken on this LGR with a large proportion of the Councils workforce leaning in to the implementation programme.

The Code confirms that the abolition of a local authority, combinations of public sector bodies or the transfer of some of its services, under situations like Local Government Reorganisation, are not to be taken as negating the presumption of going concern.

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
- Building Control Services

During 2025/26 a typical (Band D) household paid £255.28 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 is supported by Runnymede in the provision of community services, for example Community Meals

Our plans and strategies

The approved Council [strategy](#) "Delivering for you and a fairer society", sits alongside the MTFS as foundations for the overall direction of the Council and focuses on delivery for residents across 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

The Annual Plan for 2025/26 was agreed in February 2025 and set out the key projects, milestones and targets for 2025/26, as the key delivery vehicle for the Council Strategy priorities.

The Annual End of Year Performance report is being considered by the Council's Performance & Finance Scrutiny Committee and Executive in July 2026.

Governance and Strategy

Political leadership

The Council had an all-out borough election in May 2023, over 14 wards with 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

During 2023/24 the Council opted for a Leader and Cabinet Model of governance and the Leader appointed a Deputy Leader and 6 Portfolio Holders, which continues today.

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 (P&F) Scrutiny Committee and External Partnerships Select Committee; Audit, Standards and Risk Committee, 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, Heads of Service and Directors receive monthly monitoring reports and meet with their finance business partners at least quarterly to discuss issues and update projections
- 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 July being an outturn report after the accounts are closed in June.

Council workforce

The Council's workforce seeks to reflect the diversity of the borough's population. The Council's People Strategy for 2025/26 focuses on performance, retention and wellbeing through change due to the major transformation programme carried out in 2025 and the Local Government Reorganisation programme currently being undertaken. The establishment amounts to 239 employees (212.5 FTE) at 31/03/26.

The management structure consisted of a Chief Executive and six Directors.

The Transformation Programme has seen the establishment fall from 258 employees (228 FTE) at 31/03/2025 to its current level. Whilst services have been restructured to support the reduction in establishment, capacity particularly during LGR remains an issue. The move to West Surrey Council will provide opportunities for employees and greater capacity to flex demand. 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. It also produces an annual report on the Effectiveness of Internal Control presented to the Audit, Standards and Risk Committee. The Chief Finance Officer (s151 officer) sign off of the audited 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 throughout the year.

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 received disclaimed audit opinions for the financial years 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25. Grant Thornton were appointed as auditors in the 2023/24 financial year and we will build assurance on our accounts over time. Whilst there have been significant improvements the Council still expects to receive a disclaimed opinion for 2025/26 and 2026/27.

The Council has also 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, and core accounting. The Council's Internal Audit team, now outsourced to Southern Internal Audit Partnership from January 2026, 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 outcome of the Value For Money audit for this set of accounts will be updated in the Narrative statement for the audited statement of accounts.

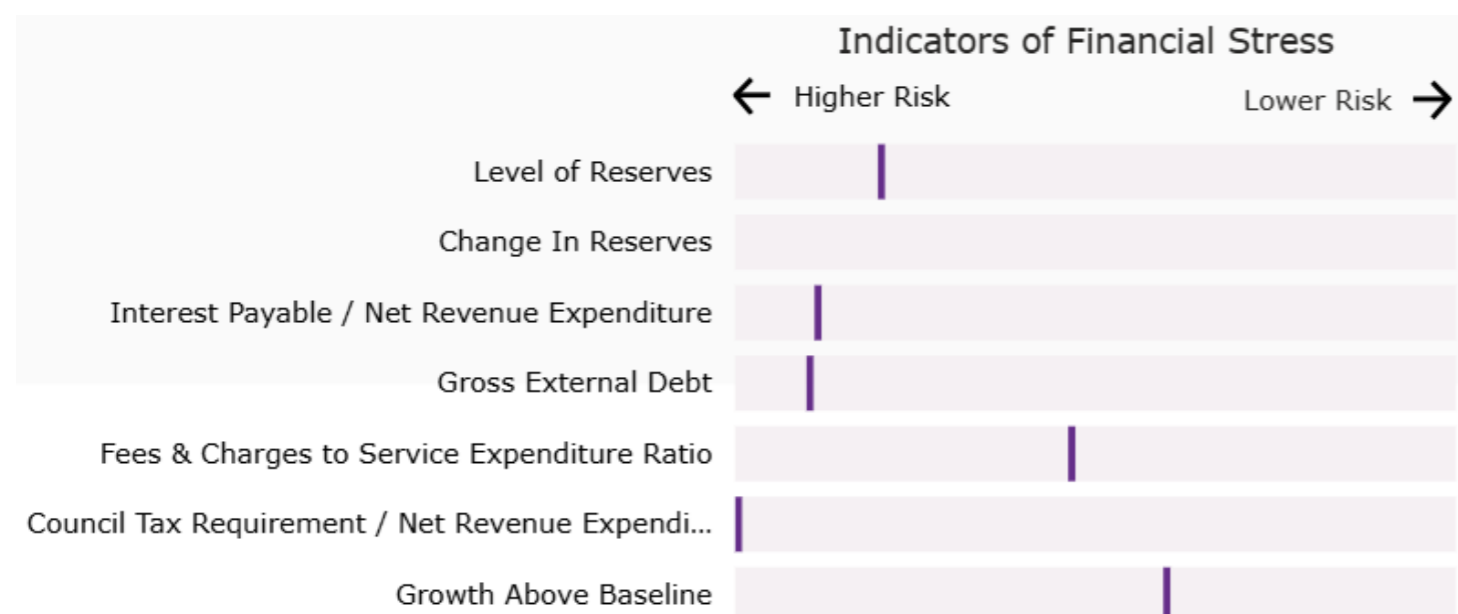
The objectives of the CIPFA Financial Management Code is to “support good practice in financial management and to assist local authorities in demonstrating their financial sustainability”. The code is based on a series of principles which are supported by specific standards of practice which CIPFA considers necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code.

The Council is working on compliance with this Code.

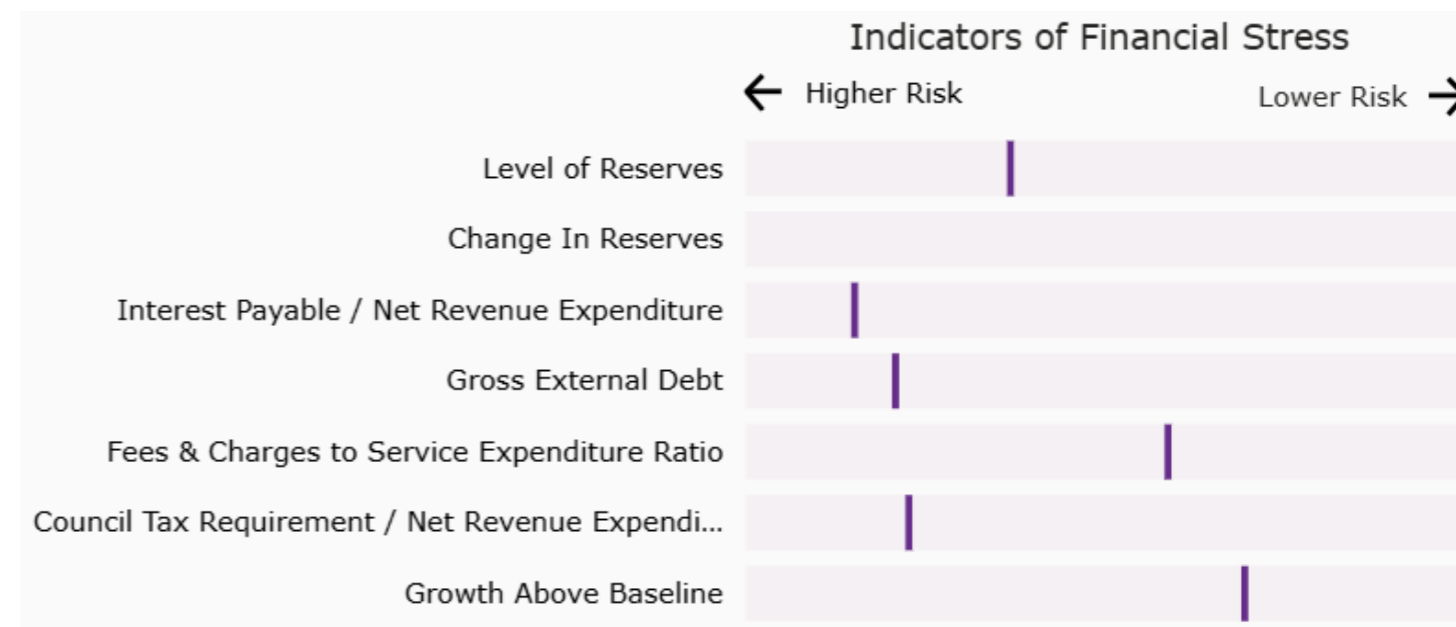
Financial resilience indices

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 2024/25 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 at higher risk and Growth above Baseline at middle risk.



For context this is a view of “our Authority Type”, and shows we are towards the higher end of the indicators than other Districts in the Country in relation to Interest Payable v Net Revenue Expenditure, and Gross External Debt and Council Tax Requirement v Net Revenue Expenditure, and closer to the middle on Level of Reserves, Fees and Charge to Service Expenditure Ration and Growth above Baseline:



The Local Government Association (LGA), also produce a report highlighting the [Key Financial Indicators for the Council](#) 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 Council announced its outcome from the Fair Funding Review in its Local Government Finance Settlement in December 2025, providing information for a 3-year funding settlement for 2026/27 to 2028/29. They also announced a full Business Rates reset from 1 April 2026. Both of these announcements, regardless of the redistribution of grants away from Surrey, means the Council can plan better with the information it does have.

General Fund (Revenue account)

The approved 2025/26 Medium Term Financial Strategy (MTFS) covers the period 2025/26 to 2028/29. 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, for 2025/26, approved in February 2025](#), forecasted a cumulative funding gap of £8.057 million in 2025/26 reducing to £6.288 million in 2029/30.

	Revised Budget	Projected outturn	Forecast				
	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment & Community	9,550	10,042	8,743	8,719	9,196	9,185	9,173
Finance & Customer Services	2,960	3,431	3,230	3,286	3,343	3,402	3,462
HR, Performance & Comms	3,696	3,593	3,989	4,039	4,091	4,145	4,201
Property & Economic Development	(4,239)	(4,323)	(4,092)	(4,264)	(4,434)	(4,405)	(4,375)
Legal, Democratic Services & Strategic	1,546	1,596	1,646	1,678	1,710	1,742	1,776
Planning	381	603	461	310	310	409	409
Corporate Financing	1,224	1,069	(201)	(219)	(236)	(255)	(273)
Growth & Savings (not yet agreed)	0	0	1,589	1,232	1,652	1,652	1,652
subtotal	15,119	16,011	15,365	14,782	15,632	15,877	16,024
Transformation							
Costs of Programme	0	0	84	84	84	0	0
Community Grant Fund	0	0	(50)	(50)	(50)	(50)	(50)
Phase 1 transformation savings	0	0	(892)	(1,193)	(1,093)	(1,093)	(1,093)
Service review target savings	0	0	(500)	(500)	(500)	(500)	(500)
subtotal transformation savings	0	0	(1,358)	(1,659)	(1,559)	(1,643)	(1,643)
Direct service costs	15,119	16,011	14,007	13,123	14,073	14,234	14,381
Depreciation & Impairment	(2,321)	(2,321)	(2,321)	(2,321)	(2,321)	(2,321)	(2,321)
Interest Receivable	(100)	(780)	(396)	(507)	(426)	(426)	(426)
Interest Payable	2,110	6,800	6,988	6,212	5,760	5,760	5,760
MRP	2,674	2,674	2,827	3,126	3,285	3,429	3,289
Other corporate items	0	0	0	0	0	0	0
Non Direct Service Cost	2,363	6,373	7,098	6,510	6,298	6,442	6,301
Net cost of services	17,482	22,384	21,105	19,633	20,370	20,675	20,683
Ctax	(9,852)	(9,852)	(10,224)	(10,635)	(11,062)	(11,507)	(11,969)
Collection Fund (Surplus)/Deficit	(190)	(190)	62	0	0	0	0
Business Rates	(3,005)	(1,706)	(930)	(2,533)	(2,029)	(2,070)	(2,111)
Funding Guarantee	(1,032)	(1,033)	(623)	(206)	0	0	0
RSG	(83)	(83)	(99)	(86)	(87)	(89)	(91)
EPR (Extended Producer Responsibility)	0	0	(890)	0	0	0	0
Homeless Prevention	(330)	0	0	0	0	0	0
NI Reimbursement	0	0	(133)	(133)	(133)	0	0
NHB	(10)	(10)	(12)	0	0	0	0
Special Expenses	(193)	(193)	(199)	(205)	(211)	(217)	(224)
Total Funding	(14,695)	(13,067)	(13,048)	(13,797)	(13,522)	(13,883)	(14,395)
Budget Gap	2,787	9,317	8,057	5,835	6,848	6,792	6,288
Interest equalisation reserve	(1,750)	(1,750)	(750)	0	0	0	0
Budgeted reserve movements	(902)	(902)	(1,442)	(1,975)	(2,621)	0	0
Earmarked Reserve movements	0	(1,648)	(1,401)	(171)	(171)	(171)	(171)
Supplementary estimates & Carry forwards	(136)	(136)	0	0	0	0	0
non budgeted reserve movements	0	(4,881)	0	0	0	0	0
Budget gap funded by reserves	0	0	(4,464)	(3,689)	(4,056)	(1,463)	0
Further Budget Gap	(1)	0	0	0	(0)	5,159	6,117

The outturn for 2025/26 was:

Service	Original Budget £000s	Working Budget £000s	Outturn £000s	Net Variance (Actual vs Original Budget) £000s	Actual variance (Actual vs Working Budget) £000s
Housing, Community and Recreation	8,743	6,780	5,763	(2,980)	(1,017)
Finance	3,230	3,309	2,426	(804)	(883)
Transformation	3,989	2,933	2,817	(1,172)	(116)
Property and Economic Development	(4,092)	(4,680)	(5,238)	(1,146)	(558)
Legal and Democratic Services	1,646	1,466	1,420	(226)	(46)
Built Environment and Regulation	461	559	483	22	(76)
Corporate Financing and Debt Management	(201)	688	946	1,147	258
Growth Bids	1,589	0	0	(1,589)	0
Transformation Programme Savings	(1,358)	0	0	1,358	0
Subtotal	14,007	11,055	8,617	(5,390)	(2,438)
Depreciation, Revaluation and Impairment	(2,321)	(2,216)	(2,216)	105	0
Revenue Expenditure from Capital Under Statute	0	(1,111)	(1,111)	(1,111)	0
IAS19 Pension	0	1,680	1,680	1,680	0
Accumulated Absences	0	(13)	(13)	(13)	0
Interest Receivable	(396)	(396)	(922)	(526)	(526)
Loan Modification Adjustment	0	0	(1,597)	(1,597)	(1,597)
Interest Payable	6,988	6,988	6,549	(439)	(439)
MRP	2,827	2,827	2,888	61	61
Voluntary Revenue Provision	0	0	1,933	1,933	1,933
(Use of)/Contribution to CIL/SANG Reserve	0	1,401	1,401	1,401	0
Net cost of Services	21,105	20,215	17,209	(3,896)	(3,006)
Financing /Funding	(13,048)	(12,158)	(13,146)	(98)	(988)
Transfer from Reserves	(8,057)	(8,057)	(4,063)	3,994	3,994

Services out turned £2.4 million under budget across directorates. Interest payable was £0.5 million under budget and interest receivable was higher by £0.5 million meaning a net favourable difference in interest of £1.0 million. In addition, some two long term loans were rescheduled, resulting in a benefit to revenue of £1.6 million.

There were no new requests for carry forward of unspent budget from 2025/26 to 2026/27 for specific projects, but there remains a £52,000 balance in the specific earmarked carry forward reserve. Our transformation programme has identified nearly £3 million in savings, which represents 19% of the direct cost of our services.

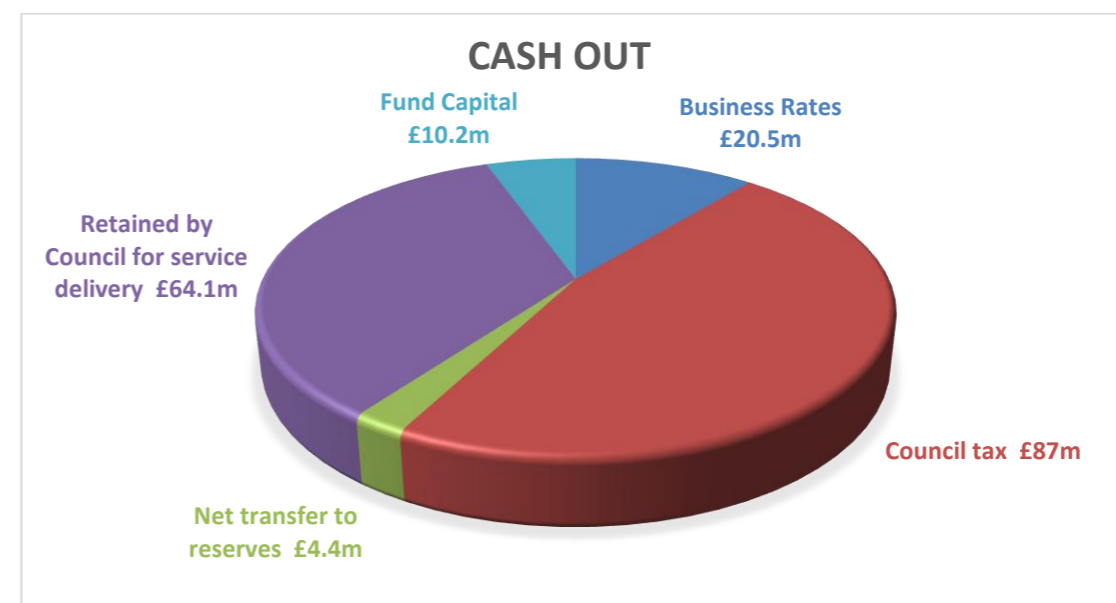
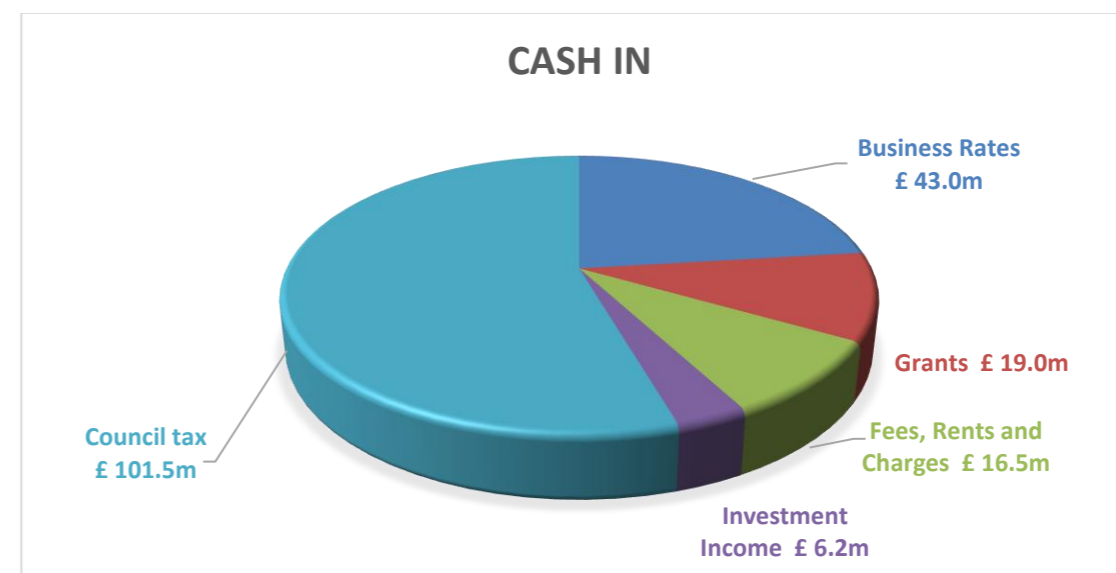
Capital Programme

The Council's capital strategy was approved in February 2025. 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, Hymans Robertson, calculating the position for each contributing organisation separately and undertakes a statutory valuation every three years. The most recent triennial valuation was carried out as at 31 March 2025 and was effective from 1 April 2026. The Pension Fund figures in the accounts have been prepared in accordance with International Financial Reporting Standard 19 – Employee Benefits.

The total charge to CIES, calculated in accordance with accounting standards, is £6.9 million for 2025/26 (2024/25: £7.8 million). The pension liability at 31 March 2026 is £14.6 million (31 March 2025: £8.9 million).

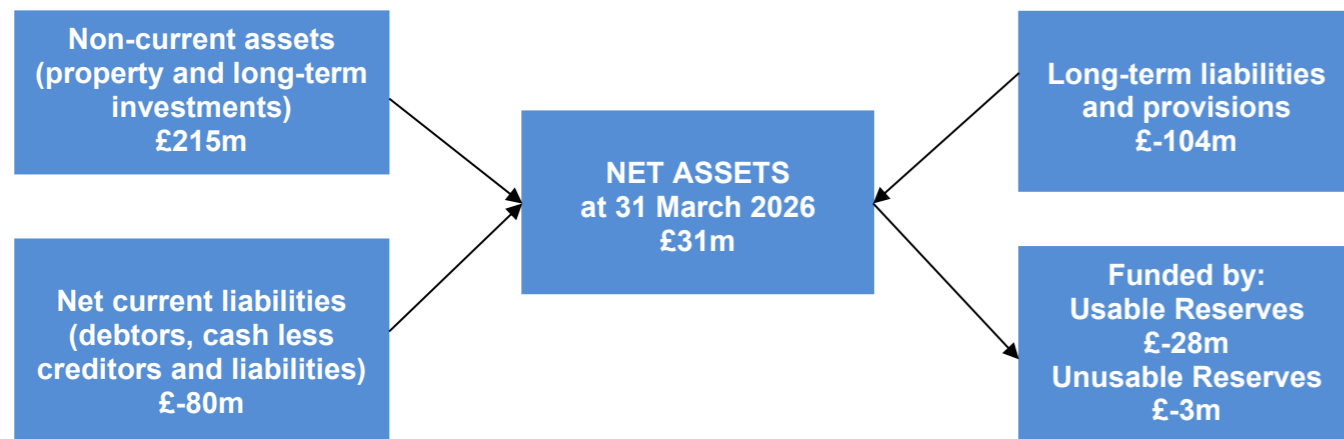
Under the Employer’s accounting standard a net asset restriction may apply which will restrict the amount of net asset that can be disclosed in relation to the Pension Fund. The amount included in the accounts is after the application of any ceiling.

Collection Fund

The Collection Fund Statement itemises a financial year surplus on council tax of £0.554 million and a deficit on business rates of £2.222 million. The business rates deficit increased due to an increase in provision for appeals.

Balance Sheet / Assets and Liabilities

The Council’s Balance Sheet consists of:



Future outlook

The Council has faced unprecedented challenges over the last few years starting with the pandemic inflationary pressures in 2020 and 2021, coupled with higher than expected interest rates. It plans its future finances to help mitigate these risks, ensuring we are holding a sufficient level of reserves to withstand the pressure.

Whilst the transformation programme has embedded base budget efficiencies, reviewing services and ensuring they are delivered efficiently, effectively, and to a good standard is now a key feature in our day-to-day work.

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 (2025/26) and the CIPFA Bulletin 23 Closure of the 2025/26 financial statements when preparing the 2025/26 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 CIES 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 has continued to improve its financial reporting and transparency throughout the year and is now presenting information that is clear and easily understood. 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 audited 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.

Vicky Radford
Director of Finance (Section 151 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 Director of Finance (Section 151 Officer);
- 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 Director of Finance (Section 151 Officer) 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 49), the Director of Finance (Section 151 Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code;
- kept proper accounting records which 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 2025/26.

Vicky Radford FCPFA
Director of Finance (Section 151 Officer)
30 June 2026

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) 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 and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (EFA) Notes to the Accounts and the Movement in Reserves Statement (MIRS).

2024/25					2025/26		
Gross Expenditure (Restated)	Gross Income (Restated)	Net Expenditure (Restated)	Service	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
15,915	(6,858)	9,057	Housing, Community and Recreation	-	15,521	(9,758)	5,763
13,681	(10,819)	2,862	Finance	-	11,150	(8,724)	2,426
3,610	(77)	3,533	Transformation	-	3,073	(256)	2,817
6,631	(5,109)	1,522	Property and Economic Development	-	5,031	(5,538)	(507)
1,892	(489)	1,403	Legal and Democratic Services	-	1,527	(106)	1,421
5,410	(4,458)	952	Built Environment and Regulation	-	4,525	(4,042)	483
1,717	0	1,717	Corporate Financing and Debt Management	-	1,456	(86)	1,370
48,856	(27,810)	21,046	Cost of Services	-	42,283	(28,510)	13,773
841	0	841	Other operating expenditure	9	947	(81)	866
3,759	(10,580)	(6,821)	Financing and investment income and expenditure	10	5,576	(6,233)	(657)
56	(17,803)	(17,747)	Taxation and non-specific grant income and expenditure	11	0	(18,123)	(18,123)
53,512	(56,193)	(2,681)	(Surplus)/Deficit on Provision of Services	-	48,806	(52,947)	(4,141)
0	(7,485)	(7,485)	(Surplus) or deficit on revaluation of property, plant and equipment assets	22(a)	0	(5,950)	(5,950)
0	(39)	(39)	(Surplus) or deficit on revaluation of available for sale financial assets	22(f)	0	(1)	(1)
0	7,774	7,774	Remeasurement of the net defined benefit liability	22(c)	0	6,850	6,850
0	250	250	Other Comprehensive (Income) and Expenditure	-	0	899	899
53,512	(55,943)	(2,431)	Total Comprehensive (Income) and Expenditure	-	48,806	(52,048)	(3,242)

Note 37 Prior Period Adjustments sets out details of the restatements in the CIES above relating to the breakdown of the Cost of Services line; there is no net impact on the Cost of Services. These changes have occurred as a result of service area restructuring in 2025/26.

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 (MiRS) 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 MiRS 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 2025 carried forward		(539)	(25,415)	(1)	(5,425)	(31,380)	3,079	(28,301)
<u>Movement in Reserves during 2025/26</u>	-							
Total Comprehensive Income and Expenditure	CIES	(4,141)	0	0	0	(4,141)	899	(3,242)
Adjustments between Accounting Basis and Funding Basis under Regulations	7	8,589	0	(664)	(492)	7,433	(7,433)	0
(Increase) or decrease in 2025/26	-	4,448	0	(664)	(492)	3,292	(6,534)	(3,242)
Transfer to or (from) Earmarked Reserves	8	(4,448)	4,448	0	0	0	0	0
Balance at 31 March 2026 carried forward	-	(539)	(20,967)	(665)	(5,917)	(28,088)	(3,455)	(31,543)

	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 2024 carried forward		(538)	(30,641)	(136)	(4,855)	(36,170)	10,300	(25,870)
<u>Movement in Reserves during 2024/25</u>	-							
Total Comprehensive Income and Expenditure	CIES	(2,681)	0	0	0	(2,681)	250	(2,431)
Adjustments between Accounting Basis and Funding Basis under Regulations	7	7,906	0	135	(570)	7,471	(7,471)	0
(Increase) or Decrease in Movement 2024/25	-	5,225	0	135	(570)	4,790	(7,221)	(2,431)
Transfer to or (from) Earmarked Reserves	8	(5,226)	5,226	0	0	0	0	0
Balance at 31 March 2025 carried forward	-	(539)	(25,415)	(1)	(5,425)	(31,380)	3,079	(28,301)

Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date of 31 March, of the asset and liabilities recognised by the Council. Net assets are matched by the reserves held.

Reserves are reported in two categories.

- 1) 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).
- 2) Unusable reserves - 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 (MiRS) line "Adjustments between Accounting Basis and Funding Basis under Regulations".

These financial statements were authorised for issue on 30 June 2026

Vicky Radford
Director of Finance (S151 Officer)

31-Mar-25		Note	31-Mar-26
£'000			£'000
	Property, plant and equipment		
113,039	Other land and buildings	12	117,313
3,871	Vehicles, plant and equipment	12	3,572
5,247	Infrastructure assets	12	5,565
5,060	Community assets	12	5,338
813	Assets under construction	12	3,260
128,030	Total property, plant and equipment		135,048
334	Heritage assets	13	334
77,327	Investment properties	15	77,751
75	Intangible assets		56
2,035	Long-term investments	24	2,036
11	Long-term debtors	18	11
79,782	Other Long-term assets		80,188
3,009	Short-term investments	24	0
691	Assets held for sale	17	599
25	Inventories	-	26
16,360	Short-term debtors	18	13,987
6,858	Cash and cash equivalents	19	16,367
26,943	Current assets		30,979
(92,777)	Short-term borrowings	24	(93,567)
(10,483)	Short-term creditors	20	(17,132)
(103,260)	Current liabilities		(110,699)
(2,220)	Long-term creditors	20	(2,210)
(1,218)	Provisions	21	(2,649)
(89,361)	Long-term borrowings	24	(84,345)
(8,948)	Pension liability	23	(14,587)
(1,447)	Capital Grants Receipts in Advance	35	(182)
(103,194)	Long-term liabilities		(103,973)
28,301	Net Assets		31,543
(31,380)	Usable reserves	MIRS	(28,088)
3,079	Unusable reserves	22	(3,455)
(28,301)	Total reserves		(31,543)

Cash Flow Statement

The Cashflow Statement shows the changes in cash and cash equivalents of the Council during the reporting period and 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.

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash (within 24 hours) which are not subject to significant risk of changes in value.

2024/25			2025/26
£'000		Note	£'000
2,681	Net (surplus)/deficit on the provision of services	CIES	4,141
1,064	Adjustments for non-cash movements	26	10,819
(3,480)	Adjustments for items that are investing and financing activities	27	(4,717)
265	Net cash inflows from operating activities	-	10,243
(3,645)	Investing activities	27	3,492
2,959	Financing activities	28	(4,226)
(421)	Net increase/(decrease) in cash and cash equivalents	-	9,509
7,279	Cash and cash equivalents at the beginning of the reporting period	-	6,858
6,858	Cash and cash equivalents at the end of the reporting period	-	16,367
(421)	Movement in cash	-	9,509

1 Accounting Policies

General

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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.

Prior period adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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 use 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

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. For assets revalued every five years there is now annual indexation applied to assets during the intervening four years. Any changes in value of assets due to indexation gain/loss will be accounted for in the same way as revaluation gain/loss. For 2025/26 100% of assets were valued to help gain assurance following disclaimed audit opinions in the past and in preparation for Local Government Reorganisation in Surrey, the vesting date for which is 1 April 2027, therefore it was not necessary to calculate indexation for 2025/26.

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 2026 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 CIES.

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. They 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 CIES and then reversed out by the MiRS 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 straight line 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 any asset.

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 MiRS. 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 CIES 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 MiRS 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 CIES 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 CIES. 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 CIES (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 22.

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 MiRS.

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

Leases

From 1 April 2024 the Council applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases). The accounting treatment for lessors remains largely unchanged, with classifications as finance or operating leases.

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right of use of an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The CIPFA Code expands the scope of IFRS16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

At the commencement of a lease, a liability is recognised for the obligation to make future payments (discounted to their present value using the interest rate implicit in the lease or (where this is not readily determinable) the Council's incremental borrowing rate). Lease payments include fixed payments, variable payments dependent on an index or rate initially measured using the index or rate at commencement, the exercise price under a purchase option if the Council is reasonably certain to exercise, penalties for early termination if the lease term

reflects the Council exercising a break option, and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The right acquired under the lease to use the leased item is recognised as an asset, measured on the commencement date at cost based on the lease liability plus any payments made before that date. Initial direct costs of the Council are added to the carrying amount of the asset plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for: assets held under non-commercial leases, leases where rent reviews do not necessarily reflect market conditions, leases with terms of more than five years that do not have any provision for rent reviews, or leases where rent reviews will be at periods of more than five years. For these leases the asset is carried at a revalued amount.

Liabilities are subsequently recalculated where rents change as a result of a change in an index or rate used to determine future payments or a change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option. Adjustments to liabilities are matched with adjustments to the cost of the right of use asset.

Lease payments are apportioned between:

- A charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and
- A finance charge which is debited to the Financing and Investment Income and Expenditure line in the CIES.

Right of use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. This will include valuation where the cost model does not provide a reasonable proxy for the current value of the right of use asset.

The Council is not required to raise council tax to cover depreciation or revaluation an impairment losses arising on leased assets; the statutory accounting treatment for other Property, Plant and Equipment is followed.

Where leases are for item of low value or for a short term, amounts paid under the lease are charged to the CIES as an expense of the services benefitting from use of the leased item. For this purpose, the Council has determined that items with a value of less than £10,000 when new are low value and periods of 12 months or less are short term. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease. The Council leases a small number of assets under operating leases.

The Council as Lessor

Where the Council grants a finance lease over a property or item of plant and equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property which is applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve. The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Net Cost of Services or Investment Properties in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Pensions

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

- the Local Government Pension Scheme, administered locally by Surrey County Council
- discretionary awards of retirement benefits in the event of 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 CIES 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 CIES 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 CIES
- 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 CIES.

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 CIES 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 CIES.

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 cost basis using the Effective Interest Rate (EIR) method. For most of the borrowings that the Council 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 CIES 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 is the principal responsible for the collection of the BID levy and accounts for income received and expenditure incurred (including contribution to the BID project).

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 CIES 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 2025/26 (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. These are not considered to have a material impact on the Council's accounts.

- Amendments to FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS9 and IFRS7) issued in May 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS9 and IFRS7) issued in December 2024.

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 2026 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 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 £0.3 million for every year that useful lives had to be reduced for all the council's buildings. The value of the Council's Operational Land & Buildings total £117.3 million and Investment Properties £77.8 million at 31 March 2026. 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.</p> <p>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 CIES 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 £3.9 million.</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 £1.522 million. However, the assumptions interact in complex ways. A one year increase in member life expectancy would increase the liability by £4.163 million. Similarly, a 0.1% increase in the salary rate or in the pension increase rate would increase the liability by £0.052 million and £1.469 million 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.</p> <p>If the allowance for impairments changes by 10% the cost would be an additional £1.3 million. At 31 March 2026 the carrying value of the bad debt provision was £0.731 million.</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 2023 valuation would result in a £0.037 million change in the provision, of which Surrey Heath's provision would change by £0.015 million.</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 (EFA) 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 services as defined within the organisational structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2024/25			Service	2025/26		
Net expenditure chargeable to General Fund (Restated)	Adjustments between Accounting Basis and Funding Basis (Restated)	Net expenditure in Comprehensive Income and Expenditure Statement (Restated)		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	
6,913	2,144	9,057	Housing, Community and Regulation	3,243	2,520	5,763
3,041	(179)	2,862	Finance	2,663	(237)	2,426
3,601	(68)	3,533	Transformation	3,075	(258)	2,817
(1,493)	3,015	1,522	Property and Economic Development	(1,121)	614	(507)
1,475	(72)	1,403	Legal and Democratic Services	1,563	(142)	1,421
1,070	(118)	952	Built Environment and Regulation	895	(412)	483
1,322	395	1,717	Corporate Financing and Debt Management	1,370	0	1,370
15,929	5,117	21,046	Net cost of services	11,688	2,085	13,773
841	0	841	Other operating expenditure	947	(81)	866
1,166	(7,987)	(6,821)	Financing and investment income	5,905	(6,562)	(657)
(12,712)	(5,036)	(17,747)	Taxation and non-specific grant income and expenditure	(14,092)	(4,031)	(18,123)
5,224	(7,906)	(2,681)	(Surplus)/Deficit for the year	4,448	(8,589)	(4,141)
(538)	-	-	Opening General Fund	(539)	-	-
5,224	-	-	Less/plus surplus or (deficit) on General Fund in year	4,448	-	-
(5,226)	-	-	Transfer to/(from) Earmarked Reserves	(4,448)	-	-
(540)	-	-	Closing General Fund	(539)	-	-

Note 37 Prior Period Adjustments sets out details of the restatements in the EFA above relating to the breakdown of the Net Cost of Services line. These changes have occurred as a result of service area restructuring in 2025/26. There is no net impact.

(b) Notes to the Expenditure and Funding Analysis

2024/25				Adjustments from General Fund to reconcile to Comprehensive Income and Expenditure Statement	2025/26			
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
2,555	(411)	0	2,144	Housing, Community and Recreation	2,980	(460)	0	2,520
1	(180)	0	(179)	Finance	26	(263)	0	(237)
57	(125)	0	(68)	Transformation	33	(291)	0	(258)
3,075	(60)	0	3,015	Property and Economic Development	719	(105)	0	614
6	(78)	0	(72)	Legal and Democratic Services	6	(148)	0	(142)
0	(118)	0	(118)	Built Environment and Regulation	0	(412)	0	(412)
395	0	0	395	Corporate Financing and Debt Management	0	0	0	0
6,089	(972)	0	5,117	Net cost of services	3,764	(1,679)	0	2,085
0	0	0	0	Other operating expenditure	(81)	0	0	(81)
(8,070)	77	6	(7,987)	Financing and investment income and expenditure	(7,030)	468	0	(6,562)
(3,480)	0	(1,555)	(5,035)	Taxation and non-specific grant income and expenditure	(3,998)	0	(33)	(4,031)
(5,461)	(895)	(1,549)	(7,905)	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	(7,345)	(1,211)	(33)	(8,589)

Adjustments for capital purposes

- 1) Adjustments for capital purposes – this column adds depreciation, impairment and revaluation gains and losses included 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 CIES.

Other differences

- 3) Other differences between amounts debited/credited to the CIES 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

2024/25	Expenditure/income	2025/26
£'000		£'000
	Expenditure	
14,468	Employee benefits expenses	12,240
28,977	Other services expenses	25,275
2,166	Depreciation, amortisation, and impairment	3,327
7,004	Interest payments	7,018
897	Precepts and levies	946
53,512	Total expenditure	48,806
	Income	
(14,500)	Fees, charges, and other service income	(16,531)
0	Gains on disposal of non current assets	(81)
(10,580)	Interest and investment income	(6,234)
(10,518)	Income from council tax, non-domestic rates, and district rate income	(11,054)
(20,595)	Government grants and contributions	(19,047)
(56,193)	Total income	(52,947)
(2,681)	(Surplus)/Deficit on the provision of services	(4,141)

7 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to total CIES 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

2024/25				Adjustments Under Statute	2025/26			
General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Adjustments primarily involving the Capital Adjustment				
				1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
(4,725)	0	0	4,725	Charges for depreciation and impairment of non-current assets.	(2,621)	0	0	2,621
0	0	0	0	Revaluation losses on Property, Plant and Equipment.	0	0	0	0
3,912	0	0	(3,912)	Movements in the market value of Investment Properties.	424	0	0	(424)
(14)	0	0	14	Amortisation of Intangible Assets.	(19)	0	0	19
0	0	0	0	Capital grants and contributions applied.	0	0	0	0
(1,339)	0	0	1,339	Revenue expenditure funded from capital under statute.	(1,111)	0	0	1,111
0	0	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	0	0
				2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
2,438	0	0	(2,438)	Statutory provision for the financing of capital investment.	4,821	0	0	(4,821)
1,709	0	0	(1,709)	Capital expenditure charged against the General Fund (Direct Revenue Contributions).	1,785	0	0	(1,785)
				Adjustment primarily involving the Capital Grants Unapplied Reserve:				
3,480	0	(3,480)	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	3,998	0	(3,998)	0
0	0	2,910	(2,910)	Application of grants and capital financing transferred to the Capital Adjustment Account.	0	0	3,506	(3,506)
				Adjustment primarily involving the Capital Receipts Reserve:				
0	0	0	0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	81	(719)	0	638
0	135	0	(135)	Use of Capital Receipts Reserve to finance new capital expenditure.	0	55	0	(55)
				Adjustments primarily involving the Pension Reserve:				
(2,173)	0	0	2,173	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 23).	(1,841)	0	0	1,841
3,068	0	0	(3,068)	Employer's pension's contributions and direct payments to pensioner's payable in the year.	3,052	0	0	(3,052)
				Adjustments primarily involving the Collection Fund Adjustment Account:				
1,514	0	0	(1,514)	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.	34	0	0	(34)
				Adjustments primarily involving the Financial Instruments Adjustment Account:				
0	0	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	0	0
				Adjustments primarily involving the Accumulated Absences Account:				
36	0	0	(36)	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.	(13)	0	0	13
0	0	0	0	Other Movements	(1)	0	0	1
7,906	135	(570)	(7,471)	Total Adjustments	8,589	(664)	(492)	(7,433)

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 2025/26:

Balance 31 March 2024	Transfers in 2024/25	Transfers out 2024/25	Balance 31 March 2025	Earmarked reserves	Transfers in 2025/26	Transfers out 2025/26	Balance 31 March 2026
£'000	£'000	£'000	£'000		£'000	£'000	£'000
(10,933)	0	2,281	(8,652)	Capital Fund	0	5,056	(3,596)
(435)	(209)	0	(644)	Affordable Housing	0	2	(642)
(320)	0	320	0	Atrium - Section 106 Agreement	0	0	0
(52)	0	28	(24)	Blackwater Valley developers' contributions	0	0	(24)
(4,541)	0	2,475	(2,066)	Business Rate Equalisation Fund	(995)	0	(3,061)
(140)	0	140	0	Community Fund 2002	0	0	0
(39)	(111)	0	(150)	Commuted sums	0	2	(148)
(48)	0	48	0	Contain Outbreak Management Fund	0	0	0
(30)	0	8	(22)	Crime and Disorder Partnership	0	4	(18)
(72)	0	0	(72)	Custom Build	0	72	0
0	0	0	0	Cyber Security	(194)	0	(194)
(286)	0	11	(275)	Deepcut Village Centre - Alma Dettingen	0	0	(275)
(3)	0	3	0	Environmental health	0	0	0
(193)	(21)	0	(214)	Frimley Lodge Park 3G Pitch	0	211	(3)
(7)	0	0	(7)	Heatherside - multi-use games area	0	0	(7)
(71)	0	0	(71)	Home Improvement Agency	0	0	(71)
(813)	0	0	(813)	Homelessness support	0	0	(813)
0	0	0	0	Housing Strategy	(47)	0	(47)
(194)	0	0	(194)	Insurance Reserve	0	0	(194)
(2,398)	(798)	0	(3,196)	Interest Equalisation Reserve	0	0	(3,196)
(384)	0	284	(100)	Land drainage	0	72	(28)
(182)	0	182	0	New Burdens Fund	0	0	0
(17)	0	0	(17)	Old Dean toddlers' playground	0	5	(12)
(85)	0	0	(85)	One Public Estate	0	0	(85)
(107)	0	44	(63)	Planning and Section 106 agreements	0	1	(62)
(1,621)	0	320	(1,301)	Property Maintenance	0	1,301	0
0	0	0	0	Renters Rights Enforcement	(21)	0	(21)
(56)	0	56	0	Strategic Access Management and Monitoring (SAMM)	0	0	0
(5,954)	(190)	0	(6,144)	Suitable Alternative Natural Green Space (SANGS)	(1,157)	0	(7,301)
(79)	0	79	0	Surrey Family Support Programme	0	0	0
(80)	0	11	(69)	Swift Lane	0	69	0
(86)	0	86	0	Syrian Refugees	0	0	0
(171)	0	171	0	Southampton London Pipeline Reserve	0	0	0

Notes to the Statement of Accounts

Balance 31 March 2024	Transfers in 2024/25	Transfers out 2024/25	Balance 31 March 2025	Earmarked reserves	Transfers in 2025/26	Transfers out 2025/26	Balance 31 March 2026
£'000	£'000	£'000	£'000		£'000	£'000	£'000
(93)	0	43	(50)	Theatre Restoration Levy Reserve	0	50	0
(35)	0	0	(35)	Climate Change Action Plan Reserve	0	0	(35)
(53)	(17)	0	(70)	Sanctuary Scheme Reserve	(16)	0	(86)
(152)	(188)	0	(340)	Afghan Resettlement Scheme Reserve	0	84	(256)
(139)	0	0	(139)	Asylum Dispersal	(4)	0	(143)
(367)	0	257	(110)	Home for Ukraine	0	22	(88)
(4)	0	1	(3)	Air pollution	0	0	(3)
(146)	0	47	(99)	Carry Forward	0	47	(52)
(9)	0	9	0	Serious Crimes	0	0	0
(19)	0	0	(19)	Legal Contingency	0	19	0
(227)	(144)	0	(371)	Local Plan	(17)	0	(388)
0	0	0	0	Hurst Warne Sinking Fund	(118)	0	(118)
(30,641)	(1,678)	6,904	(25,415)	Total	(2,569)	7,017	(20,967)

9 Other Operating Income and Expenditure

2024/25	Other operating expenditure	2025/26
£'000		£'000
841	Parish Council precepts	947
0	(Gains) / losses on the disposal of non-current assets	(81)
841	Total	866

10 Financing and Investment Income and Expenditure

2024/25	Financing and investment income and expenditure	2025/26
£'000		£'000
6,927	Interest payable and similar charges	6,549
77	Net interest on defined benefit liability	469
(4,646)	Interest receivable and similar income	(2,519)
(5,256)	(Income)/expenditure in relation to investment properties	(4,732)
(3,923)	(Gains)/losses on the revaluation of investment properties	(424)
(6,821)	Total	(657)

11 Taxation and Non Specific Grant Income and Expenditure

2024/25	Taxation and non-specific grant income and expenditure	2025/26
£'000		£'000
(10,958)	Council tax income	(11,565)
509	Non-domestic rates income and expenditure	512
(3,818)	Non-ringfenced government grants	(3,072)
(3,480)	Capital grants and contributions	(3,998)
(17,747)	Total	(18,123)

12 Property, Plant and Equipment

2025/26	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 2025	113,040	9,446	5,696	5,060	0	813	134,055
Additions	909	581	19	278	0	2,447	4,234
Disposals	(15)	(465)	0	0	0	0	(481)
Revaluation increases recognised in the revaluation reserve	4,223	0	0	0	0	0	4,223
Revaluation decrease recognised in the surplus/deficit on the provision of services	107	0	0	0	0	0	107
Transfers (to)/from other non-current asset categories	(492)	0	492	0	0	0	(0)
Transfers (to)/from held for sale	(458)	0	0	0	0	0	(458)
Other adjustments	0	0	0	0	0	0	0
At 31 March 2026	117,314	9,562	6,207	5,338	0	3,260	141,680
Accumulated depreciation and impairment at 01 April 2025	(1)	(5,575)	(449)	0	0	0	(6,025)
Depreciation charge	(1,727)	(808)	(193)	0	0	0	(2,728)
Depreciation written out to the revaluation reserve	1,727	0	0	0	0	0	1,727
Transfers to other non-current asset categories	0	0	0	0	0	0	0
Derecognition-disposals	0	392	0	0	0	0	393
Impairment losses/(reversals) recognised in the deficit on the provision of services	0	0	0	0	0	0	0
Other adjustments	0	1	0	0	0	0	1
At 31 March 2026	(1)	(5,990)	(642)	0	0	0	(6,632)
Net book value							
At 31 March 2026	117,313	3,572	5,565	5,338	0	3,260	135,048
At 31 March 2025	113,039	3,871	5,247	5,060	0	813	128,030

12 Property, Plant and Equipment (continued)

2024/25	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 2024	198,389	7,075	4,973	5,003	0	887	216,327
<u>Restatement of Opening Balances</u>							
Opening cost or valuation adjustments	(89,958)	535	0	0	0	0	(89,423)
IFRS16 Assets newly recognised on transition	0	92	0	0	0	0	92
Restated cost or valuation at 01 April 2024	108,431	7,702	4,973	5,003	0	887	126,996
Additions	1,055	1,744	535	57	0	168	3,559
Revaluation increases recognised in the revaluation reserve	5,759	0	0	0	0	0	5,759
Revaluation decrease recognised in the surplus/deficit on the provision of services	(3,311)	0	0	0	0	0	(3,311)
Transfers (to)/from other non-current asset categories	1,267	0	188	0	0	(242)	1,213
Transfers (to)/from held for sale	(161)	0	0	0	0	0	(161)
Other Adjustments	0	0	0	0	0	0	0
At 31 March 2025	113,040	9,446	5,696	5,060	0	813	134,055
Accumulated depreciation and impairment at 01 April 2024	(90,577)	(4,502)	(281)	0	0	0	(95,360)
<u>Restatement of Opening Balances</u>							
Opening accumulated depreciation and impairment adjustments	89,958	(535)	0	0	0	0	89,423
Restated accumulated depreciation and impairment at 01 April 2024	(619)	(5,037)	(281)	0	0	0	(5,937)
Depreciation charge	(1,108)	(538)	(168)	0	0	0	(1,814)
Depreciation written out to the revaluation reserve	1,726	0	0	0	0	0	1,726
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 2025	(1)	(5,575)	(449)	0	0	0	(6,025)
Net book value							
At 31 March 2025	113,039	3,871	5,247	5,060	0	813	128,030
At 31 March 2024	107,812	2,573	4,692	5,003	0	887	120,967

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 25 years
Vehicles	20% reducing balance
Infrastructure assets	10 to 60 years

Capital Commitments

At 31 March 2026 there are no material capital commitments.

Right of Use Assets

Right of use assets are included within the Vehicles, Plant and Equipment category as they are not material within the total asset value. The weighted average of the incremental borrowing rates used to discount liabilities was 3.84%. The opening balance of Right of use assets was £47,296, depreciation of £43,345 was charged during the 2025/26 financial year and the carrying value of the right of use assets was £3,951 at 31 March 2026.

Four leases were excluded from the calculation of liabilities as relating to short-term leases (<12 months) and one due to the value falling below the de-minimis level specified in the accounting policy.

Revaluations

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. For assets revalued every five years there is now annual indexation applied to assets during the intervening four years. Any changes in value of assets due to indexation gain/loss will be accounted for in the same way as revaluation gain/loss. A full revaluation of land and buildings was carried out for the financial year ending 31 March 2026, therefore it was not necessary to calculate indexation for 2025/26. Asset valuations for the current financial year were carried out by its RICS Registered Valuer P C Smith BSc (Hons) MRICS, IRRV (Hons) Wilks Head and Eve LLP, with the exception of The Square which was valued by the RICS Registered Valuers A Davie BSc (Hons) MRICS and C Seddon of CBRE Limited. 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-26	4,274
31-Mar-25	35,273
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	117,313

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 following table. 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 2025	175	111	48	334
31 March 2026	175	111	48	334
Cost or valuation 01 April 2024	175	111	48	334
31 March 2025	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 CIES:

2024/25		2025/26
£'000		£'000
(5,934)	Rental income from investment properties	(5,312)
678	Direct operating expenses arising from investment properties	579
0	Profit on sale of assets	0
(3,923)	Revaluation losses/(gains) on revaluations	(424)
(9,179)	Net expenditure/(income) on investment properties	(5,157)

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.

2024/25		2025/26
£'000		£'000
74,220	Balance at the beginning of the year	77,327
538	Purchases	0
0	Disposals	0
(1,343)	Transfers	0
3,912	Net (losses)/gains from fair value adjustments	424
77,327	Balance at the end of the year	77,751

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.

2024/25		2025/26
£'000		£'000
200,694	Opening Capital Financing Requirement	199,904
	Capital investment	
1,590	Other land and buildings	928
57	Community assets	278
538	Investment assets	0
1,836	Vehicles, plant and equipment	587
168	Assets under construction	2,447
19	Intangible assets	0
1,339	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,111
	Sources of finance	
(135)	Capital receipts	(55)
(2,910)	Government grants and other contributions	(3,506)
(854)	Sums set aside from revenue	(1,785)
1,648	Unfinanced capital expenditure in year	5
(2,438)	Less: Statutory provision for the financing of capital investment	(4,821)
199,904	Closing Capital Financing Requirement	195,088
	Explanation for movement in year	
(790)	Increase/(decrease) in underlying need to borrow	(4,816)

17 Asset Held for Sale

2024/25		2025/26
£'000		£'000
0	Balance at the beginning of the year	691
0	Additions	0
0	Disposals	(550)
291	Transfers	458
400	Net (losses)/gains from fair value adjustments	0
691	Balance at the end of the year	599

18 Debtors

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

2024/25	Short-term debtors	2025/26
£'000		£'000
7,987	Trade receivables	5,248
9,364	Other receivables	9,541
17,351	Subtotal	14,789
(991)	Allowance for bad debts	(802)
16,360	Total	13,987

2024/25	Long-term debtors	2025/26
£'000		£'000
0	Charges on properties	0
11	Other debtors	11
11	Total	11

19 Cash and Cash Equivalents

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

2024/25	Cash and cash equivalents	2025/26
£'000		£'000
5	Cash held by the Council	3
342	Bank current accounts	2,666
6,511	Short-term deposits	13,698
6,858	Total cash and cash equivalents	16,367

20 Creditors

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

2024/25	Short-term creditors	2025/26
£'000		£'000
(178)	Trade payables	(254)
(8,862)	Other payables	(14,743)
(1,443)	Receipts in Advance	(2,135)
(10,483)	Total	(17,132)

2024/25	Long-term creditors	2025/26
£'000		£'000
(2,220)	Other entities and individuals	(2,210)
(2,220)	Total	(2,210)

21 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:

2024/25	NNDR appeals provision	2025/26
£'000		£'000
(852)	Balance at 1 April	(1,218)
(881)	Additional provision	(1,871)
515	Amounts used in year	440
0	Amounts reversed unused	0
(1,218)	Balance at 31 March	(2,649)

22 Unusable Reserves

2024/25	Unusable Reserves	2025/26
£'000		£'000
(51,618)	Revaluation Reserve	(56,477)
45,073	Capital Adjustment Account	37,779
8,948	Pension Reserve	14,587
553	Collection Fund Adjustment Account	520
135	Accumulated Absences Account	148
(11)	Financial Instruments Revaluation Reserve	(11)
3,080	Total Unusable Reserves	(3,454)

(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.

2024/25	Revaluation Reserve	2025/26
£'000		£'000
(44,627)	Balance at 1 April	(51,618)
(10,305)	Upward revaluation of assets	(6,568)
2,820	Upward/(downward) revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	618
0	Difference between fair value depreciation and historical cost depreciation	0
494	Reversal of Revaluation Reserve on assets transfer /disposal	1,091
(51,618)	Balance at 31 March	(56,477)

(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 CIES (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.

2024/25	Capital Adjustment Account	2025/26
£'000		£'000
50,593	Balance at 1 April	45,074
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
5,740	Charges for depreciation, amortisation and impairment of non-current assets	3,383
(1,001)	Revaluation losses/(gains) on property, plant and equipment	(107)
1,339	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	1,111
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
(494)	Reversal of revaluation Reserve on assets transfer/disposal	(1,091)
5,584		3,296
0	Adjusting amounts written out of the Revaluation Reserve	0
5,584	Net written out amount of non-current assets consumed in the year	3,296
	Capital financing applied in the year:	
(135)	Use of the Capital Receipts Reserve to finance new capital expenditure	(55)
(2,910)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,506)
(1,709)	Capital expenditure funded from reserves	(1,785)
(2,438)	Statutory provision for the financing of capital investment charged to the General Fund	(4,821)
(7,192)		(10,167)
(3,912)	Movements in the market value of investment properties debited/(credited) to the Comprehensive Income and Expenditure Statement	(424)
1	Other movements	
45,074	Balance at 31 March	37,779

(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 CIES 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. A 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.

2024/25	Pension Reserve	2025/26
£'000		£'000
2,069	Balance at 1 April	8,948
7,774	Actuarial (gains)/losses on pensions assets and liabilities	6,850
2,173	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	1,841
(3,068)	Employer pension contributions and direct payments to pensioners payable in the year	(3,052)
8,948	Balance at 31 March	14,587

(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 CIES as it falls due from Council Taxpayers and Non-Domestic Rates payers, with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024/25	Collection Fund Adjustment Account	2025/26
£'000		£'000
2,067	Balance at 1 April	553
(1,514)	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	(33)
553	Balance at 31 March	520

(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.

2024/25	Accumulated Absences Account	2025/26
£'000		£'000
171	Balance at 1 April	135
(171)	Settlement or cancellation of accrual made at the end of preceding year	(135)
135	Amount accrued at end of the current year	148
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
135	Balance at 31 March	148

(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.

2024/25	Financial Instruments Revaluation Reserve	2025/26
£'000		£'000
27	Balance at 1 April	(11)
(38)	Loss/(gain) on revaluation of long-term investments	0
(11)	Balance at 31 March	(11)

23 Pensions

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council pays a contribution 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 CIES and the General Fund via the Movement in Reserves Statement during the year:

2024/25	Comprehensive Income and Expenditure Statement	2025/26
£'000		£'000
2,096	Service costs included in cost of services - current service cost	1,277
0	Service costs included in cost of services - past service cost	95
77	Included in financing and investment income and expenditure - net interest expense	469
2,173	Total post-employment benefits charged to the surplus or deficit on the provision of services	1,841
	Other post-employment benefits charged to Other Comprehensive Income and Expenditure	
	Remeasurement of the net defined benefit liability comprising:	
267	- Return on plan assets (excluding the amount included in the net interest expense)	(6,954)
(17,040)	- Actuarial gains and losses arising on changes in financial assumptions	(2,937)
(192)	- Changes in demographic assumptions	(1,467)
(1,510)	- Other experience	6,782
26,249	Asset ceiling adjustment	11,426
7,774	Total post-employment benefits charged to Other Comprehensive Income and Expenditure	6,850

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:

2024/25	Local Government Pension Scheme	2025/26
£'000		£'000
(93,811)	Present value of defined benefit obligation - funded	(102,193)
(2,049)	Present value of defined benefit obligation - unfunded	(1,877)
113,161	Fair value of plan assets	128,679
(26,249)	Asset ceiling adjustment	(39,196)
(8,948)	Net liability arising from defined benefit obligation	(14,587)

Reconciliation of fair value of scheme assets

Funded Assets	Unfunded Assets		Funded Assets	Unfunded Assets
2024/25	2024/25		2025/26	2025/26
£'000	£'000		£'000	£'000
109,148	0	Opening fair value of scheme assets	113,161	0
5,213	0	Interest income	6,538	0
		Remeasurement gain/(loss):		
0	0	Other experience	2,916	0
(267)	0	The return on plan assets, excluding the amount included in the net interest expense	6,954	0
0	0	The effect of changes in foreign exchange rates:	0	0
2,868	200	Contributions from employer	2,863	189
782	0	Contributions from employees in the scheme	691	0
(4,583)	(200)	Benefits paid	(4,444)	(189)
113,161	0	Closing fair value of scheme assets	128,679	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
2024/25	2024/25		2025/26	2025/26
£'000	£'000		£'000	£'000
(108,610)	(2,607)	Opening balance at 1 April	(120,060)	(2,049)
(2,096)	0	Current service cost	(1,277)	0
0	0	Past service cost	(95)	0
(5,290)	0	Interest cost	(5,486)	0
(782)	0	Contributions from scheme participants	(691)	0
		Remeasurement (gains)/losses:		
17,111	(71)	- Actuarial gains/losses arising from changes in financial assumptions	2,998	(61)
193	(1)	- Changes in demographic assumptions	1,497	(30)
1,080	430	- Other experience	(9,772)	74
		Liabilities assumed on entity combinations:		
0	200	Unfunded benefits paid	0	189
4,583	0	Benefits paid	4,444	0
(26,249)	0	Asset ceiling adjustment	(39,196)	0
(120,060)	(2,049)	Closing balance at 31 March	(167,638)	(1,877)

Local Government Pension Scheme assets

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

2024/25			Asset category	2025/26			
Quoted prices in active markets	Quoted prices not in active markets	Total		% of total assets	Quoted prices in active markets	Quoted prices not in active markets	Total
£'000	£'000	£'000		£'000	£'000	£'000	
			Cash and cash equivalents				
2,383	0	2,383	All	2%	2,710	0	2,710
			Equity securities				
1,096	0	1,096	Consumer	1%	1,247	0	1,247
2,008	0	2,008	Manufacturing	2%	2,283	0	2,283
0	0	0	Energy and utilities	0%	0	0	0
1,484	0	1,484	Financial institutions	1%	1,687	0	1,687
1,381	0	1,381	Health and care	1%	1,571	0	1,571
2,410	0	2,410	Information technology	2%	2,740	0	2,740
95	0	95	Other	0%	108	0	108
			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	0	0	All	0%	0	0	0
			Real estate				
1,026	5,267	6,294	UK property	6%	1,167	5,990	7,157
505	16,041	16,546	Overseas property	15%	574	18,240	18,815
			Investment funds and unit trusts				
62,420	0	62,420	Equities	55%	70,980	0	70,980
16,623	0	16,623	Bonds	15%	18,903	0	18,903
0	0	0	Other	0%	0	0	0
			Derivatives				
0	0	0	Interest rate	0%	0	0	0
422	0	422	Foreign exchange	0%	480	0	480
91,853	21,308	113,161		100%	104,449	24,230	128,679

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 2025.

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

2024/25	Local Government Pension Scheme		2025/26
Years	Mortality assumptions		Years
	Longevity at 65 for current pensioners:		
22.2	Men		22.8
24.8	Women		25.5
	Longevity at 45 for future pensioners:		
22.8	Men		23.9
26.1	Women		26.6
%			%
3.80%	Rate of increase in salaries		4.00%
2.80%	Rate of increase in pensions		3.00%
5.80%	Rate for discounting scheme liabilities		6.20%

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 2026		
0.1% decrease in Real Discount Rate	1%	1,522
1 year increase in member life expectancy	4%	4,163
0.1% increase in the Salary Increase Rate	0%	52
0.1% increase in the Pension Increase Rate	1%	1,469

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 most recent triennial valuation took place as at 31 March 2025 and took effect from 1 April 2026.

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

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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.

Under the Employer's accounting standard a net asset restriction may apply which will restrict the amount of net asset that can be disclosed in relation to the Pension Fund. The amount included in the accounts is before the application of any ceiling.

The Council anticipates paying employer contributions of £2.3 million to the scheme in 2026/27.

24 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 2024/25 £'000	Current 2024/25 £'000	Financial assets	Long-term 2025/26 £'000	Current 2025/26 £'000
		Investments		
		At fair value through Other Comprehensive Income:		
		Equity investments designated FVOCI	2,036	0
2,035	3,009	Total investments	2,036	0
2,035	3,009			
		At amortised cost:		
		Principal	0	16,367
0	6,835	Accrued interest	0	23
0	23	Total cash and cash equivalents	0	16,390
0	6,858			
		Debtors		
		At amortised cost:		
		Financial assets carried at contractual amount	11	11,143
11	10,711	Total financial assets	2,047	27,533
2,046	20,578			

Long-term 2024/25 £'000	Current 2024/25 £'000	Financial liabilities	Long-term 2025/26 £'000	Current 2025/26 £'000
		Borrowings		
		Loans at amortised cost:		
		Principal sums borrowed	(84,345)	(91,546)
(89,361)	(90,927)	Accrued interest	0	(2,021)
0	(1,850)	Total borrowings	(84,345)	(93,567)
(89,361)	(92,777)			
		Borrowings		
		Creditors	(1,164)	(10,188)
(1,174)	(6,959)	Total financial liabilities	(85,509)	(103,755)
(90,535)	(99,736)			

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:

2024/25						2025/26				
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
7,003	0	0	0	7,003	Interest expense	6,534	0	0	0	6,534
82	0	0	0	82	Fee expenses	98	0	0	0	98
7,085	0	0	0	7,085	Total expense in surplus or deficit on the provision of services	6,632	0	0	0	6,632
0	(1,170)	0	0	(1,170)	Interest income	0	(724)	0	0	(724)
0	0	0	0	0	Increase in fair value	0	0	0	0	0
0	0	0	(113)	(113)	Dividend income	0	0	0	(107)	(107)
0	(1,170)	0	(113)	(1,283)	Total income in surplus or deficit on the provision of services	0	(724)	0	(107)	(831)
(3,347)	0	0	(38)	(3,385)	(Gains) on revaluation/modification	(1,597)	0	0	0	(1,597)
0	0	0	0	0	Losses on revaluation/modification	0	0	0	0	0
(3,347)	0	0	(38)	(3,385)	(Surplus)/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	(1,597)	0	0	0	(1,597)
3,738	(1,170)	0	(151)	2,417	Net loss/(surplus) for the year	5,035	(724)	0	(107)	4,204

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
2024/25	2024/25		2025/26	2025/26
£'000	£'000		£'000	£'000
2,035	(113)	CCLA Property Fund	2,036	(107)

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 2026 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.

2024/25 Fair Value £'000	Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	2025/26 Fair Value £'000
2,035	Long-term investments designated to fair value through Other Comprehensive Income	Level 2	Quoted prices for similar assets or liabilities in active markets	2,036

As at 31 March 2026 the Council held £2.0 million (2024/25: £2.0 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 2024/25	Fair value 2024/25		Balance Sheet 2025/26	Fair value 2025/26
£'000	£'000		£'000	£'000
		Recorded in Balance Sheet as:		
11	11	Long-term debtors	11	11
3009	3009	Short-term investments	0	0
10,711	10,711	Short-term debtors	11,143	11,143
6,835	6,835	Cash and cash equivalents	16,367	16,367
20,566	20,566	Total financial assets	27,521	27,521

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

2024/25			2025/26	
Balance Sheet	Fair value*		Balance Sheet	Fair value*
£'000	£'000		£'000	£'000
		Recorded in Balance Sheet as:		
(6,959)	(6,959)	Short-term creditors	(10,188)	(10,188)
(92,777)	(92,777)	Short-term borrowings	(93,567)	(93,567)
(1,174)	(1,174)	Long-term creditors	(1,164)	(1,164)
(89,361)	(41,368)	Long-term borrowings	(84,345)	(66,315)
(190,271)	(142,278)	Total financial liabilities	(189,264)	(171,234)

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

25 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:

2024/25			2025/26	
Lease receivables	Trade receivables		Lease receivables	Trade receivables
£'000	£'000		£'000	£'000
22	2,481	Neither past due nor impaired	559	1,208
281	61	Past due <3 months	14	61
85	977	Past due 3 - 6 months	23	336
111	107	Past due 6 - 12 months	59	67
137	752	Past due 12+ months	93	654
636	4,378	Total	748	2,326

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:

2024/25			2025/26	
Debt	Loss Allowance		Debt	Loss Allowance
£'000	£'000		£'000	£'000
2,502	0	Current to 30 days	1,768	0
342	6	31 to 90 days	75	1
1,062	32	91 to 180 days	359	14
219	22	181 to 365 days	126	43
496	223	366 to 730 days	176	138
393	393	730 + days	570	535
5,014	676	Total	3,074	731

Liquidity risk

On the advice of its treasury advisor, the Council continues to borrow over the short term to take advantage of lower interest rates. In addition, the Council has access to borrowing 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. It is however exposed to the risk that it will

need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans.

The maturity analysis of financial instruments is as follows:

2024/25 Liabilities £'000	Period to maturity	2025/26 Liabilities £'000
(92,777)	Not over 1 year	(93,567)
(2,767)	Over 1 year but not over 2 years	(3,299)
(8,323)	Over 2 years but not over 5 years	(9,932)
(15,494)	Over 5 years but not over 10 years	(18,180)
(26,846)	Over 10 years but not over 20 years	(28,017)
(34,142)	Over 20 years but not over 40 years	(23,416)
(1,789)	Over 40 years	(1,501)
(182,138)	Total	(177,912)

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, under the Financing and Investment Income and Expenditure line in the CIES. 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 2026, £92 million (2024/25: £95 million) of net principal borrowed on long-term loans (borrowings net of investments) was exposed to fixed rates and £88 million (2024/25: £90 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:

2024/25		2025/26
£'000		£'000
1,821	Increase in interest payable on variable rate borrowings	1,779
(30)	Increase in interest receivable on variable rate investments	0
1,791	Impact on surplus/deficit on the provision of services	1,779
(20)	Increase in fair value of investments held at FVOCI	(20)
1,771	Impact on Other Comprehensive Income and Expenditure	1,759
(206)	Increase/(decrease) in fair value of loans and receivables*	(275)
(6,153)	Increase/(decrease) in fair value of fixed rate borrowings/liabilities*	(5,552)

* 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 £2.0 million (2024/25: £2.0 million). A 5% fall in commercial property prices would result in a £0.1 million (2024/25: £0.1 million) charge to Other Comprehensive Income and Expenditure.

26 Cash Flow Statement- Operating Activities

The cash flows for operating activities include the following items:

2024/25		2025/26
£'000		£'000
(4,646)	Interest received	(2,519)
6,927	Interest paid	6,549

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

2024/25		2025/26
£'000		£'000
1,814	Depreciation	2,728
(689)	Impairment	(531)
14	Amortisation	19
(88)	Increase/(Decrease) in impairment for bad debts	(189)
(2,459)	Increase/(Decrease) in creditors and capital grants receipts in advance	5,374
3,405	(Increase)/Decrease in debtors	2,562
(4)	(Increase)/Decrease in inventories	(1)
(895)	Movement in pension liability	(1,211)
366	Increase/(Decrease) in provisions	1,431
(401)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	639
1	Other non-cash items charged to the net deficit on the provision of services	(2)
1,064		10,819

27 Cash Flow Statement- Investing Activities

The cashflows for investing activities include the following items:

2024/25	Cashflow Statement - investing activities	2025/26
£'000		£'000
(4,116)	Purchase of property, plant and equipment, investment properties and intangible assets	(4,234)
(3,009)	Purchase of short term and long term investments	3,009
0	Proceeds from the sale of investments	0
0	Proceeds from the sale of property, plant and equipment and investment properties	719
3,480	Capital Grants received	3,998
(3,645)	Net cashflows from investing activities	3,492

28 Cash Flow Statement- Financing Activities

The cashflows for financing activities include the following items:

2024/25	Cashflow Statement - financing activities	2025/26
£'000		£'000
2,959	Cash receipts of short-term borrowings and long-term borrowings	(4,226)
0	Other payments for financing activities	0
2,959	Net cashflows from financing activities	(4,226)

29 Agency Services

An authority acts as an agent in situations or circumstances where it is acting as an intermediary, providing goods and/or services to a third party on behalf of another body. As income and expenditure associated with agency arrangements are not included in the CIES, they are disclosed separately to give context to the agency arrangements.

The Council provides services on behalf of Hampshire County Council through agency arrangements relating to Suitable Alternative Natural Green Space (SANGS) agreements in relation to Swan Lakes, Hawley Meadows, Shepherds Meadows and Strategic Access Management and Monitoring (SAMM). These are included in Other Payables within Short Term Creditors.

2024/25		2025/26
£'000		£'000
	SANGS and SAMM	
(543)	Income	(639)
417	Expenditure	791
(126)	(Surplus)/deficit on the agency arrangement	152

The Council's Community Infrastructure Levy (CIL) funding (income) and expenditure amounts received and paid during 2024/25 and the prior year which are approved to be paid to external organisations are also detailed in the table itemised below. These are included in Other Payables within Short Term Creditors.

2024/25		2025/26
£'000		£'000
	CIL	
(72)	Income	(113)
9	Expenditure	73
(63)	(Surplus)/deficit in the year	(40)

The Council acts as agent in the Joint Waste Services (JWS) Partnership which provides recycling and waste services in Elmbridge, Mole Valley, Surrey Heath and Woking through a joint recycling, waste and street cleaning contract with Amey. The costs and income relating to Surrey Heath Borough Council are included in the Council's CIES and the income and expenditure associated with the agency arrangement for the contract is included in the Council's Balance Sheet.

2024/25		2025/26
£'000		£'000
	JWS	
(26,025)	Income	(25,126)
26,025	Expenditure	25,126
0	(Surplus)/deficit on the agency arrangement	0

30 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:

2024/25		2025/26
£'000		£'000
160	Fees payable in relation to external audit services undertaken by the appointed auditor for the year	157
43	Fees payable for the certification of grant claims and returns for the year	43
203		200

31 Members Allowance

The Council paid the following amounts to Council members during the year, shown in cost of services in the CIES:

2024/25		2025/26
£'000		£'000
289	Member allowances	304
6	Mayor's allowance	6
295	Total allowances	310

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

32 Officer Remuneration

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

2025/26 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Other payments	Employer pension contributions	Sub-total	Returning officer amount	Total	Notes
	£	£	£	£	£	£	£	£	£	
Chief Executive	134,437	0	439	450	0	23,123	158,449	0	158,449	
Head of Finance (S151)	85,650	8,348	492	0	0	16,168	110,658	0	110,658	1
Head of Built Environment & Regulation (to 03/08/2025)	31,215	0	0	187	0	5,362	36,764	0	36,764	
Head of Built Environment & Regulation (from 04/08/2025)	54,167	0	29	300	0	9,317	63,813	0	63,813	
Head of Transformation	78,981	0	44	75	0	13,585	92,685	0	92,685	
Head of Housing, Community & Recreation	84,515	0	0	475	0	14,537	99,527	0	99,527	
Head of Legal & Democratic Services	91,322	7,500	69	0	0	16,997	115,888	0	115,888	2
Head of Property & Economic Development	91,322	0	0	0	0	15,707	107,029	0	107,029	

Note 1: S151 Officer allowance received

Note 2: Monitoring Officer allowance received

2024/25 Post-holder information	Salary	Allowances	Expenses	Benefits in kind	Other payments	Employer pension contributions	Sub-total	Returning officer amount	Total	Notes
	£	£	£	£	£	£	£	£	£	
Chief Executive (to 30/6/2024)	41,973	0	500	109	0	6,118	48,700	1,741	50,441	
Chief Executive (from 1/7/2024)	96,388	0	0	37	0	16,579	113,004	402	113,406	
Strategic Director of Finance and Customer Service	125,629	7,480	475	0	35,183	20,072	188,839	0	188,839	1
Head of Finance (S151 Officer) (from 19/2/2025)	9,019	848	55	0	0	1,697	11,619	0	11,619	1
Head of Planning	90,418	0	12	219	0	15,552	106,201	0	106,201	
Head of HR, Performance and Communications	74,661	0	0	0	0	12,842	87,503	0	87,503	
Strategic Director of Environment and Community (to 30/6/2024)	26,816	0	0	0	0	4,612	31,428	0	31,428	2
Head of Environment and Leisure (from 1/7/2024)	61,074	0	0	345	0	10,505	71,924	0	71,924	3
Head of Legal and Democratic Services (to 31/10/2024)	52,987	4,375	0	0	0	9,599	66,961	0	66,961	4
Head of Legal and Democratic Services (from 23/12/2024)	24,176	2,056	0	0	0	4,512	30,744	0	30,744	4
Head of Investment and Development	90,418	0	28	0	0	15,552	105,998	0	105,998	
Total	693,559	14,759	1,070	710	35,183	117,640	862,921	2,143	865,064	

Note 1: S151 Officer allowance received

Note 2: Post vacant from July 2024 as Strategic Director of Environment and Community acting as interim Chief Executive

Note 3: Post created in July 2024 to facilitate the transition of the Strategic Director of Environment and Community into the Chief Executive interim role

Note 4: Monitoring Officer allowance received

Remuneration bands

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

2024/25	Remuneration band	2025/26
Number of employees		Number of employees
16	£50,000 - £54,999	13
11	£55,000 - £59,999	11
7	£60,000 - £64,999	5
7	£65,000 - £69,999	10
5	£70,000 - £74,999	6
2	£75,000 - £79,999	2
1	£80,000 - £84,999	1
2	£90,000 - £94,999	2
0	£95,000 - £99,999	1
1	£100,000 - £104,999	0
0	£110,000 - £114,999	1
1	£120,000 - £124,999	0
0	£135,000 - £139,999	1
1	£165,000 - £169,999	0
1	£170,000 - £174,999	0
55		53

The comparative now includes JWS staff, who are employed by the Council, 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 2025/26 are set out in the table below:

2025/26	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 £
Exit package cost band (including special payments)				
£0 - £20,000	2	0	2	4,599
Total	2	0	2	4,599

2024/25	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 £
Exit package cost band (including special payments)				
£0 - £20,000	3	1	4	20,808
£20,001 - £40,000	1	1	2	62,185
£60,001 - £80,000	1	0	1	66,313
£100,001 - £150,000	1	0	1	105,798
Total	6	2	8	255,104

33 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 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 35.

Members

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

Payments totalling £660,094 were paid to nine organisations in which seven members had an interest, and the total balance outstanding at year-end was £nil. The relevant members did not take part in any discussion or decision relating to the payments. Payments totalling £240,289 were received from five organisations in which four members had an interest, and the total balance outstanding at the year end was £nil.

The total of Members' allowances paid in 2025/26 is shown in the Members' Allowance Note 31.

Officers

Chief Officers can influence the Council. No interests were declared by Chief Officers during 2025/26.

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 2025/26 Collection Fund Statement.

34 Leases

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:

2024/25 £'000	Council as lessor - operating leases	2025/26 £'000
8,302	Not later than one year	8,656
32,089	Later than one year and not later than five years	28,670
29,207	Later than five years	21,473
69,598	Total	58,799

35 Grant Income

2024/25 £'000	Grant income credited to Taxation and non-specific grant income and expenditure	2025/26 £'000
(10)	New Homes Bonus	(12)
(8)	New Burdens	(162)
(3,801)	S31 Grants	(3,060)
(3,480)	Capital grants and contributions	(3,998)
(7,299)	Subtotal	(7,232)
	Grant income credited to services	
(1,980)	Housing, Community and Recreation	(2,973)
(10,583)	Finance	(8,118)
(15)	Transformation	(200)
(138)	Property & Economic Development	(119)
(226)	Legal and Democratic Services	0
(135)	Built Environment and Regulation	(46)
(13,077)	Subtotal	(11,456)
(20,376)	Total	(18,688)

2024/25 £'000	Capital Grants Receipts in Advance	2025/26 £'000
0	The Square Roof and PPM Works Contribution	(182)
(1,447)	Brownfield Release Fund Grant	0
(1,447)	Total	(182)

36 Contingent Liabilities

A contingent liability is a potential obligation that arises from a past event, whose existence is only confirmed by the occurrence of non-occurrence of an uncertain future event not entirely within the Council's control.

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. If the ruling stands (it is currently being appealed) it will form part of case law and can therefore be expected to apply across other schemes. It is unclear what impact this ruling may have on the Local Government Pension Scheme.

37 Prior Period Adjustments

	Original £'000	Gross Expenditure £'000	Gross Income £'000	As Restated £'000
CIES and EFA				
2024/25				
Housing, Community and Recreation (Environment and Community)	9,560	(2,437)	1,934	9,057
Finance (Finance and Customer Services)	3,399	(523)	(14)	2,862
Transformation (HR, Performance and Communications)	3,391	(119)	261	3,533
Property and Economic Development (no change)	1,617	(94)	(1)	1,522
Legal and Democratic Services (Legal Democratic Services and Strategic Management)	1,403	0	0	1,403
Built Environment and Regulation (Planning)	(41)	3,173	(2,180)	952
Corporate Financing and Debt Management (no change)	1,717	0	0	1,717
Cost of Services	21,046	0	0	21,046

The table above sets out the prior period adjustments made to the Cost of Services in the CIES and EFA relating to the 2024/25 financial year. These arise from service area restructuring in 2025/26, which has a nil impact on the bottom line. The new service area names are listed first, followed by the equivalent former name in brackets.

COLLECTION FUND

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

2024/25				2025/26		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			INCOME			
0	(94,428)	(94,428)	Council Tax receivable	0	(100,919)	(100,919)
(34,983)	0	(34,983)	Business Rates receivable	(37,617)	0	(37,617)
(34,983)	(94,428)	(129,411)	Total income	(37,617)	(100,919)	(138,536)
			Apportionment of previous year surplus/(deficit)			
(2,070)	0	(2,070)	Central Government	(2,697)	0	(2,697)
(1,656)	190	(1,466)	Surrey Heath Borough Council	(2,157)	(62)	(2,219)
(414)	1,215	801	Surrey County Council	(539)	(396)	(935)
0	225	225	Surrey Police Commissioner	0	(73)	(73)
(4,140)	1,630	(2,510)		(5,393)	(531)	(5,924)
			EXPENDITURE			
			Precepts, demands and shares			
18,174	0	18,174	Central Government	19,797	0	19,797
14,539	10,889	25,428	Surrey Heath Borough Council	15,838	11,372	27,210
3,635	69,903	73,538	Surrey County Council	3,959	73,944	77,903
0	12,862	12,862	Surrey Police Commissioner	0	13,519	13,519
36,348	93,654	130,002		39,594	98,835	138,429
			Charges to the Collection Fund			
(2,420)	0	(2,420)	Transitional Protection Payments due to/(from) Central Government	187	0	187
5	0	5	Less: write-off for uncollectable amounts	146	150	296
61	171	232	Less: increase/(decrease) in allowance for Impairment	(71)	243	172
914	0	914	Less: increase/(decrease) in provision for appeals	3,579	0	3,579
128	0	128	Less: cost of collection	129	0	129
(1,312)	171	(1,141)		3,970	393	4,363
30,896	95,455	126,351	Total expenditure	38,171	98,697	136,868
(4,087)	1,027	(3,060)	(Surplus)/deficit arising during the year	554	(2,222)	(1,668)
5,566	(1,367)	4,199	(Surplus)/deficit brought forward 1 April	1,479	(340)	1,139
1,479	(340)	1,139	(Surplus)/deficit carried forward 31 March	2,033	(2,562)	(529)

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 2026, the total non-domestic rateable value of properties in the Surrey Heath Borough was £93.5 million. The 2025/26 national non-domestic rate multiplier was 49.90p (2024/25 49.90p) for small businesses and 55.50p (2024/25 54.60p) 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:

2024/25				2025/26		
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
410	6/9	274	A	436	6/9	291
1818	7/9	1,414	B	1,836	7/9	1,428
4975	8/9	4,423	C	5,122	8/9	4,553
8851	9/9	8,851	D	8,933	9/9	8,933
6140	11/9	7,504	E	6,197	11/9	7,574
5555	13/9	8,024	F	5,566	13/9	8,040
4970	15/9	8,283	G	5,036	15/9	8,393
499	18/9	997	H	504	18/9	1,008
33,218		39,770	Total	33,630		40,220
		145	New properties Band D equivalent			145
		434	Ministry of Defence (MOD) properties			290
		(599)	Less: allowance for non-collection			(605)
		39,750	Council tax base			40,050
		98.50%	Collection rate assumed			98.50%

SURREY HEATH BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT 2025/26

INTRODUCTION

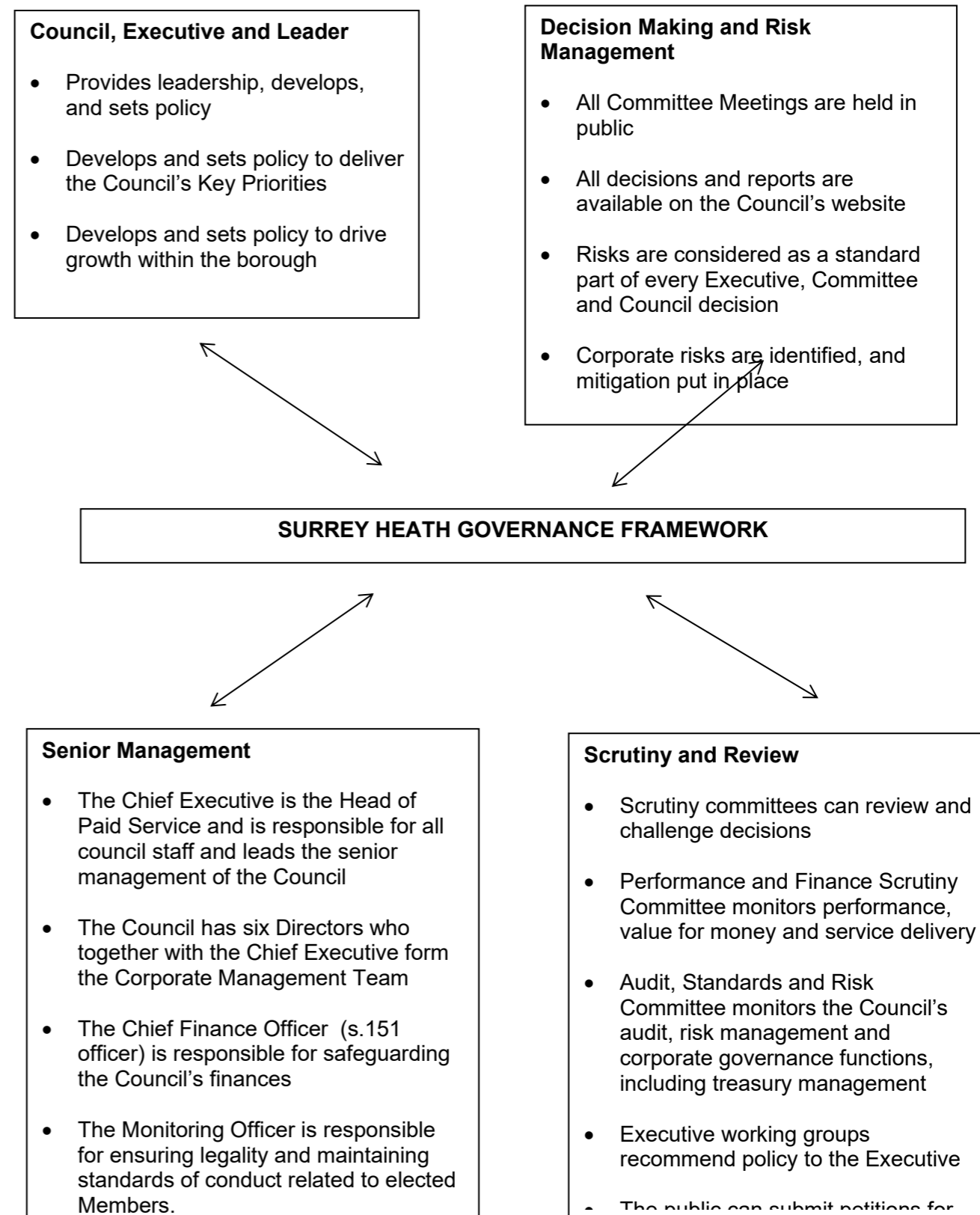
Local authorities are required by statute to review their governance arrangements at least once a year. The review and update of this Annual Governance Statement (AGS) has been undertaken in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) together with the May 2025 Addendum (the Framework).

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



EXECUTIVE SUMMARY

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

The Council's system of internal control is an ongoing process to identify, assess and manage risks to the delivery of its policies, aims, and objectives in an efficient and effective way. The governance framework was in place throughout the year ending 31 March 2026 and up to the approval of the Annual Reports on financial outturn and performance, and the quarterly budget monitoring reports.

HOW THE COUNCIL HAS COMPLIED WITH THE SEVEN PRINCIPLES IN THE CIPFA/SOLACE FRAMEWORK DURING 2025/26.

PRINCIPLE A

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

The Council has Codes of Conduct for both officers and elected Members, alongside a Local Code of Corporate Governance, which sets out the standards of behaviour expected to ensure integrity.

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 are subject to the Council's Anti-Fraud and Corruption Policy and declare any interests they may have or gifts they have received and record them in the Gifts and Hospitality Register.

The Speak Up Policy encourages staff to raise matters that they may be concerned about and provides protection for individuals to raise these concerns in confidence and ensures that any concerns raised are investigated. The policy is reviewed annually, and a report is reviewed annually by the Employment Committee.

An Anti-Bribery Policy has also been established and adopted. The Council has officers who have the power to investigate suspected fraud or corruption with appropriate support from the police and can report directly to HR/Monitoring Officer for action to be taken if required.

All Council decisions must consider legal and governance implications which are included as a standard paragraph in all committee reports. 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 officers review all Committee reports.

From 1 January 2026 the Council's internal audit function has been provided by the Southern Internal Audit Partnership (SIAP) who undertake audit reviews of the Council's main activities. Prior to 1 January the Council had a small inhouse internal Audit team. A summary of findings from audits are reported to senior management and to the Audit Standards and Risk Committee periodically.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

All Committee, Executive and Council 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. Public speaking rights exist for all Committees except for the Council's Licensing Committee.

The Council's Constitution sets out how it engages with stakeholders including a comprehensive petition scheme. The Council 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 maximum engagement from the community in terms of accessing Council information.

The Council has a digital newsletter which is sent to residents allowing residents to receive more frequent information from the Council as well as supporting the strategic aims of financial sustainability and achieving net zero. The Council is focussed on increasing digital reach whilst also improving our social media engagement. 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.

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.

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.

Carbon Net Zero

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

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce harmful emissions.

The Council submitted the Surrey Heath Local Plan 2019–2038 to the Government for independent examination, with Hearings taking place in September, October and December 2025. Consultation on the main modifications is due to take place shortly. The Local Plan addresses climate change through its Vision, Objectives and a range of detailed policies relating to renewable energy, building emission standards and low carbon design.

The Council has started to decarbonise its vehicle fleet, with 4 electric vehicles bought to help deliver the 'Meals At Home' service, 1 parking vehicle being replaced with an electric alternative and plans to replace the rest of its fleet with electric vehicles, 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. This includes a new cycle route from Frimley to Camberley.

The Council endorsed the Surrey Retrofit Framework in January 2026, which sets out a coordinated county-wide approach to improving home energy efficiency, reducing fuel poverty, and supporting decarbonisation.

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 in West Surrey Council following Local Government Reorganisation (LGR). The Council has an evidenced based People Strategy which is reviewed annually. There are three current priorities including wellbeing, retention and attraction and Council Performance. An action plan accompanies the strategy that is reviewed annually by senior officers and the Employment Committee to ensure that it reflects Council priorities.

Learning, development, and career aspirations are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year.

The Council has a full mandatory induction programme for staff and members. The induction training includes 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 (anti-radicalisation training). Managers receive mandatory training including attendance management and managing mental health.

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.

New Members are invited to attend a welcome day and received detailed welcome packs. Training for members is provided in key areas; recent sessions have been on Chairing meetings effectively and determining Planning applications.

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.

PRINCIPLE F

Managing risks and performance

All service areas identify risks that could affect 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 Council's 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 review both existing and emerging risks. Priority has been given to financial pressures on Council resources, as well as risks arising from LGR, including staff retention, capacity to deliver implementation alongside existing roles, and maintaining business as usual until vesting day.

The Council has a corporate Health and Safety policy and associated set of procedures which are kept under regular review.

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.

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 three yearly or upon changes in legislation, govern how information should be securely managed, transmitted, stored, and maintained.

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.

With the ongoing reduction of in-year funding the Council has had to use some of its financial reserves 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 improved budget management and monitoring processes, alongside better reporting has increased the transparency of the Councils financial position. The budget challenges have been recognised by the Council by undertaking more detailed analysis of the financial position of the Council.

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 reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.

All overdue Internal Audit recommendations (under the new arrangement with SIAP these are called 'management actions') 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/management actions are undertaken on time.

In accordance with the Local Government Transparency Code 2015 Surrey Heath publishes information of expenditure over £500, including senior officer salaries.

Surrey Heath has an excellent record for responding to requests for information under the Freedom of Information Act and Data Protection Act within the statutory timelines required.

ASSESSMENT OF EFFECTIVENESS

Management Assurance Statements and Summary of Key Points from Service Areas

BUILT ENVIRONMENT & REGULATION

Development Management

Areas for improvement identified:

Developing junior staff to take on more complex work, strengthening service resilience in the context of LGR and recruitment constraints. The service will also work more closely with key consultees to improve the quality and timeliness of responses, and enhance website guidance on key decision-making areas, including biodiversity net gain.

Governance weaknesses that have been addressed in-year:

Key improvements will address the planning budget gap arising from reduced application income by maintaining vacancy savings, promoting the use of Planning Performance Agreements, and strengthening budget monitoring through regular reviews of actual and forecast income. To improve case management, the service will enhance performance monitoring to identify delays and trends, use targeted one-to-one meetings to address issues, and hold team workshops to review processes, training needs, and the root causes of delays.

Planning Policy and Conservation

Areas for improvement:

The implementation of the new plan-making system provides an opportunity to review project management and governance for this process.

Governance weaknesses that have been addressed in-year:

Mitigating delays to the Local Plan timetable caused by resourcing constraints at the Planning Inspectorate, through proactive engagement, raising issues promptly and maintaining close communication with the Programme Officer.

Building Control

Areas for improvement:

Strengthening capacity and retaining knowledge following recruitment challenges, while reducing reliance on higher-cost agency staff through improved workforce planning. Financial oversight will be enhanced by reviewing Building Control fee structures and budgets to ensure compliance, sustainability, and value for money. The service will also continue to prioritise staff development, including leadership training and succession planning, to support a skilled and resilient workforce.

Governance weaknesses that have been addressed in-year:

Improvements will focus on strengthening the management of non-active and unauthorised cases through a risk-based approach to prioritise, close, or escalate cases, ensuring enforcement is proportionate and in the public interest. The service will also address capacity and knowledge gaps arising from staffing reductions by continuing to develop a structured trainee pathway to improve resilience.

Environmental Health and Licensing

Areas for improvement:

Preparing for LGR by ensuring appropriate governance arrangements are in place for EH & Licensing, including delegated authorisations and committee structures, ahead of vesting day in April 2027. The service will also implement new data deletion rules within the Idox system to ensure compliance with retention requirements, and address capacity gaps by recruiting suitably qualified officers to meet existing and forthcoming statutory duties, including those under the Renters' Rights Act 2025.

Governance weaknesses that have been addressed in year:

The service is updating key policies, procedures, and processes within Private Sector Housing, including the development of KPIs, implementation of Residential and HMO licensing modules, and preparation for new duties under the Renters' Rights Act. Work is also progressing with ICT and Idox to implement GDPR data management and retention functionality, with associated training and data deletion rules development completed.

Corporate Enforcement and Community Safety

Areas for improvement:

Preparing for LGR by reviewing policies and procedures to make sure the correct governance arrangements are in place from vesting day across the service. Subject to Executive approval, to implement to the updated Corporate Enforcement Policy.

Governance weaknesses that have been addressed in-year:

An updated Corporate Enforcement Policy was prepared, reviewed by P&F Committee with no amendments, and is due to be considered by the Executive in May 2026. The updated policy will be more user friendly, providing clear details of the service levels customers can expect and the approaches that will be undertaken in investigating enforcement cases. The updated policy enables the Corporate Enforcement and Community Safety team take an agile and proportionate approach to investigations and ensure that policies and procedures are measurable, with realistic targets, reflecting the new team structure.

Parking

Areas for improvement:

Although staff retention remains strong across the service, parking continue to face challenges in recruiting and filling vacant posts as we prepare for LGR. This appears to be influenced in part by the current reliance on fixed-term contracts, which may be limiting our ability to attract candidates in a competitive market and is therefore an area requiring review. From a facilities management perspective, LGR has also created a gap in the planned property maintenance tender. This situation presents both operational and compliance risks, highlighting the need for clearer forward planning, timely procurement activity, and strengthened governance as we transition into the new authority.

Governance weaknesses that have been addressed in-year:

Within Parking Services, several governance weaknesses identified earlier in the year have now been addressed through strengthened operational oversight and clearer communication processes. The team continues to support our customers and manage expectations by routinely patrolling our facilities, enforcing contraventions consistently, and ensuring any changes to access arrangements are communicated promptly through both onsite procedures and the corporate Communications Team. In addition, all incidents and accidents are now recorded daily, with records maintained in line with GDPR requirements, providing a more robust and auditable approach to data handling and service assurance.

Joint Waste Solutions (JWS)

Areas for improvement:

JWS continued to strengthen governance arrangements during 2025-26 through effective project management, performance monitoring and partnership working across the four joint contract authorities. Projects within the Joint Contract work programme followed established governance processes, including risk management, regular project reviews and member oversight. Significant progress was also made on the procurement of the new waste collection and street cleaning contract for post-2027 service delivery, supported by close collaboration with procurement specialists to ensure compliance with procurement regulations.

Governance weaknesses that have been addressed in-year:

Areas for improvement identified during the year included performance management, workforce development, safeguarding and contract management processes. In response, JWS introduced a performance dashboard to improve access to KPIs and support future service improvements, identified the need for a skills matrix and training plan, and progressed safeguarding training for relevant staff.

FINANCE

Finance and Procurement

Areas for improvement:

To review accounting treatments for property managing agents under agency/principal rules and addressing outstanding issues following the 2024/25 disclaimed audit opinion, particularly in relation to property accounting and debtor/creditor balances. There is a need to strengthen and embed procurement compliance across the Council, ensuring it is integral to service delivery. Work will also progress to maintain a complete contract register, supporting compliance and providing a clear baseline ahead of LGR.

Governance weaknesses that have been addressed in-year:

Enhanced transparency of budget monitoring reports to Councillors, providing clearer projections on revenue, reserves, procurement, and debt. Reporting has been strengthened by aligning capital, treasury, and investment information to give a more coherent overall picture. Accounting treatments for JWS have been reviewed and updated, while property and finance fixed asset registers have been reconciled. A full review of CFR and MRP calculations has also been completed to provide the necessary assurance.

Revenues and Benefits

Areas for improvement:

Maintaining and regularly reviewing the service risk register as a live document and continuing to optimise Revenues and Benefits processes to maximise system efficiency. The service will promote e-billing, Direct Debit and online self-service options, while supporting customers to transition to alternative payment methods following the removal of the payment kiosk. It will also engage in relevant working groups to support preparations for LGR.

Governance weaknesses that have been addressed in-year:

Improvements will focus on strengthening knowledge in equality, diversity, and inclusion through targeted training, and ensuring GDPR compliance by keeping staff training up to date. The service will manage customer expectations by clearly communicating changes to access arrangements and maintaining support through alternative channels. It will also strengthen safeguarding processes, supported by the appointment of a Safeguarding Lead.

TRANSFORMATION

Customer Services

Areas for improvement:

Increasing the use of the Contact Centre to undertake administrative tasks on behalf of service areas, building capacity, and supporting agile working. CRM scripting has been updated to reflect changes within Housing ahead of the Renters' Rights Act, and the service will continue to work with all areas to streamline communication between front and back-office functions, improving customer service and enabling more effective reporting and trend analysis.

Governance weaknesses that have been addressed in-year:

The Complaints process has been improved through the introduction of a lessons learned process to support oversight and reporting. Customer satisfaction and service resilience are being enhanced through multi-skilling across the Contact Centre and post room, supported by revised working patterns and opening hours. Payment processes have been streamlined through the Adelante system, while a new in-house CRM, JOT Forms and Queue Manager have been implemented to improve efficiency, flexibility, customer interactions, and data insight, reducing costs and enabling continuous service improvement.

Human Resources

Areas for improvement:

Policy reviews to ensure legal compliance, including updates required by the Employment Rights Act 2025. The Council will continue preparations for LGR by ensuring TUPE readiness, with accurate establishment and staff data and compliant ELI records. Priority will also be given to staff wellbeing during this period of change, with appropriate support, communication, and engagement. In addition, a further phase of job title review will be undertaken to ensure consistency and alignment across the organisation.

Governance weaknesses that have been addressed in-year:

Improvements will focus on reviewing benefits to reduce costs and align with West Surrey partners, alongside ongoing policy updates to ensure legal compliance and best practice. Preparations for LGR are progressing, including TUPE readiness, staff engagement, wellbeing support, and updated job profiles ahead of vesting day. The Council is also strengthening vacancy management through service reviews and redesign, while implementing strategies to retain business critical roles and using regular people review meetings to monitor and manage workforce risks.

Organisational Development

Areas for Improvement:

Strengthening programme management and oversight of LGR delivery, working with CMT and key staff to ensure programme requirements are met while monitoring impacts on business as usual, staff capacity and wellbeing. The Council will continue to track transformation savings through regular review of at-risk items and mitigations, respond to Pulse Survey feedback with clear actions, and make effective use of the training budget to support staff through the LGR transition, with a focus on resilience, change, and wellbeing.

Governance weaknesses that have been addressed in-year:

Maintaining and strengthening oversight of the Transformation Programme risk register, particularly in relation to savings delivery, organisational capacity, and the balance with LGR and business as usual. Programme management arrangements are being further developed following completion of the discovery phase to support transition to the new authority. The Council will continue to closely monitor transformation savings through robust governance, regular reporting and identified mitigations, while reviewing delivery of the Annual Plan where required. Ongoing staff engagement will be supported through survey feedback and pulse surveys, alongside targeted training programmes focused on resilience, change, and wellbeing.

ICT

Areas for improvement:

Work to address PCI compliance requirements across relevant services, alongside improvements to data quality in Environmental Health through enhanced HMRC reporting for commercial food premises.

Governance weaknesses that have been addressed in-year:

Modernising and securing data systems, including the replacement of legacy ETL infrastructure and improved documentation of workflows. Issues with automated file transfers for the NEC Northgate system are being addressed with the supplier. A Cyber Risk Register has been established and embedded within corporate monitoring, and a full ICT asset audit has been completed to strengthen cyber assurance and support LGR readiness.

Communication

Areas for improvement:

Improvement in resident engagement before and after Executive and Council meetings is needed. Building on improved media engagement since the removal of Vuelio, the Council will enhance transparency by sharing information on upcoming agenda items once papers are published, alongside existing post-decision communications, to better inform residents and stakeholders in advance of key discussions.

Governance weaknesses that have been addressed in-year:

Streamlining communications resources by reducing the frequency and changing the format of the Members' briefing to an email issued every three weeks. In addition, the residents' newsletter has been adjusted to align with the publication of Council papers, ensuring more timely and relevant updates.

LEGAL

Legal

Areas for improvement:

Recruiting a Senior Property Law Lawyer to address capacity gaps within Legal Services and reduce reliance on higher-cost external resource and would support the increased property workload arising from surplus land sales. The role will also be critical in supporting the significant legal work required for LGR, particularly the transfer of Council land ownership to the new West Surrey Council following vesting day in April 2027.

Governance weaknesses that have been addressed in-year:

Mitigating the risk of overage obligations being overlooked following surplus land sales by creating a dedicated "Overage" dataset in XMap. This ensures overage arrangements are clearly recorded and retained despite property removal from the land register and changes over time.

Information Governance and Data Protection

Areas for improvement:

Achieving annual DSPT accreditation to demonstrate compliance with national data security standards and provide assurance to residents on data handling. The Council will strengthen awareness of data

protection and cyber risks by ensuring mandatory training is completed and policies are kept up to date and accessible. Support will also be provided to ensure a safe and lawful transition through LGR.

Governance weaknesses that have been addressed in-year:

Managing the increasing complexity of FOI and Subject Access Requests, including those generated using AI, by engaging directly with requestors to clarify requirements and ensure transparent responses. The Council will also continue to maintain and update its layered privacy notices, working with all service areas to ensure they accurately reflect current data processing arrangements up to vesting day.

Democratic Services

Areas for improvement:

Reviewing processes and information held to ensure that it is in a suitable state to transfer to West Surrey Council.

Governance weaknesses that have been addressed in-year:

The process for capturing Officer delegated decision has improved.

PROPERTY & ECONOMIC DEVELOPMENT

Property and Economic Development

Areas for improvement:

Progressing Minimum Energy Efficiency Standards to meet rising regulatory requirements. The service will also work with managing agents to improve financial reporting and address outstanding audit issues. In addition, it will support LGR workstreams to ensure a smooth and cost-effective transition of property and economic development services for residents.

Weaknesses that have been addressed in-year:

Strengthening financial oversight for Collectively Camberley through regular reporting and progressing Minimum Energy Efficiency Standards via commissioned surveys and planned works. Sustainability initiatives are being embedded into procurement processes, alongside progress on specific projects such as solar panels at The Square. Stakeholder engagement in land and property sales has been enhanced through a refined consultation process, and procurement compliance is being strengthened through monthly joint reviews between procurement and property teams.

Health & Safety

Areas for improvement:

Additional work will be done to encourage greater usage of lone working devices and further training to be done on dealing with conflict situations.

Weaknesses that have been addressed in-year:

Additional fire wardens and fire coordinators for Surrey Heath House have been trained ensuring that an adequate provision is in place.

Additional resource and skills have been added to the corporate health and safety team and additional clarity to roles provided. A staff representative has been added to the health and safety committee in accordance with best practice. Additional training has been provided in the areas of lone working and Health and safety is now included in the Corporate Risk Register further increasing its profile in the Council's governance arrangements.

HOUSING, COMMUNITY & RECREATION

Community Services

Areas for improvement:

Improvements will focus on maintaining monthly meetings with the Runnymede Community Services team to monitor financial savings targets and address issues promptly.

Governance weaknesses that have been addressed in-year:

Restructuring service delivery following the unexpected loss of two managers, enabling financial savings, and supporting the recruitment of replacement posts to maintain service capacity.

Housing Resettlement

Areas for improvement:

Continue engagement with the Registered Provider to secure future temporary accommodation provision, ahead of the June 2027 planning expiry and redevelopment of existing units. Progressed preparations for the Renters' Rights Act 2025, including policy updates and constitutional changes.

Governance weaknesses that have been addressed in-year:

Addressing the lack of previous procurement exercises for DFG works through the imminent launch of a formal tender process. The Allocations Policy has also been updated to reflect changes in Domestic Abuse legislation.

Safeguarding

Areas for improvement:

Safeguarding Policy needs to be reviewed and renewed for 26/27.

Governance weaknesses that have been addressed in-year:

Ensuring safeguarding assurance is maintained following the move from an inhouse Internal Audit Service to provision through SIAP. An external provider has been appointed and will be engaged to complete the Section 11 audit when required.

Leisure and Recreation

Areas for improvement:

Improving complaints recording and monitoring to ensure consistency across all channels. Risk assessment processes will be strengthened through targeted training and clearer guidance, particularly in high-priority areas. Procurement capacity will also be reviewed to reduce delays and improve resilience.

Governance weaknesses that have been addressed in-year:

Maintaining an accurate and up-to-date contract register through officer training and closer working with procurement. Rent renewals will be more robustly reviewed to ensure accuracy and lease compliance, supported by a dedicated internal team to improve consistency and transparency. Museum collection management has been strengthened through the achievement of full Museum Accreditation Status, providing clearer governance and acquisition criteria.

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 completed eight individual audits for the period 2025/26, and action plans were agreed with managers to mitigate risks and improve overall controls.

An annual report was presented to the Audit Standards and Risk committee in May 2026 where it was reported that the internal auditors' opinion for 2025/26 was that the Council's internal control environment and systems of internal control in the areas audited were adequate and effective.

Self-assessment and review of key outcome indicators

The key outcome indicators below have been used to assess the quality of governance arrangements in 2025/26:

Issues Identified	Performance for 2025/26
Formal reports by the Section 151 Officer or Monitoring Officer	None
Outcomes from Standards Committee of Monitoring Officer investigations	None
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

Follow up of issues identified in the previous financial year for 2024/25

The 2024/25 Annual Governance Statement highlighted six areas for improvement. The table below sets out the actions that have been taken to address these issues in the current year:

Issues for 2024/25	Action Taken
Preparation for LGR	Fortnightly LGR Officer meetings, regular member briefings. Staff training and update sessions.
Community Governance Review	Resident consultation undertaken and officer and member working group set up.
The Council faces cost pressures to establish a sustainable budget by the end of the MTFS in 2028	The transformation programme undertook service reviews to find savings, projects identified within the programme were implemented from 2025 and will continue until 2027.
Staff retention during LGR	Regular staff briefings, organising wellbeing events, offering training to support staff through LGR.

FORWARD LOOKING ON GOVERNANCE

Anticipated issues 2026/27	Action already taken or to be taken
LGR additional workload of supporting implementation while keeping BAU running effectively, with reduced head count. In addition to the need to end/close down well and hand over to new authority. Loss of corporate knowledge into new authority.	Work streams aware and managing risk. List of duties to be handed over being created. Safe and Legal list being produced.
The cost and workload involved in implementing the findings from the Community Governance Review	Member and Officer working group set up.
The Council faces cost pressures to establish a sustainable budget by the end of the MTFS in 2028	Finance have implemented tight controls with constant budget monitoring.
Staff retention during LGR	Regular staff briefings, organising wellbeing events, offering training to support staff through LGR. HR reviewing high risk roles during transition, policies developed to offer retention payments.
There will be additional pressure on Councillors who have been elected to the Shadow Authority who are existing Councillors, some may be twin, or triple hatters if Parish Councillors also. This may give rise to conflicting priorities.	Strong officer support through induction, an awareness of this potential problem in MOs group and MO for Shadow Authority.
National Scheme of Delegation, significant changes to process that need to be implemented 6 months before vesting day.	Included on LGR workstream risk register.

Nick Steevens
Chief Executive

Signed

Cllr Shaun Macdonald
Leader of the Council

Signed

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 including the Framework Addendum, (Covering the Annual Review and the Annual Governance Statement) May 2025 for the reporting period 1 April 2025 to 31 March 2026 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 of 31 March 2026 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 2026 as these will be included in the following year's Statement.

Whilst the Statement aims to be transparent the Council recognises that Council 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.

Reserved for the Audit Opinion

Accounting policies

The rules and practices adopted by the Council 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 Council, as an agent on behalf of the responsible body, where the Council 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 Council.

Balance sheet

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

Budget

A statement of the Council'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 (within 24 hours) 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 Council 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 Council.

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 Council 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.

Curtailed 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 Surrey 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 Council. 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 Council 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 Council 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 Council.

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 (including fire), the police and crime commissioner for Surrey, and the Parish Councils (the precepting authorities) ask the Council 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 Council. Related parties include:

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

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 for work carried out.

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 CIES.

Revenue support grant (RSG)

Government grant to support local authority services.

Right of use asset

A leased asset for which the council has the right of use during the lease term.

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 Council is not able to use to provide services as they reflect unrealised gains and losses.

Usable reserves

Reserves that the Council 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.