

Annual Financial Report 2023-2024

Richard Bates FCPFA

Joint Strategic Director of Finance &
Resources & S151 Officer



Waverley Borough Council – General Information

Council Offices: Council Offices, The Burys, Godalming, Surrey, GU7 1HR

Telephone: 01483 523333

Website: waverley.gov.uk

Councillors

Waverley Borough Council had 48 elected Councillors and 2 vacancies as at 31 March 2024.

Leader	Cllr P Follows
Deputy Leader	Cllr T Fairclough

The Council is led by an Executive which comprises the Leader of the Council and nine other Councillors to create a multi-party Executive. The Executive's responsibilities are divided into portfolios with each Member leading on a specific group of policy issues.

Portfolio Holders as at 31 March 2024

Customer Services and IT	Cllr G Murray
Co-portfolio holder for Housing (Delivery)	Cllr J Crowe
Community Services, Leisure and EDI	Cllr K Mirylees
Environment and Sustainability	Cllr S Williams
Co-portfolio holder for Housing (Operations Services)	Cllr P Rivers
Finance, Assets and Property	Cllr M Merryweather
Planning & Regen and Economic Development	Cllr L Townsend
Organisational Development and Governance	Cllr V Kiehl
Enforcement and Regulatory Services	Cllr T Fairclough
Policy, Governance and Communications	Cllr P Follows

Management Board as at 31 March 2024

Joint Chief Executive	Pedro Wrobel
Joint Strategic Director for Legal and Democratic Services	Susan Sale
Joint Strategic Director for Housing, Communities and Environment	Julian Higson
Joint Strategic Director for Place	Dawn Hudd
Joint Strategic Director for Transformation & Governance	Ian Doyle

Joint Strategic Director of Finance & S151 Officer as at 31 March 2024

Richard Bates

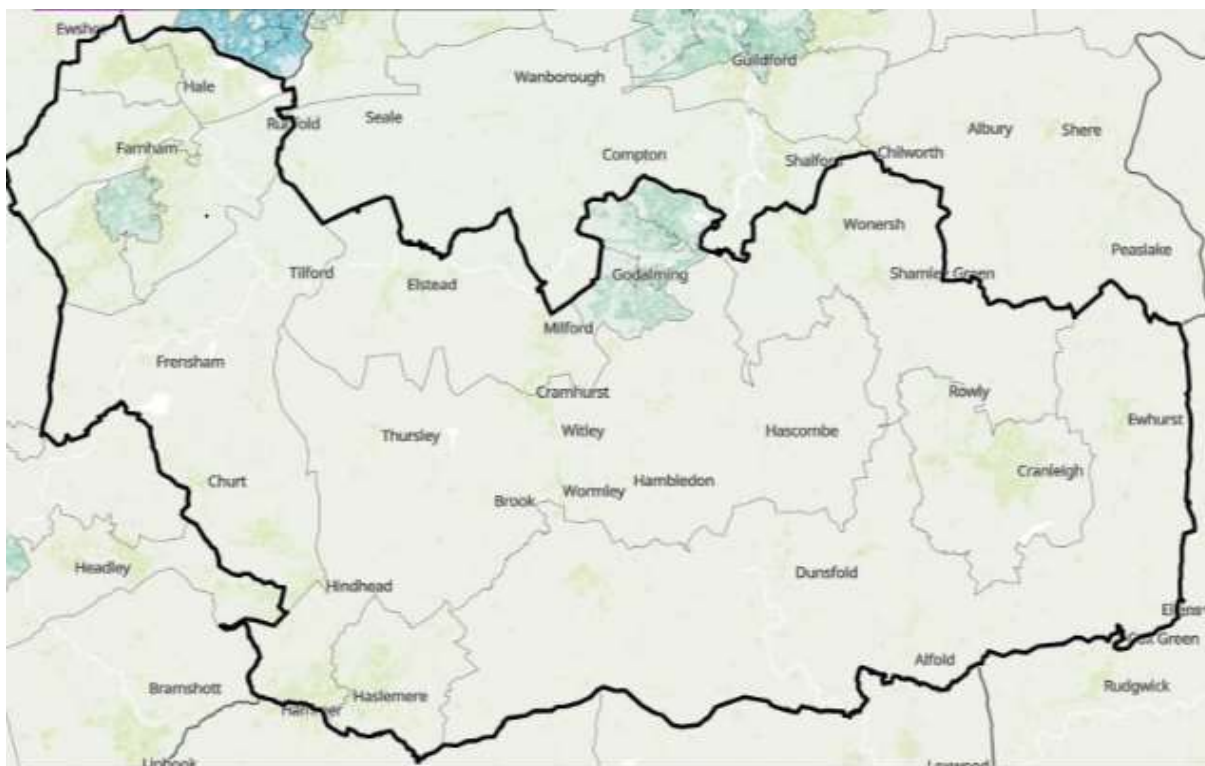
External Auditors

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Contents

	Page Numbers
Narrative Report to the Statement of Accounts	1-10
Statement of Accounts	
Statement of Responsibilities for the Statement of Accounts	11
Financial Statements	
Group Comprehensive Income and Expenditure Statement (CIES)	13-14
Group Movement in Reserves Statement (MiRS)	15-16
Group Balance Sheet (BS)	17
Group Cash-Flow Statement (CFS)	18
Notes to the Financial Statements	
Statement of Main Accounting Policies	20-38
Accounting Standards that have been issued but have not yet been adopted	38
Notes 3 to 38 to the Financial Statements	39-83
Supplementary Financial Statements	
Housing Revenue Account (HRA)	
Income and Expenditure Statement	85
Movement on the Housing Revenue Account Statement	86
Notes to the Housing Revenue Account	87-92
The Collection Fund	93
Notes to The Collection Fund Accounts	94-95
Waverley Borough Council as Trustee of Shottermill Recreation Ground Trust	97-98
Waverley Borough Council as Trustee of Ewart Bequest	99-100
Glossary of Terms and Abbreviations	101-105
Annual Governance Statement	106-132
Audit Opinion	133 - 136

Narrative Report to the Statement of Accounts 2023/2024



Waverley the Place

Waverley Borough is situated in South West Surrey and is a large rural borough characterised by beautiful countryside, distinctive towns and villages. Waverley is shaped by four distinct settlements; Godalming, Farnham, Haslemere and Cranleigh, which bring high streets with character, protected green areas and a diverse business community. Waverley Borough Council (the Council) provides over 110 services to residents and visitors. In May 2023 Waverley held its local elections, the Council maintained its “no party in overall control” status.

In accordance with the Council’s commitment to openness, this Narrative Report to the Statement of Accounts presents an overview of the Council’s finances for the financial year 1 April 2023 to 31 March 2024. It also shows how the Council has performed and identifies the challenges faced and aims to help readers understand the most significant issues reported in the accounts and how they relate to the Council’s overall business.

To achieve its objectives the Council employs approximately 402 staff in full-time and part-time positions, including apprentices, in a wide variety of roles. The Council recognises the importance of investing in the development of its employees through staff development and training programmes to enable the delivery of a quality service.

The financial statements presented are those of the Council and its group entities, comprising Shottermill Recreation Ground Trust and the Ewart Bequest, reflecting the stewardship responsibility the Council has over these charitable funds. The Council is sole trustee for the Shottermill Recreation Ground Trust and the Ewart Bequest. The Shottermill Recreation Ground Trust owns the Haslemere

Narrative Report to the Statement of Accounts 2023/2024

Leisure Centre. The Ewart Bequest owns a small number of dwellings in Farnham that the Council manages and maintains.

Purpose/Services

As a local authority the Council's purpose is to deliver a wide range of services to the local community. It also provides and maintains some 4,798 Council houses.

Financial Headlines – the Council:

- Collected £133m of Council Tax of which £11.6m was kept by the Council to spend on services.
- Collected £31m of Business Rates from business rate payers, most of which was paid to the Government.
- Holds £719m in assets (including Council Dwellings) some of which generate income to help deliver services.
- Ended the year within budget overall on General Fund without needing to draw on the inflation budget contingencies.
- Ended the year underspent on service budgets on the Housing Revenue Account (HRA).
- Spent £6.4m building or purchasing new Council-owned affordable rented homes for Waverley residents.

Strategic objectives and Corporate Strategy

The Council provides services under its overarching Corporate Strategy. The Corporate Strategy 2020-2025 was adopted by the Council in October 2020. The Corporate Strategy provides the Council with direction, priorities and key objectives. Objectives are delivered through annual service plans which are agreed with Members and monitored and reported regularly. The full Corporate Strategy 2020-2025 can be found on the Council's website www.waverley.gov.uk.

Key relationships with other parties for effective service delivery:

- Town and Parish councils
- Surrey County Council
- Guildford Borough Council as collaboration partner
- Community Organisations under Service Level Agreements
- Contractor partners, including waste collection, street cleaning, grounds maintenance, housing and the operation of the Council's leisure centres

Narrative Report to the Statement of Accounts 2023/2024

Achievements in 2023/2024

The social, economic and service consequences of the Ukraine/Russia and Israel/Gaza conflicts continue with new pressures of the external economic environment and the cost of living crisis. The Council team of councillors and officers have responded to these challenges with great dedication, commitment and professionalism.

Key achievements include:

- Delivered the overall budget for 2023/2024 on target, with overspends in a couple of areas offset by surpluses in others.
- Agreed a budget for 2024/2025 with a clear strategy for addressing the medium-term budget shortfall and economic impacts on the Council's finances.
- Waverley council and community continued to respond to the crisis in Ukraine via the Homes For Ukraine scheme.
- Continued to add high quality new dwellings to the Council's housing stock. In addition, the Council continues to work on a number of developments that will result in new properties being available to tenants in the future.

Challenges facing the Council

Financial Pressures

- Impact of economy on 2024/2025 budget, the Medium-Term Financial Plan (MTFP) and HRA Business Plan – see specific statements later in the Narrative report.
- Reducing government funding.
- Uncertainty about future funding coming from the Government's Fair Funding Review, Business Rates proposals and New Homes Bonus.
- High inflation on costs for both revenue and capital.
- High interest rates.

Other

- Demographic changes and the budget pressures of adult social care demands being felt by Surrey County Council and filtering down to Borough Councils.
- Government legislation on homelessness.
- Staff recruitment and retention in key professional roles.
- Local high house prices and demand for affordable housing.
- Market conditions has affected the Authority's income streams of Planning fees, Building Control and Land charges.

Impact of External Economic Environment

2023/24 has seen higher inflation rates than experienced in recent years which has resulted in increased cost of service delivery.

The reaction of the Monetary Committee at the Bank of England has given rise to increased interest rates. This has provided Waverley with increased interest income which has offset some of the additional costs experienced in year.

The external economic environment has also created additional financial pressures for the community, and therefore more demand for services. To support the vulnerable in Waverley the

Narrative Report to the Statement of Accounts 2023/2024

Council has been monitoring the impact of cost of living and has been administering a number of financial support schemes.

Russian invasion of Ukraine

The ongoing conflict in Ukraine has also had impacts on the Council's activities in 2023/2024. The Homes for Ukraine scheme provides accommodation in sponsor's homes. The sponsors who have been providing the homes for these guests have been provided Thank You payments through the government scheme and £862,150 has been paid out in 2023/2024 for this scheme. The refugee support team continues its work into 2024/2025 to provide further support to Ukrainians.

Annual Governance Statement

The Annual Governance Statement (AGS), which is detailed later in the audited financial statements, documents the Council's approach to governance and ensures there are robust rules, systems and information available for managing and delivering services to the local community. The AGS also identifies any issues arising in the year and details actions taken to address them. There have been no significant changes in governance arrangements during the year.

The Council's Audit Committee provides oversight of the arrangements for financial governance as well as the management of risk. The Audit Committee considers any emerging governance matters at each of its meetings.

Financial Performance

The Council has a good track record of sound financial management as endorsed annually by its external auditors.

The Council has a number of short, medium and long-term plans to direct resources into service delivery and outcomes that fulfil its strategic and operational objectives for meeting the needs of the community.

These plans comprise:

Capital Strategy	Brings together the Council's detailed policies, procedures and plans relating to cash investments and property assets.
Medium Term Financial Plan	Sets out the pressures and opportunities for the General Fund over the next four years and strategy to address the forecast funding shortfall to ensure there will be sufficient resources for service delivery.
HRA Business Plan	Sets out the pressures and opportunities for the Housing Revenue Account over the next thirty years and strategy to ensure there will be sufficient resources for service delivery.
Annual revenue budget	To allocate resources to provide services during the year.
Capital programme and projects	Delivery of projects for longer term benefits including income generation. The Council has a three-year rolling capital programme.

Narrative Report to the Statement of Accounts 2023/2024

The key resources on which the Council depends are:

Financial Resources

- Local taxation
- Income raised from fees & charges and property rents
- Grants

Non-Financial Resources

- Skilled and experienced staff
- Partnerships with other organisations
- Information sharing

Revenue expenditure for year

Through sound financial management and budgetary control during 2023/2024 the Council has again maintained service delivery. The outturn position for 2023/2024 is to be reported to the Executive and Council in October 2024. In 2023/2024 Council spending on General Fund Services reported an overall saving against approved budget of £643k against an approved net budget of £13 million, and £300k has been approved for carry forward to 2024/2025. The main contributors to this are:

- Additional Investment Interest income
- Staff savings through deferred recruitment

The finances for the Council's council houses are maintained in a ring-fenced account called the Housing Revenue Account (HRA). The HRA has an agreed 30-year Business Plan. Revenue expenditure for the year was £1.7m under budget. This is a net position due to the following:

- Lower than budgeted Rental Income due to Void Loss
- Additional Investment Interest income
- Staff savings through deferred recruitment

The cost of providing services is detailed in the Comprehensive Income and Expenditure Statement at page 13 and shown in table 1. below

Table 1.	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000
General Fund			
Assets & Property	1,468	(931)	537
Commercial Services	6,005	(7,561)	(1,556)
Communications & Customer Services	289	0	289
Community Services	2,845	(1,420)	1,425
Environment	11,055	(2,879)	8,176
Finance	21,987	(19,259)	2,728
Housing (General Fund)	1,084	(1,056)	28
Legal & Democratic Services	2,354	(553)	1,801
Organisational Development	3,120	(30)	3,090
Planning Development	4,361	(1,373)	2,988
Regeneration & Planning Policy	1,307	(132)	1,175
Regulatory Services	2,385	(1,124)	1,261
Housing Revenue Account	22,391	(32,604)	(10,213)
Subsidiaries (Trusts)	460	(265)	195
Net Cost of Services	81,111	(69,187)	11,924

Narrative Report to the Statement of Accounts 2023/2024

Capital Spend

Spend on the Council's assets totalled some £19.6 million:

Table 2.	Actual
	£'000
Capital Grants	146
House Renovation Grants mainly for disabled people	748
Information Technology to support customer services	282
Climate Change related projects	194
Recreation, Countryside and Leisure facilities	1,577
CIL funded Town & Parish Projects	243
Other minor capital expenditure	125
Property	1,807
New Affordable Homes	6,482
Improving Council Homes	8,022
Total Capital Spend	19,626

Risks and Opportunities

Through understanding risk, the Council is able to support better decision making and identify opportunities, as well as threats, in relation to future service provision. The risk register shows the high-level risks that could prevent the Council from achieving its corporate aims and objectives and includes mitigation against these risks, as well as a risk rating and impact assessment.

The key themes, being the most significant to the Council in achieving its Corporate Strategy objectives are:

- On-going impact of the cost of living crisis and economic environment.
- Finance – Medium Term Financial Plan and addressing the projected budget gap.
- Deliver housing options for people in need of affordable housing.
- Achieving sustainable housing provision for the future.
- A sense of responsibility for our environment, promoting biodiversity and protecting our planet.
- Responsible planning and supporting place-shaping and local engagement in planning policy.
- Promoting the use of environmentally sustainable transport options, including reducing the need to travel and supporting the use of electric vehicles.
- Promoting a business-friendly culture that supports local businesses and helps those wanting to relocate to the borough.
- Delivering an Asset Investment Strategy that supports the local economy.
- Ensuring the council operates in an open, democratic manner where all residents feel valued and able to contribute.

Looking ahead, the following are some key areas of risk and opportunity for the coming year:

- Mitigating the cost-of-living crisis and its impact on local residents and on the Council, in terms of reducing income and higher costs associated with the high levels of inflation experienced.
- Support to the community and to our Ukrainian guests amid the uncertainty of the war, and the associated increase in homelessness presentations.
- Challenges to our carbon neutral action plan from economic and supply chain pressures.

Narrative Report to the Statement of Accounts 2023/2024

- High staff turnover, as seen in many organisations. Recruitment and retention being key in minimising potential effects. Impact on services and cost of agency and interim cover will be under close management scrutiny.
- Implementing the Council resolution to deliver collaboration with Guildford Borough Council.
- Draw in external funding for revenue and capital across all services by utilising the temporary Bid officer post.
- Protecting the Council from the heightened cybercrime risk.

There are a range of risks associated with the delivery of the 2024/2025 budget and forward financial plan aims. This includes the achievement of the various saving/efficiency programmes in place to address the budget shortfall, these are particularly important to identify given the uncertainty in the estimates and local economy caused by the pandemic and rising costs. A summary of the risks to Waverley's finances is included below:

- Achieving savings targets and the uncertainty in the estimates and local economy.
- Limited ability to manoeuvre given that the Council does not have significant non-earmarked reserves.
- One-off adverse impacts such as planning appeals, judicial reviews.
- Government constraints on key income areas widen the service deficits as costs rise.
- Reliance on Council Tax increases, planning, building control and rents income – affected by Government policy, economy and local political decision making.
- Debt levels are at risk with residents and businesses in the borough struggling to cover costs.
- Monitoring and management of debt and recovery will be key through this period.

Financial Statements

This Narrative Report accompanies the Statement of Accounts. The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position at 31 March 2024. The Statement of Accounts, which comprises statements and disclosure notes, has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and complies with International Financial Reporting Standards (IFRS).

The statement of accounts is subject to external audit scrutiny and opinion. This Narrative Report and the Annual Governance Statement, whilst outside the scope of this certification, are considered by the external auditors to confirm in their opinion they are materially consistent with their knowledge of the Council.

Narrative Report to the Statement of Accounts 2023/2024

The Core Financial Statements are:

The **Comprehensive Income and Expenditure Statement** (page 13) which records all the Council's income and expenditure for the year based on the organisational structure under which it operates and manages its services. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

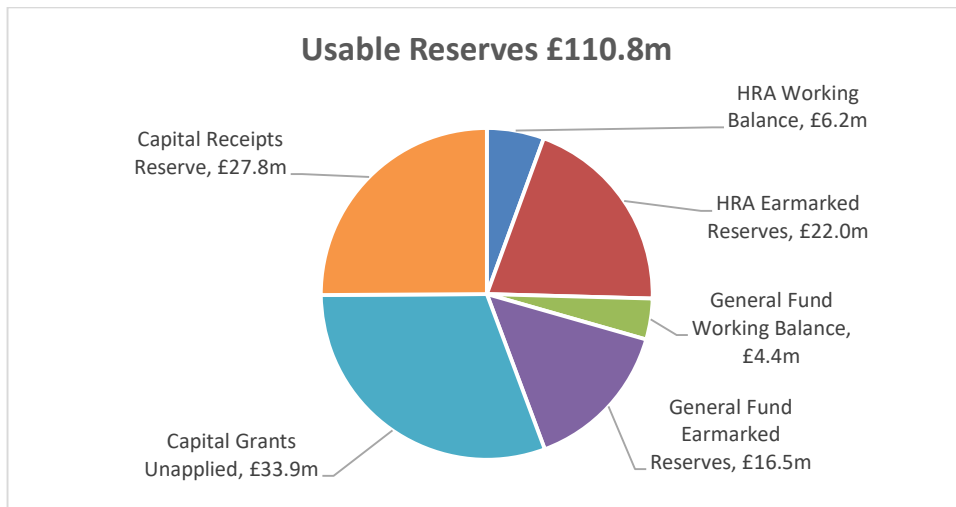
The **Movement in Reserves Statement** (page 15) shows movement in the year on the different reserves held by the Council, analysed into 'usable' reserves, those that can be applied to fund expenditure, invest in capital projects or service improvements and 'unusable' reserves which reflect the value of the Council's non-current assets (Property, Plant and Equipment, Investment Property, Heritage Assets and Intangible Assets) and are not available to be spent.

Usable reserves are maintained at prudent levels and are subject to any statutory limitations on their use. The Council's Financial Strategy and HRA Business Plan set out approved minimum levels of working balances at £3.2million for the General Fund and £2million for the Housing Revenue Account.

The **Balance Sheet** (page 17) shows the value, as at the balance sheet date, of the Council's assets, liabilities, cash balances and reserves.

The Council has usable reserves of £110.8million as at 31 March 2024 which are summarised in figure 3. below.

Figure 3.



The **Cash Flow Statement** (page 18) shows the changes in actual cash and cash equivalents during the year and whether that change is due to operating activities, new investment, or financing activities (such as the repayment of borrowing).

The **Housing Revenue Account** (page 85) details the expenditure, funded from rents, on the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

Narrative Report to the Statement of Accounts 2023/2024

The **Collection Fund** (page 93) summarises the collection of Council Tax and Business Rates and the redistribution to preceptors, the Government, and the Council's General Fund.

Measuring Performance in 2023/2024

The Council measures and monitors performance in a number of ways:

- ❖ At a **strategic** level the Council sets out its objectives in the Corporate Strategy and measures performance against these objectives.
- ❖ At a **service level** the three yearly rolling Service Plans are prepared, with an annual review process in the Autumn, setting out the service specific actions that underpin the delivery of the Corporate Strategy goals. Progress on Service Plans actions is reported to service specific Overview & Scrutiny Committees.
- ❖ At an **operational** level the Council uses a set of key performance indicators to monitor performance in services such as housing, environment, planning and leisure. The final performance figures for 2023/2024 will be reported to the Overview and Scrutiny Committees in June and the Executive in July 2024.
- ❖ At an **individual** level the Council operates a system of personal performance reviews which set objectives and assess performance against objectives.
- ❖ Management of cash flow is monitored during the year with a target of achieving an average daily cash balance of less than £25,000.

Looking ahead – addressing the financial challenges

As Chief Financial Officer I consider that, under the circumstances, the Council is well placed to face the challenges ahead given the Council's approved financial plan and its track record responding to budget pressures.

In the light of continued financial pressure from government cuts and the impact of new legislation the Council must adapt to the challenges and changes ahead. The Council has developed plans which include focusing on strengthening resilience in operations and policies including financial and staffing. The budget strategy comprising a multi-programme approach to cost saving and income generation will put the Council in a stronger position to withstand the financial challenges it faces in the future.

The medium- and long-term strategies and plans to address any future funding shortfalls include:

- Cost savings from better procurement.
- Cost savings from collaboration with Guildford Borough Council.
- More commercial approach and explore new and increased income opportunities.
- Business transformation and customer service improvement.
- Property income including regeneration.
- Council Tax increases.

The Council's aim is to continue providing high quality services and replace diminishing traditional resources with alternative sources of income whilst also reducing its cost base.

Narrative Report to the Statement of Accounts 2023/2024

To use its resources to maximum effect the Council will continue to:

- Strengthen its approach to risk management while also recognising this may bring opportunities to try new ventures and ways of working.
- Spend appropriately to keep its assets fit to maintain service delivery.
- Consider different or innovative ways of delivering services including partnership working where appropriate.
- Improve performance and project management.
- Review all services and their budgets to identify areas of further efficiency and value.

Richard Bates, Joint Strategic Director of Finance & Resources and S151 Officer

Dated: 20/02/2025

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Joint Strategic Director of Finance & Resources (Chief Finance Officer and 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.

The Chief Finance Officer's responsibilities

The Joint Strategic Director of Finance & Resources (Chief Finance Officer and Section 151 Officer) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

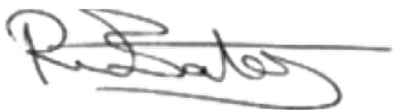
In preparing this Statement of Accounts the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code.

The Chief Finance Officer has also:

- kept proper accounting records which are up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

We certify that the Statement of Accounts gives a true and fair view of Waverley Borough Council's financial position at 31 March 2024 and of its income and expenditure for the year then ended.



Richard Bates
Joint Strategic Director of Finance and Resources
& Section 151 Officer



Councillor Julian Spence
Audit & Risk Committee (Chairman)

Dated: 20 February 2025

Dated: 20 February 2025

Financial Statements

Group Comprehensive Income and Expenditure Statement

Group Movement in Reserves Statement

Group Balance Sheet

Group Cash-Flow Statement

Group Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Local Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements, this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/2023				2023/2024		
Gross Expenditure £'000 (Restated)	Gross Income £'000 (Restated)	Net Expenditure £'000 (Restated)		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			Continuing Operations			
			General Fund			
1,619	(498)	1,121	Assets & Property	1,467	(803)	664
6,055	(7,586)	(1,531)	Commercial Services	6,005	(7,435)	(1,430)
241	0	241	Communications & Customer Services	468	0	468
2,744	(3,979)	(1,235)	Community Services	2,366	(941)	1,425
10,629	(2,538)	8,091	Environment	11,055	(2,381)	8,674
21,861	(19,464)	2,397	Finance	21,861	(19,735)	2,126
1,169	(929)	240	Housing (General Fund)	1,084	(1,056)	28
2,102	(421)	1,681	Legal & Democratic Services	2,354	(553)	1,801
3,422	(168)	3,254	Organisational Development	3,119	(27)	3,092
4,134	(1,193)	2,941	Planning Development	4,355	(1,367)	2,988
1,420	(54)	1,366	Regeneration & Planning Policy	1,307	(305)	1,002
2,854	(769)	2,085	Regulatory Services	2,435	(674)	1,761
19,843	(31,557)	(11,714)	Housing Revenue Account (p85)	21,915	(32,130)	(10,215)
480	(275)	205	Subsidiaries (Trusts)	459	(265)	194
78,573	(69,431)	9,142	Net Cost of Services	80,250	(67,672)	12,578
		3,976	Precepts of Parish/Town Councils			4,331
		30	Contribution of Housing Capital Receipts to Government Pool			0
		(1,480)	(Gain)/Loss on disposal of non-current assets			(732)
			Financing and Investment Income and Expenditure			
		5,194	Interest payable and similar charges			5,036
		1,778	Pension Interest Cost & Expected Return on Pension Assets (note 36)			799
		(1,703)	Interest and Investment Income			(3,856)
		886	Investment Properties (note 16)			(1,937)
		369	Impairment Losses (Financial Assets)			356
			Taxation and Non-Specific Grant Income & Expenditure			
		(15,340)	Council Tax income			(16,127)
		(2,424)	Business Rates income and expenditure (note 10)			(2,432)
		(2,297)	Non-ringfenced Government grants (note 11)			(2,087)
		(12,291)	Capital grants and contributions (note 33)			(10,282)
		(14,160)	(Surplus)/Deficit on Provision of Services			(14,353)
		(28,933)	(Surplus)/Deficit on revaluation of non-current assets (p66)			1,461
		(51,476)	Remeasurement on Pension Fund Assets & Liabilities (p78)			(11,779)
		(80,409)	Other Comprehensive Income and Expenditure			(10,318)
		(94,569)	Total Comprehensive Income and Expenditure			(24,671)

Reconciliation of the Single Entity Surplus for the Year to the Group Surplus

This reconciliation statement summarises the difference between the outturn on the Group Comprehensive Income and Expenditure Statement and the Single Entity (Surplus) or Deficit.

The role of this reconciliation is to show how the various group entities have contributed to the overall (Surplus)/Deficit on the Group Comprehensive Income and Expenditure Statement.

2022/2023		2023/2024	
£'000		£'000	
9,142	Group Net Cost of Services		12,578
	Less Subsidiary transactions:		
	Net cost of Services		
(244)	Shottermill Recreation Ground		(218)
39	Ewart Bequest		24
8,937	Single Entity Net Cost of Services		12,384
(23,302)	Group Other Income and Expenditure		(26,931)
	Less Subsidiary transactions:		
2	Shottermill Recreation Ground		7
25	Ewart Bequest		62
(23,275)	Single Entity Other Income and Expenditure		(26,862)
(14,338)	(Surplus)/Deficit for the year on the Single Entity Comprehensive Income and Expenditure Statement		(14,478)
(14,160)	(Surplus)/Deficit on Provision of Services - Group (page 13)		(14,353)
(178)	Less Subsidiary transactions (identified above)		(125)
(14,338)	(Surplus)/Deficit for the year on the Single Entity Comprehensive Income and Expenditure Statement		(14,478)

Group Movement in Reserves Statement 2023/2024

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable' reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. The statement shows how the movements in year of the Council's reserves are broken down 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 and rents for the year. The Net (Increase)/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	Usable Reserves					Total Usable Reserves	Total Unusable Reserves See note 25	Total Authority Reserves	Trust Reserves	Total Group Reserves
	General Fund Balances	Housing Revenue Account Balances	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(20,640)	(29,729)	(2,544)	(29,976)	(25,555)	(108,444)	(463,106)	(571,550)	(17,387)	(588,937)
Movement in reserves during 2023/2024										
Total Comprehensive Income and Expenditure	(7,633)	(6,845)	0	0	0	(14,478)	(10,367)	(24,845)	174	(24,671)
Adjustments between accounting basis and funding basis under regulations (note 8)	7,352	9,919	1,073	2,128	(8,322)	12,150	(12,150)	0	0	0
(Increase)/Decrease in 2023/2024	(281)	3,074	1,073	2,128	(8,322)	(2,328)	(22,517)	(24,845)	174	(24,671)
Balance at 31 March 2024 (carried forward)	(20,921)	(26,655)	(1,471)	(27,848)	(33,877)	(110,772)	(485,623)	(596,395)	(17,213)	(613,608)

Group Movement in Reserves Statement 2022/2023 - comparative information

	General Fund Balances	Housing Revenue Account Balances	Usable Reserves Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves See note 25	Total Authority Reserves	Trust Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(20,677)	(32,962)	(1,729)	(27,392)	(14,423)	(97,183)	(379,746)	(476,929)	(17,439)	(494,368)
Movement in reserves during 2022/2023										
Total Comprehensive Income and Expenditure	(7,540)	(6,798)	0	0	0	(14,338)	(80,283)	(94,621)	52	(94,569)
Adjustments between accounting basis and funding basis under regulations (note 8)	7,577	10,031	(815)	(2,584)	(11,132)	3,077	(3,077)	0	0	0
(Increase)/Decrease in 2022/2023	37	3,233	(815)	(2,584)	(11,132)	(11,261)	(83,360)	(94,621)	52	(94,569)
Balance at 31 March 2023 (carried forward)	(20,640)	(29,729)	(2,544)	(29,976)	(25,555)	(108,444)	(463,106)	(571,550)	(17,387)	(588,937)

Group Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the 31 March of the assets and liabilities of the Council. The net assets (assets less liabilities) of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and to any statutory limitations on their use. The second category is those that the Council is not able to use to provide services. This category of reserves is called 'unusable' reserves (see note 25).

31 March 2023		31 March 2024			
Group £'000		Note	Single Entity £'000	Subsidiaries (Trusts) £'000	Group £'000
	Property, Plant and Equipment	12			
543,221	Council Dwellings		542,165	1,491	543,656
84,832	Other Land and Buildings		69,421	13,801	83,222
2,087	Vehicles, Plant and Equipment		3,291	86	3,377
530	Infrastructure Assets		493		493
218	Community Assets		218		218
7,002	Assets Under Construction		11,753		11,753
637,890			627,341	15,378	642,719
37,398	Investment Property	16	38,953		38,953
1,174	Heritage Assets		1,170		1,170
267	Intangible Assets		446		446
15,086	Long Term Investments	17	35,753		35,753
3,758	Long Term Debtors		1,536		1,536
695,573	Total Long-Term Assets		705,199	15,378	720,577
	Current Assets				
67,685	Short Term Investments	17	49,885		49,885
87	Inventories		72		72
16,644	Short Term Debtors	21	21,311	1,837	23,148
14,456	Cash and Cash Equivalents	22	5,218		5,218
98,872	Total Current Assets		76,486	1,837	78,323
794,445	Total Assets		781,685	17,215	798,900
	Current Liabilities				
(8,628)	Short Term Borrowing	17	(9,550)		(9,550)
(24,143)	Short Term Creditors	23	(23,938)	0	(23,938)
(1,085)	Provisions	17&37	(1,115)		(1,115)
(1,720)	Cash and Cash Equivalents	22	(1,452)	0	(1,452)
(35,576)	Total Current Liabilities		(36,055)	0	(36,055)
	Long-Term Liabilities				
(149,771)	Long-term Borrowing	17	(140,286)		(140,286)
(17,255)	Pensions Liability	36	(5,424)		(5,424)
(2,906)	Capital Grants Receipts in Advance		(3,528)		(3,528)
(169,932)	Total Long-Term Liabilities		(149,238)	0	(149,238)
588,937	Net Assets		596,392	17,215	613,607
	Financed by:				
(110,227)	Usable Reserves	24	(110,771)	(1,835)	(112,606)
(478,710)	Unusable Reserves	25	(485,623)	(15,378)	(501,001)
(588,937)	Total Reserves		(596,394)	(17,213)	(613,607)

Group Cash-Flow Statement

The Cash-Flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation, grant income or from 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. Cash-flows arising from financing activities are useful in predicting claims on future cash-flows by providers of capital (i.e. borrowing) to the Council.

2022/2023			Single Entity £'000	2023/2024 Subsidiaries (Trusts) £'000	Group Total £'000
£'000					
		Note			
(14,160)	Net (Surplus)/Deficit on the Provision of Services *		(14,477)	126	(14,351)
711	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	26	(7,280)	(328)	(7,608)
17,283	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	26	15,656	202	15,858
3,834	Net Cash-flows from Operating Activities	29	(6,101)	0	(6,101)
9,796	Investing Activities	27	5,984		5,984
2,166	Financing Activities	28	9,087		9,087
15,796	Net (increase)/decrease in Cash and Cash Equivalents		8,970	0	8,970
28,532	Cash and Cash Equivalents at the beginning of the reporting period		12,736	0	12,736
12,736	Cash and Cash Equivalents at the end of the reporting period	22	3,766	0	3,766
(15,796)	Movement in Cash increase/(decrease)		(8,970)	0	(8,970)

* See Group Comprehensive Income and Expenditure Statement page 13 and 14.

For notes on the Group Cash-Flow Statement see notes 26-29.

Statement of Main Accounting Policies

1. Statement of Main Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's consolidated group account transactions for the 2023/2024 financial year and its position at the year-end on 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, those Regulations are required 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 2023/2024 (the Code), supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts have been prepared on a going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

The Chief Finance Officer reviews the Accounting Policies to give assurance that there are no material changes to those previously approved for the financial year.

The Group Accounts consolidate the accounts of the Shottermill Recreation Ground Trust and the Ewart Bequest (see 1.22). The accounts for these Trusts are prepared in accordance with The Charities Act 2011, and applicable regulations.

The accounting convention adopted in the Statement of Accounts is historical cost with the exception of the revaluation of certain categories of non-current assets and financial instruments.

The notes to the accounts represent the single entity accounts but have been supplemented by additional notes incorporating group transactions where the activity is material.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. However, as the Council borrowings and investments are either of a short duration or have fixed-interest rates, the 'effective interest rate' accounting method is generally equal to the fixed contractual cash flows on a single investment.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. The de minimis for the accrual of a single item is £1,000.
- Revenue from Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Where the amount of an item of revenue or expenditure relating to the financial year is not known at the 31 March, estimation techniques are applied to ensure that the accounts reflect the most likely position.

1.3 Council Tax and Business Rates

Billing authorities act as agents, collecting Council Tax and Business Rates on behalf of the major preceptors (including Central Government for Business Rates), and as principals, collecting Council Tax and Business Rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amount of Council Tax and Business Rates collected could be less or more than estimated.

Accounting for Council Tax and Business Rates

The Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. Regulations, however, determine the amount of Council Tax and Business Rates that must be included in the Council's General Fund. The difference, therefore, between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and Business Rates relating to arrears, impairment allowances for bad debts, overpayments, prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge

made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are, in accordance with the Council's Treasury Management Policy, investments identified as meeting short-term needs rather than for investment purposes. They are identified as those held 'on call' with a bank or building society rather than invested in longer term Fixed Deposits. They are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.5 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.

1.6 Charges to Revenue for Non-Current Assets

Non-Current Assets are all Property, Plant, Equipment, Intangible and other assets that bring longer term benefits (for a period of more than one year) to the Council, its customers and the services it provides.

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. Depreciation, revaluation and impairment losses and amortisation are, therefore, replaced by a contribution in the General Fund Balance

of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

The General Fund is required to make an annual contribution from revenue towards a provision for repaying non-financed capital expenditure calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is called the Minimum Revenue Provision (MRP).

1.7 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the appropriate service, or where applicable, to a corporate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Most employees of the Council are members of the statutory Local Government Pension Scheme administered by Surrey County Council (the Surrey Pension Fund). This scheme provides defined benefits to members (retirement lump sums and annual pensions), earned while employees of the Council.

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

- The liabilities of the Surrey Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., 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 projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 4.8% in 2023/2024.
- The assets of the Pension Fund attributed to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Finance and Property Services segment. Annual pension increases are calculated using CPI.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.
 - Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities - not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-

end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Events after the Reporting Period

Events after the Balance Sheet date 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.

1.9 Financial Instruments

The definition of a financial instrument is “any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity”.

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables (trade debtors) and trade payables (trade creditors) to more complex transactions such as financial guarantees, derivatives and embedded derivatives. However, the Council has no complex financial instruments. The Council's borrowings and investment transactions are also classified as financial instruments. There has been no change in the valuation technique used during the year for the financial instruments. Amounts relating to Council Tax, Business Rates and payments and overpayments of Housing Benefit etc are outside the scope of these accounting provisions as they are statutory debts and do not arise from contracts.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or another financial asset to another entity or an obligation to exchange financial assets and liabilities with another entity under conditions that are potentially unfavourable to the Council.

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the Council's borrowing, this means that the amount presented on the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Borrowing costs are interest payments and other costs incurred in connection with the borrowing of funds. The Council has a policy of expensing borrowing costs, and they are recognised as expenditure in the period in which they are incurred.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that are represented by cash or other instruments or a contractual right to receive cash or another financial asset.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, on 31 March the interest due but not received is included with the investment figure shown on the Balance Sheet, rather than treated as a debtor.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council's portfolio of investments and Trade Receivables are measured at amortised cost. This form of measurement does not change the amount of cash receivable under the terms of the transaction.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit and Loss

The Council does not have any material assets on its Balance Sheet classified as required to be measured at Fair Value through Profit or Loss.

1.10 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund or Housing Revenue Account Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Grants to cover general expenditure, e.g. retained Business Rate income and New Homes Bonus are non-ring-fenced and are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The Council approved its Community Infrastructure Levy (CIL) Scheme which took effect from March 2019. The levy is 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 is used to fund a number of infrastructure projects to support the development of the area.

The CIL is received without outstanding conditions. It is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, up to 5% of the charges may be used to fund revenue expenditure for administration expenses.

1.11 Heritage Assets

Heritage assets are assets held and maintained principally for their contribution to knowledge and culture and are intended to be preserved in trust for future generations because of their cultural, historical, artistic, scientific, technological, geological or environmental associations. Provided that they meet this definition, heritage assets can be tangible such as historic buildings, civic regalia, museum collections and works of art or intangible such as recordings of historical events.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see 1.17 page 31 in this Statement of Main Accounting Policies). If a heritage asset is disposed of, the proceeds would be accounted for in accordance with the Council's general provisions relating to the disposal of Property, Plant and Equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see 1.17 page 31).

Recognition and Measurement: Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and Equipment. They are principally

measured at insurance valuation based on market value updated annually or external valuation if appropriate.

The Council has set a de minimis level for the recognition of heritage assets of £5,000.

Depreciation: Most of the heritage assets are not subject to depreciation because of indeterminable lives, high residual values or the valuations being updated annually. However, depreciation may be charged if appropriate and in accordance with the Council's general policies on depreciation shown at 1.17 on page 31.

1.12 Interests in Companies and Other Entities

The Council, as sole Trustee, has a material interest in the Shottermill Recreation Ground Trust and the Ewart Bequest. According to the Code both are considered a subsidiary for the purpose of preparing this Statement of Accounts and, therefore, the Council is required to produce group accounts incorporating the accounts of the Shottermill Recreation Ground Trust and the Ewart Bequest Trust.

1.13 Long-term Contracts

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.14 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. In such cases the asset is then accounted for as property, plant and equipment.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, Investment Properties are measured at highest and best use. They are not depreciated but are revalued annually, by the Council's external valuer, according to market conditions at the year-end unless the carrying value is not materially different from the fair value. Gains and losses on revaluation are accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15 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 to use 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

Finance Leases

The Council has no material assets acquired under finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset 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 Comprehensive Income and Expenditure Statement 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 on the Comprehensive Income and Expenditure Statement 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 – 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 Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement 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 Movement in Reserves Statement. 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 in the movement in Reserves Statement. 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 apportioned to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

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 Net Cost of Services or Investment Properties in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not 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.

The Council owns a number of non-current assets that are leased out under operating leases.

1.16 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance. The HRA element is charged to the Housing Revenue Account.

1.17 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition: Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Council has a de minimis level for the recognition of non-current assets of £5,000 for vehicles, plant and equipment (including Information Technology equipment) and £10,000 for land and buildings.

Component Accounting: This requires assets to be separated into component parts and recognised, depreciated and derecognised separately where those component parts have a cost that is significant in relation to the total cost of the asset and require a different useful life and method of depreciation to be used.

Measurement: Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be their fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure– depreciated historical cost.
- Community assets – Historical Cost.
- Assets under construction – Capital Cost.
- Dwellings - current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH).
- Land and Buildings – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).
- Vehicles, Plant and Equipment – depreciated historical cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Council Dwellings and Land and Buildings were valued in accordance with the Royal Institute of Chartered Surveyors (RICS) Statement of Asset Valuation Practice and Guidance Notes (Red Book) as supplemented by the Manual of Valuation (White Book). The Council’s external valuer, Montagu Evans, undertook the valuations of General Fund and HRA Land and Buildings.

Assets included in the Balance Sheet at current value are revalued regularly, and as a minimum every five years, to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

The de minimis level for land and buildings is £10,000 and vehicles, plant and equipment £5,000.

Impairment: Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation: Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their estimated useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is charged to the services that receive the benefit of the assets during the year. It is reversed out of the Comprehensive Income and Expenditure Statement via the Movement in Reserves Statement.

Depreciation is calculated on the following bases:

- Council Dwellings and other Buildings (General Fund and HRA non dwelling) – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, Plant and Equipment – straight-line allocation over the useful life of the asset.
- Infrastructure – straight-line allocation over the useful life of the asset.

- Surplus Assets – straight-line allocation over the useful life of the asset as estimated by the valuer.

Depreciation on HRA assets – depreciation is charged in accordance with proper practices to the HRA. The Code requires an amount equal to the total depreciation charge for all HRA assets to be transferred to the Major Repairs Reserve (MRR) to establish resources available for capital spend on HRA assets. This is transacted through the Movement in Reserves Statement to remove the impact on the HRA.

The estimated useful lives for depreciation purposes are reviewed on revaluation and when assets are coming to the end of their current useful life. Estimated useful lives are updated, if appropriate, and the new estimated useful life used to calculate the depreciation charge for the year by dividing the carrying value of the asset over the new estimated useful life. Where useful lives have been changed in 2023/2024, the effect on the depreciation charge for the year is immaterial.

Where an item of Property, Plant and Equipment asset has major components with a significant cost in relation to the total cost of the item, the components are depreciated separately.

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.

Newly acquired/enhanced assets receive a full depreciation charge in their first year, regardless of the precise timing of the expenditure. Assets disposed of receive no depreciation charge in the year of disposal.

Following a revaluation, a full year of depreciation is charged in the year of revaluation on the new valuation.

Disposals and Non-Current Assets Held for Sale: When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and is then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

The Council has a provision for losses on backdated Business Rate appeals that would be unavoidable costs if the District Valuer upheld appeals.

Waverley sets an amount aside from revenue to meet potential bad debts, but this does not meet the definition of a provision.

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. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised on the Balance Sheet but disclosed in a note to the accounts.

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 assets are not recognised on the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.19 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits - they do not represent usable resources for the Council. These reserves are detailed in the notes to the financial statements on pages 65-68.

1.20 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.21 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability 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 assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use 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 use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3 - unobservable inputs for the asset.

1.22 Group Accounts

Nature of Interest: The Group Accounts consolidate the accounts of the Shottermill Recreation Ground Trust and the Ewart Bequest in the form of a subsidiary relationship as the Council is the sole trustee of both and has the ability to direct the operating and financial policies (within Trust objectives) with a view to gaining service potential from the activities undertaken by the Trusts.

Shottermill Recreation Ground Trust (Haslemere Leisure Centre) is an important part of the Council's Leisure provision. In 2008 the Council entered into a 15 year management contract for the operation of this centre.

The Ewart Bequest owns land at Farnham on which are built small dwellings suitable for elderly people of limited financial resources. It is an important part of the Council's housing service.

Basis of Consolidation: The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council, the Shottermill Recreation Ground Trust and the Ewart Bequest, each having a year-end of 31 March 2024.

The assets of the trust are revalued in line with the accounting policies at 1.17.

Degree of Commitment: The Council performs a role of stewardship over the charitable trusts included in the Group Accounts. As such it has a degree of commitment to meet any accumulated deficits or losses. However, the risks associated with this commitment are not considered material.

Trust Accounts: The annual report and accounts for the Trusts are prepared in accordance with The Charities Act 2015, and applicable regulations. The Statement of Financial Activities and Balance Sheets for the Trust Accounts for the year ended 31 March 2024 are included on pages 97 to 100 for information.

The full charity accounts are subject to audit/review according to audit thresholds. For the 2023/2024 accounts both the Shottermill Recreation Ground Trust and the Ewart Bequest are subject to independent review. The accounts can be obtained from the Charity Commission website:

<http://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx> or Waverley Borough Council.

2. Accounting Standards that have been issued but have not yet been adopted

The Council is required to disclose information relating to the impact of an accounting change required by a new standard that has been issued, but not yet adopted, in the 2023/2024 financial statements.

For the 2023/2024 accounts the accounting changes to disclose are in relation to:

- IFRS 16 Leases – issued in January 2016 – the Council decided not to implement this accounting change in the 2023/24 year.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) – issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) – issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) – issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – issued in May 2023.

The accounting changes detailed above are not anticipated to have a material impact on the financial statements of the Council.

Notes to the Financial Statements

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Although many minor judgements have been made in the process of creating these accounts (e.g. whether a lease is a finance or operating lease based on the indicators detailed in the Code) the only critical judgements made in the Statement of Accounts are as follows:

1. Group Accounts

The Statement of Accounts is prepared on a Group Accounts basis incorporating the accounts of the two Trusts (see Accounting Policies on page 37). Management has determined the relationship is in the form of a subsidiary due to the control of the trusts by the Council as sole trustee. The judgements made in relation to the Trusts follow the Accounting Policies as set out in Note 1. unless the Charities Commission Statement of Recommended Practice determines otherwise.

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 made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Asset Valuations, Impairments and Fair Value Measurements

Asset valuation (including Fair Value measurement) and impairment is based on an estimate and the Council draws on the expertise of its Valuer to calculate valuations, useful lives and impairment reviews in accordance with professional guidance. When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible professional judgement is required. These judgements typically include considerations such as uncertainty and risk. However, changes in assumptions used could affect the fair value of the authority's assets and liabilities. For investment properties, a 5% change in the valuation of these properties would result in a movement of +/- £1.9m in the closing balance.

Pension Liability

Estimation of the net liability to pay pensions depends on several 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 investments. The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied. The sensitivity of the liability to these judgements are disclosed in note 36.

5. Events after the Reporting Period

The Statement of Accounts was authorised for issue on 20 February 2025 by Mr Richard Bates, Joint Strategic Director of Finance & Resources and S151 Officer for Waverley Borough Council.

Events taking place after this date are not reflected in the financial statements or notes. When events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no significant material events which took place after 31 March 2024 which (although not relating to conditions at that date) provided information that is relevant to an understanding of the Council's financial position at that date.

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/2023			2023/2024		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
General Fund					
678	443	1,121	521	143	664
(2,871)	1,340	(1,531)	(2,300)	870	(1,430)
129	112	241	412	56	468
(1,386)	151	(1,235)	1,371	54	1,425
7,101	990	8,091	7,819	855	8,674
3,116	(719)	2,397	3,907	(1,781)	2,126
185	55	240	15	13	28
1,437	244	1,681	1,743	58	1,801
2,797	457	3,254	2,994	98	3,092
1,964	977	2,941	2,865	123	2,988
1,189	177	1,366	960	42	1,002
1,757	328	2,085	1,677	84	1,761
(11,940)	226	(11,714)	(2,004)	(8,211)	(10,215)
4,156	4,781	8,937	19,980	(7,596)	12,384
(1,701)	(21,574)	(23,275)	(17,186)	(9,676)	(26,862)
2,455	(16,793)	(14,338)	2,794	(17,272)	(14,478)
2022	Opening Balances as at 1 April		2023		
(20,677)	General Fund		(20,640)		
(32,962)	Housing Revenue Account		(29,729)		
(53,639)	Total Usable Reserves		(50,369)		
Surplus or Deficit in year					
See MiRS (p15) Net (Increase)/ Decrease before Transfers to Earmarked Reserves:					
37	General Fund		(281)		
3,233	Housing Revenue Account		3,074		
3,270			2,793		
2023	Closing Balances as at 31 March		2024		
(20,640)	General Fund		(20,921)		
(29,729)	Housing Revenue Account		(26,655)		
(50,369)	Total Usable Reserves		(47,576)		

For notes on the Expenditure and Funding Analysis see notes 6A to 7

6A. Note to the Expenditure and Funding Analysis

2023/2024

Adjustments from the General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes ¹	Net Charge for the Pension Adjustments ²	Other Differences ³	Total Adjustments
	£'000	£'000	£'000	£'000
General Fund				
Assets & Property	(130)	(13)	0	(143)
Commercial Services	(816)	(54)	0	(870)
Communications & Customer Services	(56)	0	0	(56)
Community Services	(29)	(25)	0	(54)
Environment	(803)	(52)	0	(855)
Finance	820	961	0	1,781
Housing (General Fund)	0	(13)	0	(13)
Legal & Democratic Services	(13)	(45)	0	(58)
Organisational Development	0	(98)	0	(98)
Planning Development	0	(123)	0	(123)
Regeneration & Planning Policy	(14)	(28)	0	(42)
Regulatory Services	(21)	(63)	0	(84)
Housing Revenue Account	7,807	404	0	8,211
Net Cost of Services	6,745	851	0	7,596
Other income and expenditure from the Expenditure and Funding Analysis		(799)	10,475	9,676
Difference between Surplus or Deficit and Comprehensive Income & Expenditure Statement (Surplus) or Deficit on the Provision of Services	6,745	52	10,475	17,272

Adjustments from the General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts

	Adjustments for Capital Purposes ¹	Net Charge for the Pension Adjustments ²	Other Differences ³	Total Adjustments
	£'000	£'000	£'000	£'000
General Fund				
Assets & Property	(378)	(65)	0	(443)
Commercial Services	(1,047)	(293)	0	(1,340)
Communications & Customer Services	(112)		0	(112)
Community Services	(7)	(144)	0	(151)
Environment	(683)	(307)	0	(990)
Finance	(53)	772	0	719
Housing (General Fund)	0	(55)	0	(55)
Legal & Democratic Services	(3)	(241)	0	(244)
Organisational Development	0	(457)	0	(457)
Planning Development	(384)	(593)	0	(977)
Regeneration & Planning Policy	(4)	(173)	0	(177)
Regulatory Services	(9)	(319)	0	(328)
Housing Revenue Account		(226)	0	(226)
Net Cost of Services	(2,680)	(2,101)	0	(4,781)
Other income and expenditure from the Expenditure and Funding Analysis	19,743	(1,778)	3,609	21,574
Difference between Surplus or Deficit and Comprehensive Income & Expenditure Statement (Surplus) or Deficit on the Provision of Services	17,063	(3,879)	3,609	16,793

1 - Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service 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 receivable in the year to those receivable without conditions or for which conditions were satisfied throughout 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.

2 - Net Charge for the Pension Adjustments

Net charge for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related income and expenditure:

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

3 - Other Statutory Adjustments

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

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- 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 Business Rates 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 Surpluses or Deficits on the Collection Fund.

6B. Segmental Income

This note analyses the **material** revenue income received from external customers on a segmental basis:

2022/2023 £'000		2023/2024 £'000
	Income from Services	
(5,421)	Commercial Services *	(6,223)
(29,849)	Housing Revenue Account	(32,071)
(35,270)	Total	(38,294)

* Commercial Services - Car Park Income, Building Control Services and Waverley Training Services

7. Expenditure and Income analysed by nature

The Council's expenditure and income is analysed as follows:

2022/2023 £'000		2023/2024 £'000
	Expenditure/Income	
	Expenditure	
25,791	Employee costs	25,215
48,380	Other service expenses	49,608
(1,086)	Support Service recharges *	(1,058)
8,619	Depreciation, amortisation, impairment and revaluation losses	9,895
5,221	Interest payments	5,105
3,976	Precepts and levies	4,331
30	Payment to Housing Capital Receipts Pool	0
369	Impairment Losses (Financial Assets)	356
2,588	Gain on fair value of Investment Properties	0
93,888	Total Expenditure	93,452
	Income	
(45,401)	Fees, charges and other service income*	(49,072)
(3,782)	Interest and Investment Income	(5,516)
(15,340)	Council Tax income (includes Towns & Parishes)	(16,127)
(27,508)	Government Grants and Contributions*	(23,490)
(2,424)	Business Rates distribution	(2,432)
(12,291)	Capital grants and contributions	(10,282)
(1,480)	Gain on disposal of non-current assets	(732)
0	Gain on fair value of Investment Properties	(278)
(108,226)	Total Income	(107,929)
(14,338)	(Surplus) or Deficit on the Provision of Services	(14,477)

* The credit reflects the staff recharges to areas outside of the Net Cost of Services in the Comprehensive Income and Expenditure Statement such as capital schemes.

8. Adjustments between accounting basis and funding basis under regulations

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council 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 on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. The balance is not available to be applied to fund Housing Revenue Account services.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure, as defined by the 1989 Act, that is available to fund future expenditure in connection with the Council's landlord function.

Major Repairs Reserve

The Council is required to maintain the HRA Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the resources that have yet to be applied at the year-end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new 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 the year-end.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) 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 grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

The statements on the following pages detail these adjustments.

Adjustments between accounting basis and funding basis under regulations						
2023/2024	Usable Reserves					
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Adjustments £'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to or from the Pensions Reserve) (see note 36)	(175)	226				51
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	(607)					(607)
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):						
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(1,108)	(275)	(6,898)			(8,281)
Total Adjustments to Revenue Resources	(1,890)	(49)	(6,898)	0	0	(8,837)
Adjustments between Revenue and Capital Resources						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	225	1,293		(1,518)		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	0			0		0
Statutory provision for the repayment of debt	262	8,561				8,823
Capital expenditure charged against the General Fund and HRA balances	547					547
Total Adjustments between Revenue and Capital Resources	1,034	9,854	0	(1,518)	0	9,370
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure				3,645		3,645
Use of the Major Repairs Reserve to finance new capital expenditure			7,971			7,971
Capital grants and contributions unapplied credited to the CIES	8,208	114			(8,322)	0
Total Adjustments to Capital Resources	8,208	114	7,971	3,645	(8,322)	11,616
Total Adjustments	7,352	9,919	1,073	2,127	(8,322)	12,149

CIES - Comprehensive Income and Expenditure Statement

Adjustments between accounting basis and funding basis under regulations						
2022/2023 Comparative figures	Usable Reserves					
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Adjustments £'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to or from the Pensions Reserve) (see note 36)	(3,267)	(612)				(3,879)
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	3,609					3,609
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):						
Reversal of entries included in the (Surplus) or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(4,957)	(1,460)	(6,532)		618	(12,331)
Total Adjustments to Revenue Resources	(4,615)	(2,072)	(6,532)	0	618	(12,601)
Adjustments between Revenue and Capital Resources						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	203	3,080		(3,283)		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	(30)			30		0
Statutory provision for the repayment of debt	201	7,998				8,199
Capital expenditure charged against the General Fund and HRA balances	68	1,025				1,093
Total Adjustments between Revenue and Capital Resources	442	12,103	0	(3,253)	0	9,292
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure				669		669
Use of the Major Repairs Reserve to finance new capital expenditure			5,717			5,717
Capital grants and contributions unapplied credited to the CIES	11,750				(11,750)	0
Total Adjustments to Capital Resources	11,750	0	5,717	669	(11,750)	6,386
Total Adjustments	7,577	10,031	(815)	(2,584)	(11,132)	3,077

CIES - Comprehensive Income and Expenditure Statement

9. Transfers to/from Earmarked and Other Specific Reserves

This sets out the amounts set aside from the General Fund and HRA balances in earmarked and other specific reserves to provide financing for future expenditure plans for the General Fund and HRA expenditure.

1 April 2023 Balance £'000	Reserve	Net Movement in year £'000	31 March 2024 Balance £'000	Purpose of Reserve
	General Fund			
(285)	Revenue Reserve Fund (RRF)	(111)	(396)	The RRF is a General Fund Reserve used for financing capital expenditure and supporting revenue.
(2,482)	Business Rates Retention Equalisation Reserve	0	(2,482)	To provide for the exposure to fluctuations in rateable values and deficit timing differences
(1,081)	Business Rates Reserve	(1,115)	(2,196)	For timing differences and deficit spreading as per covid grant support
(2,506)	Homes for Ukraine Grant	399	(2,107)	Funding to support Ukrainian refugees in Waverley
(9,739)	Other Earmarked Reserves	399	(9,340)	Other reserves and funds
(16,093)	Total	(428)	(16,521)	

	Housing Revenue Account			
0	New Affordable Housing Reserve	0	0	Reserves created from surplus generated as a result of HRA self-financing - combined into New Development Impact Reserve
0	Dwelling Stock Improvement Reserve	0	0	
(19,716)	New Development Impact Reserve	426	(19,290)	
(2,543)	Major Repairs Reserve	1,072	(1,471)	Set aside for additional programme of work to dwellings
(677)	Other	(480)	(1,157)	Other reserves and funds
(22,936)	Total	1,018	(21,918)	

10. Business Rates income and expenditure

The Business Rates Income and Expenditure in the Comprehensive Income and Expenditure Statement comprise:

2022/2023 £'000	2023/2024 £'000
(12,395) Business Rates income	(13,244)
14,402 Tariff	15,038
(4,431) Business Rates compensation grants	(4,226)
(2,424)	(2,432)

Business Rates compensation grants specifically compensate the council for loss of income because of changes to reliefs and other measures since the start of the Business Rates Retention scheme in April 2013.

11. Government Grants

The Council credited the following government grants, contributions and donations to the CIES.

Restated 2022/2023 £'000		2023/2024 £'000
	Taxation and Non Specific Grant Income	
(4,431)	<u>Business Rates Income & Expenditure - see note 10</u>	(4,226)
	<u>Non-ringfenced Government Grants</u>	
(1,613)	New Homes Bonus	(873)
0	Funding Guarantee	(1,003)
(138)	Services Grant	(81)
(546)	Other Revenue Grants	(130)
(2,297)		(2,087)
0	<u>Non-ringfenced Non-Government Contribution</u>	0
(2,297)		(2,087)
(12,291)	<u>Capital Grants and contributions - note 33</u>	(10,282)
	Credited to Services	
(9,327)	Housing Benefit Rent Allowance Subsidy	(9,663)
121	Housing Benefit Rent Allowance Subsidy - prior year adjustments	133
(9,026)	Housing Benefit Rent Rebate Subsidy	(8,834)
(34)	Housing Benefit Rent Rebate Subsidy - prior year adjustments	0
(709)	Homelessness Prevention Grant	(985)
0	Digital Plan Improvement Fund	(100)
(704)	Better Care Fund	0
(188)	Education and Skills Funding Agency	0
0	UK Shared Prosperity Fund	(290)
(236)	Household Support Fund	(328)
0	Afghan Refugee Support	(198)
0	Council Tax Support Scheme	(117)
(206)	Housing Benefit Administration	(192)
(107)	Discretionary Housing Payments	(113)
(171)	Business Rates Collection Allowance	(169)
(85)	Council Tax Support Administration	0
(2,724)	Ukraine Core Grant	0
(725)	Other Contributions	0
(1,046)	Other Revenue Service Grants	(542)
(25,167)		(21,398)
	<u>Covid-19 related government grants</u>	
8	Additional Restrictions Grants	(5)
0	Council Tax Discount	0
(44)	Business Grant Administration	0
(8)	Test & Trace Grants	0
(44)		(5)
(25,211)	Total Credited to Services	(21,403)

Business Rates compensation grants from Government are presented in Business Rates income and expenditure (see

New Homes Bonus - is based on an average national Council Tax amount and is paid to the Council according to the total net increase in homes in the Borough between each September and the total number of empty homes being

12. Group Property, Plant and Equipment (PPE)

Movements in 2023/2024

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Community Assets £'000	Assets under Construction £'000	Total PPE £'000
Cost or Valuation							
At 1 April 2023	543,221	85,030	6,555	1,512	218	7,002	643,538
Additions/enhancement	10,373	67	1,139			5,099	16,678
Donations			331				331
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(8,227)	332					(7,895)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,324)	(286)					(1,610)
Derecognition Disposals	(562)	(116)	(478)	(12)			(1,168)
Other Reclassifications	175		348			(348)	175
At 31 March 2024	543,656	85,027	7,895	1,500	218	11,753	650,049
Depreciation and Impairments							
At 1 April 2023	0	(198)	(4,468)	(982)	0	0	(5,648)
Charge for 2023/2024	(6,326)	(1,724)	(412)	(37)			(8,499)
Depreciation written out to the Revaluation Reserve	6,326	117					6,443
Depreciation written out to the Surplus/Deficit on the Provision of Services							0
Impairment (losses)/ reversals recognised in the Revaluation Reserve							0
Derecognition Disposals			362	12			374
Other Reclassifications							0
At 31 March 2024	0	(1,805)	(4,518)	(1,007)	0	0	(7,330)
Balance Sheet amount at 31 March 2024	543,656	83,222	3,377	493	218	11,753	642,719

Movements in 2022/2023

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infra- structure £'000	Community Assets £'000	Assets under Construction £'000	Total PPE £'000
Cost or Valuation							
At 1 April 2022	513,049	84,709	7,001	1,512	218	5,793	612,282
Additions/enhancement	6,742		481			6,186	13,409
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	20,251	719					20,970
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(58)	(378)					(436)
Derecognition Disposals	(1,740)	(20)	(927)				(2,687)
Other Reclassifications	4,977					(4,977)	0
At 31 March 2023	543,221	85,030	6,555	1,512	218	7,002	643,538
Depreciation and Impairments							
At 1 April 2022	0	(112)	(5,027)	(936)	0	0	(6,075)
Charge for 2022/2023	(6,321)	(1,887)	(349)	(46)			(8,603)
Depreciation written out to the Revaluation Reserve	6,268	1,629					7,897
Depreciation written out to the Surplus/Deficit on the Provision of Services	53	160					213
Derecognition Other		12	908				920
At 31 March 2023	0	(198)	(4,468)	(982)	0	0	(5,648)
Balance Sheet amount at 31 March 2023	543,221	84,832	2,087	530	218	7,002	637,890

13. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources used for its financing. 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, a measure of the capital expenditure incurred historically that is yet to be financed.

	2022/2023 £'000	2023/2024 £'000	
Opening Capital Financing Requirement	184,292	181,401	
Capital Investment			
Property, Plant and Equipment ¹	13,409	16,527	
Investment Properties ²	0	1,452	
Intangible Assets	56	295	
Revenue Expenditure Funded from Capital under Statute ³	1,311	1,212	
Long Term Investments	0	0	
Total Capital Expenditure	14,776	19,486	
Sources of finance			
Grants and Other Contributions ⁴	(1,989)	(3,006)	
Major Repairs Reserve	(5,717)	(7,971)	
Capital Receipts	(669)	(3,645)	
Revenue	(1,093)	(547)	
Repayment of Loans Fund Advances	(7,998)	(8,561)	
Minimum Revenue Provision	(201)	(261)	
Total Capital Financing	(17,667)	(23,991)	
Closing Capital Financing Requirement	181,401	176,896	(176,893)
Movement			
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(2,891)	(4,505)	

1. This figure is the single entity additions in note 12 Property, Plant and Equipment assets.

2. This figure matches the additions in note 16 Investment Properties.

3. Revenue Expenditure Funded from Capital under Statute is treated as capital for control purposes.

However, it forms part of the (surplus) or deficit on the Comprehensive Income and Expenditure Statement.

4. Includes grants and contributions towards the Council's assets and non-Council owned assets.

14. Commitments under Capital Contracts

As at 31 March 2024, the major capital contracts entered into were as follows:

Contract	Purpose	Approximate value of remaining contractual commitment	Period of Investment
Housing Revenue Account		£'000	
	Kitchen & Bathroom replacements	2,533	2022-27
	30 New Council Dwellings in Godalming	1,499	2022-24

15. Revaluation Information

Valuation of property assets carried at fair value

The Council carries out a rolling programme of revaluations ensuring that all property assets are revalued at least every five years. All valuations were carried out internally by the Council's Estates and Valuation team who are members of the Royal Institute of Chartered Surveyors. The following statement shows when the assets were most recently valued.

The basis for valuation is set out in the Statement of Accounting Policies at page 32.

Carrying Value at 31 March 2024	Council Dwellings HRA Only £'000	Other Land and Buildings £'000	Trust Assets £'000	Total £'000
Valued at fair value in:				
2023/2024	542,165	5,808	1,492	549,465
2022/2023	-	64,633	13,734	78,367
2021/2022	-	26	-	26
2020/2021	-	2,864	-	2,864
2018/2019	-	4	65	69
Total	542,165	73,335	15,291	630,791

16. Investment Property

The Council's investment property portfolio comprises mainly industrial units together with miscellaneous properties including shops.

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2022/2023		2023/2024
£'000		£'000
(2,079)	Rental Income	(2,005)
377	Direct Operating Expenses	348
2,588	Net (gains) or losses from fair value adjustments	(280)
886	Net (gain)/loss	(1,937)

The Council's ability to realise the value of its investment property has, in some circumstances, been restricted by the existence of long leases. However, there are no restrictions on the Council's right to the remittance of income and the proceeds of disposal.

The Council has no contractual obligations to purchase, construct or develop investment property.

Movement on Investment Property

Investment Properties are valued in accordance with the Accounting Policies 1.14 on page 29. They have been valued as Level 2 in the fair value hierarchy.

The following table summarises the movement in the fair value of investment properties for the year:

2022/2023		2023/2024
£'000		£'000
39,986	Balance at start of the year	37,398
0	Additions	1,452
	Disposals	
(2,588)	Net gains or (losses) from fair value adjustments	278
	Derecognition Other	
0	Transfers (to)/from Dwellings	(175)
37,398	Balance at end of the year	38,953

17. Financial Instruments Balances

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Council that are represented by cash or other instruments or a contractual right to receive cash or another financial asset.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Council that is represented by a contractual obligation to deliver cash or other financial assets to another entity or an obligation to exchange financial assets and liabilities with another entity under conditions that are potentially unfavourable to the Council.

The Balance Sheet shows the following categories of Financial Instrument:

31 March 2023 Balance			31 March 2024 Balance	
Long-Term £'000	Current £'000		Long-Term £'000	Current £'000
Financial Assets at amortised cost				
15,086	67,685	Investments	35,753	49,885
0	12,639	Trade Receivables (Debtors note 21)	0	16,285
0	14,456	Cash and Cash Equivalents	0	5,218
15,086	94,780	Total Financial Assets	35,753	71,388
3,758	4,004	Debtors that are not financial instruments	1,536	5,026
0	87	Other non financial instruments	0	72
18,844	98,871	Total	37,289	76,486
Financial Liabilities at amortised cost				
(149,771)	(8,628)	Borrowings	(140,286)	(9,550)
0	(10,043)	Trade Payables (Creditors note 23)	0	(12,836)
0	(1,720)	Cash and Cash Equivalents	0	(1,452)
(149,771)	(20,391)	Total Financial Liabilities	(140,286)	(23,838)
0	(15,882)	Creditors that are not financial instruments	0	(11,100)
0	(1,085)	Provisions that are not financial instruments	0	(1,115)
(149,771)	(37,358)	Total	(140,286)	(36,053)

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. Financial Instruments Income, Expense, Gains and Losses

Gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to Financial Instruments are made up as follows:

2022/2023 £'000	Surplus or deficit on the provision of services	2023/2024 £'000
	Interest revenue	
(1,703)	Financial assets measured at amortised cost	(3,856)
5,221	Interest expense *	5,105
3,518	Net (gain)/loss for the year	1,249

* The majority of interest paid was to the Public Works Loan Board (PWLb).

19. Fair Value of Financial Assets and Liabilities

The Council's financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. However, the Council is required to disclose the fair value of each class of financial asset and financial liability for comparison.

The fair value of Financial Assets and Financial Liabilities that are not measured at fair value

The only Financial Instrument where the Fair Value differs materially from the Balance Sheet carrying amount is the loan portfolio from the PWLB (on the New Loan Rate basis). The fair value of the loan portfolio was provided by Link Asset Services, an external independent consultancy service, it was assessed by:

- i) calculating the amounts the Council would have had to pay (including penalty charges or discounts) for early repayment of these loans on the relevant dates (Premature Repayment Rate) and
- ii) comparing the terms of the Council's loans with PWLB new borrowing rates (New Loan Rate).

The final maturity date of this debt is scheduled to be 3 September 2040. This is a Level 2 valuation - "other significant observable inputs" (see accounting policy 1.21 on page 36).

31 March 2023 Balance			31 March 2024 Balance	
Carrying amount £'000	Fair value £'000		Carrying amount £'000	Fair value £'000
		Financial Liabilities		
158,399		PWLB Borrowing	149,836	
	157,728	(i) Premature Repayment Rate basis		146,306
	149,028	(ii) New Loan Rate basis		138,855
		Financial Assets		
82,000	81,419	Fixed term deposits	85,638	80,202

In particular, relating to the (i) Premature Repayment Rate basis assessment, the Fair Value of the PWLB financial liability (Borrowings) is slightly lower than the carrying amount because, should the Council wish to repay the loans early, particularly the loans with a start date from 28/03/2012, the interest payable on the fixed PWLB loans is lower than the prevailing rates offered by the PWLB. This shows a small notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest below current market rates.

The Fair Value of Trade payables and Trade receivables is taken to be the invoice amount.

The Council's investment portfolio at the Balance Sheet date consisted entirely of call account deposits and fixed term deposits with Banks, Building Societies, Housing Associations and Local Authorities. The maturity dates of all investments except seven long term investments were within 12 months of the Balance Sheet date. The long term investments worth £5m each are due to mature; 3 in 2025, 3 in 2026 and 1 in 2029. None of the investments were impaired (i.e. considered at risk of default).

20. Nature and Extent of Risks arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities.

Investments were made in compliance with the Council's Treasury Management Strategy 2023/2024 which is based on CIPFA's latest Code of Practice on Treasury Management in Public Services. Risk is mitigated through the Annual Investment Strategy (contained in the Treasury Management Policy) in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. The guidance emphasises that priority is to be given to security, liquidity and yield in that order.

The Council's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management, in relation to treasury management, is carried out by Senior Accountants in consultation with the Section 151 Officer under policies approved by the Council in the Treasury Management Policy.

The Council's Annual Investment Strategy (AIS) for 2023/2024, which reviews the arrangements and approved limits for the operation of the Council's Treasury Management Policy, can be found on the Council's website www.waverley.gov.uk (Council Feb 24 meeting).

The Council's activities expose it to a variety of financial risks:

- | | |
|-------------------|---|
| credit risk | - the possibility that other parties might fail to pay amounts due to the Council. |
| liquidity risk | - the possibility that the Council might not have funds available to meet its commitments to make payments. |
| re-financing risk | - the possibility that the Council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms; and |
| market risk | - the possibility that financial loss may arise for the Council as a result of changes in such measures as interest rates and stock market movements. |

The 2023/2024 year has seen significant market volatility with inflation increasing then decreasing and increased interest rates. Although towards the end of 2023/2024 these economic indicators have seemed to stabilise, this volatility has been taken into consideration in the financial risk to the Council's activities as described below.

Credit Risk

The Council's credit risk arises from deposits with banks and financial institutions as well as credit exposures to the Council's customers.

The Council manages risk through its Treasury Management Framework, which includes the Treasury Management Practices, to minimise risk. The Treasury Management Framework is approved at a full Council meeting prior to the financial year over which it will cover.

All of the Council's £90 million external investments as at 31 March 2024 (£82 million total investments as at 31 March 2023) were either in UK banks, Building Societies, Housing Associations (H/A) or Local Authorities.

The average number of days to maturity of the investments including the HSBC savings account and Lloyds call account (new in 23-4) as at 31 March 2024 was 184 (265 as at 31 March 2023). The average rate of investment return in 2023/2024 was 3.9% (1.6% in 2022/2023).

Expected Credit Loss

Deposits with County Councils or other Local Authorities are not subject to the requirement to make a loss allowance as statutory provisions prevent default.

Credit risk for the deposits with banks and building societies is deemed to be low. Waverley has never experienced losses from its investments with bank and building societies despite the financial environment over the past decade. Any credit or resultant liquidity risk is mitigated by application of the Council's approved Treasury Management Practices which sets out the Council's approach to risk and includes restrictions on counterparties involved, limits on amounts invested, restrictions on investment periods, types of instruments used, credit ratings etc. Additionally, it is the Council's policy to hold only Sterling investment in order to avoid currency/exchange risk.

The Council has no experience of default on its investments and does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The table below summarises the nominal value of the Council's investment portfolio as at 31 March 2024 and confirms that all investments were made in line with the Council's Treasury Management Policy.

Counterparty Fitch credit rating when Investment placed	Credit Rating Criteria met when Investment placed	Credit Rating Criteria met on 31 March 2024	Balance Invested as at 31 March 2024			Total
			Length of investment from date invested to maturity date			
			Instant access	up to 1 year	over 1 year	
			£'000	£'000	£'000	£'000
Not rated ¹	LA	LA		25,000	25,000	50,000
Equivalent	H/A	H/A			20,000	20,000
A+ stable	Y	Y	10,216	5,000		15,216
A+ negative	N/A	N/A				0
A stable	N/A	N/A				0
A negative	Y	Y		4,000		4,000
Totals			10,216	34,000	45,000	89,216

1. The Council had ten deposits with other Local Authorities as at 31 March 2024, four of which remain over a year in duration. Local Authorities are not generally rated individually but are considered equivalent to Government institutions and fall within the Annual Investment Strategy.

The comparative figures for the Council's investment portfolio as at 31 March 2023 are below:

Counterparty Fitch credit rating when Investment placed	Credit Rating Criteria met when Investment placed	Credit Rating Criteria met on 31 March 2023	Balance Invested as at 31 March 2023			Total
			Length of investment from date invested to maturity date			
			Instant access	up to 1 year	over 1 year	
			£'000	£'000	£'000	£'000
Not rated 2	LA	LA		15,000	20,000	35,000
Equivalent	H/A	H/A			20,000	20,000
A+ stable	Y	Y	14,450	15,000		29,450
A+ negative	N/A	N/A				0
A stable	N/A	N/A				0
A negative	Y	Y		12,000		12,000
Totals			14,450	42,000	40,000	96,450

2. The Council had seven deposits with other Local Authorities as at 31 March 2023, four of which are for over a year in duration. Local Authorities are not generally rated individually but are considered equivalent to Government institutions and fall within the Annual Investment Strategy.

Trade Receivables

There are no material trade receivable debts which pose a credit risk to the Council at the Balance Sheet date which have not been covered by the impairment allowance (for bad debts).

The impairment allowances for trade receivables have been calculated using general past experience of default for the particular classes of debtor taking into account the age of outstanding debts and the economic climate at the balance sheet date.

An invoice is generally 'past due' after it has been raised. The credit quality of the trade receivables, which are neither past due nor impaired, is considered good. Of the trade debtors that are not impaired, the amount that is past due for payment is considered fully recoverable and therefore risk is minimal on this amount.

Liquidity risk

The Council has a comprehensive cash-flow management process that seeks to ensure that cash is available as needed. If unexpected movements happen the Council has ready access to borrowings from the market and the PWLB and maintains a prudent amount invested on call at all times. There is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. In the event that the Council needs to raise additional finance to fund its capital plans, the Council would need to consider refinancing some of its long-term borrowing (PWLB loans repayable on maturity between 0.5 years and 17.5 years). The PWLB loans will be reviewed in the future as part of the Council's financial strategy.

All trade and other creditor payables are due to be paid in less than one year.

It is considered that the Council has no material exposure to liquidity risk.

The maturity profile of the nominal value of the Council's debt was as follows:

31 March 2023 £'000	% of total debt portfolio	Years	31 March 2024 £'000	% of total debt portfolio
8,561	6%	Short Term Borrowing < 1 year	9,485	6%
40,830	26%	Long Term Borrowing ≥ 1 year ≤ 5 years	43,287	29%
68,709	43%	>5 years ≤ 10 years	73,199	49%
36,994	23%	>10 years ≤ 15 years	20,562	14%
3,238	2%	>15 years ≤ 20 years	3,238	2%
158,332	100%	Total Borrowing	149,771	100%

Market risk - interest rate risk

The Council is potentially 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 market. For instance, a rise in interest rates would have the following effects on the Council:

- borrowings at fixed rates - the fair value of the liabilities borrowings will fall.
- investments at variable rates - the interest income credited to the (Surplus) or Deficit on the Provision of Services will rise (the Council's practice is to deal only in fixed rate investments).
- investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest receivable on variable rate investments would be posted to the (Surplus) or Deficit on the Provision of Services and affect the General Fund Balance.

The Council's practice is to deal only in fixed rate sterling and fixed term investments. The Council's investments were all held at fixed rates as at 31 March 2024.

The Council received £3.857m interest on its external investments in 2023/2024 at an average rate of return of 3.9%. If the average rate had been 1% less (i.e. 2.9%) the Council would have received approximately £989,000 less income; a 1% increase (4.9%) in rate of return would similarly have produced approximately £989,000 more income.

The fair value (premature repayment rate) of the Council's fixed rate PWLB borrowings (carrying value £149,836,000 including accrued interest) was £146,306,000 at 31 March 2024. If the discount rates (defined as the prevailing premature repayment interest rates) had been 1% less, the fair value of the Council's loans would have been £154,779,000 (£8,473,000 higher, but with no impact on the (Surplus) or Deficit on the Provision of Services or other Comprehensive Income and Expenditure). If the discount rates had been 1% higher the fair value of the loans would be £138,489,000 (£7,816,000 less, but again with no impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure).

There would be an early repayment discount by refinancing of £3,466,000. However the interest rates are significantly higher for replacement loans so any debt restructure would need careful analysis before being undertaken.

Interest Rate profile of financial liabilities	31/03/2023	31/03/2024
Total £'000	(158,399)	(149,836)
Weighted average interest rate (%)	3.2	3.2
Weighted average period (years)	7.1	6.5

Market risk - price risk

The Council does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

Market risk - foreign exchange risk

The Council has no financial assets or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

21. Short Term Debtors

31 March 2023 Balance £'000		31 March 2024 Balance		
		Single Entity £'000	Subsidiaries (Trusts) £'000	Group Total £'000
Debtors				
12,639	Trade Receivables	16,285	0	16,285
995	Prepayments	866	0	866
3,009	Other Receivable Amounts	4,160	1,837	5,997
3,758	Long Term Debtors	1,536		1,536
20,401	Total Debtors net of Impairment Allowance	22,847	1,837	24,684
4,349	Impairment Allowance	4,553		4,553

22. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2023 Balance £'000		31 March 2024 Balance £'000	
6	Cash held by the Council	0	
14,450	Short-term investments *	5,218	
14,456	Cash & Cash equivalents - current assets	5,218	
(1,720)	Bank current accounts	(1,452)	
(1,720)	Cash & Cash equivalents - current liabilities	(1,452)	
12,736	Total Cash and Cash Equivalents	3,766	

'Short-term investments' are those held on 'call' with a bank rather than invested in longer term Fixed Deposits.

* £1,835 of the monies held in Trust is invest in a short term investment

23. Short Term Creditors

31 March 2023 Balance £'000		31 March 2024 Balance		
		Single Entity £'000	Subsidiaries (Trusts) £'000	Group Total £'000
Creditors				
(10,046)	Trade Payables	(12,838)	0	(12,838)
(4,115)	Government Related Payables	(3,392)		(3,392)
(9,982)	Other payables	(7,708)		(7,708)
(24,143)	Total	(23,938)	0	(23,938)

'Government Related Payables' creditors above include grants which the Council have not yet met the grant conditions, but plan to in the 2024/2025 financial year. Until the conditions are met, the grants are repayable therefore held as creditors.

24. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

25. Unusable Reserves

The Council has a number of unusable reserves in the Balance Sheet. These are required to be held for statutory reasons and to comply with proper accounting practice.

31 March 2023 Balance £'000			31 March 2024 Balance £'000	
(194,896)	Revaluation Reserve	See page 66	(193,241)	Holds unrealised gains and losses on revaluation of assets
(284,844)	Capital Adjustment Account	See page 67	(297,792)	Store of capital assets set aside to represent past expenditure
17,255	Pension Reserve	See note 36 from page 77 & page 68	5,424	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet
(621)	Collection Fund Adjustment Account	See page 68	(14)	Holds difference between CIES and statutory requirements
(463,106)	Total Unusable Reserves		(485,623)	

Explanation of Movements on Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. 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 1 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.

The movement on the Revaluation Reserve is made up as follows:

2022/2023 Movement £'000		2023/2024 Movement £'000	
(167,266)	Balance at 1 April 2023		(194,896)
(32,476)	Upward Revaluations of assets	(10,844)	
3,669	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	12,256	
(28,807)	(Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services		1,412
582	Difference between fair value depreciation and historical cost depreciation	41	
595	Accumulated gains on assets sold or scrapped	202	
1,177	Amount written off to the Capital Adjustment Account		243
(27,630)	Net Movement in year		1,655
(194,896)	Balance at 31 March 2024		(193,241)
Group (Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services (to CIES page 13)			
(28,807)	Single entity		1,412
(494)	Shottermill Recreation Ground Trust		7
368	Ewart Bequest		42
(28,933)			1,461

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. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The movement on the Capital Adjustment is made up as follows:

2022/2023 Movement £'000		2023/2024 Movement £'000
(280,320)	Balance at 1 April	(284,844)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (see note 8):	
8,279	Depreciation of non-current assets	8,169
223	Revaluation losses & reversals on Property, Plant & Equipment	1,615
117	Amortisation of intangible assets	115
	Revenue expenditure funded from capital under statute	
1,803	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	786
10,422		10,685
(1,177)	Adjusting amounts written out of the Revaluation Reserve	(243)
9,245	Net written out amount of the cost of non-current assets consumed in the year	10,442
	Capital financing applied in the year:	
(669)	Use of the Capital Receipts Reserve to finance new capital expenditure	(3,644)
(5,717)	Use of the Major Repairs Reserve to finance new capital expenditure	(7,971)
(541)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,794)
(138)	Application of grants to capital financing from the Capital Grants Unapplied Account	0
(8,199)	Repayment of borrowing	(8,822)
(1,093)	Capital expenditure charged against the General Fund and HRA balances	(547)
(16,357)		(22,778)
2,588	Movements in the fair value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(280)
	Other	(332)
(4,524)	Net Movement in year	(12,948)
(284,844)	Balance at 31 March	(297,792)

Pensions Reserve

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

See Pensions note 36 for further detail

Restated 2022/2023 £'000		2023/2024 £'000
64,852	Balance at 1 April	17,255
(51,476)	Remeasurements of the net defined benefit liability/(asset)	(11,779)
7,858	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,983
(3,979)	Employer's pensions contributions and direct payments to pensioners payable in the year	(4,035)
<u>(47,597)</u>	Net Movement in year	<u>(11,831)</u>
17,255	Balance at 31 March	5,424

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compare with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/2023 £'000		2023/2024 £'000
2,988	Balance at 1 April	(621)
(3,609)	Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements.	607
<u>(621)</u>	Balance at 31 March	<u>(14)</u>

26. Cash-Flow Statement - Operating Activities

The Cash-Flow Statement has been prepared using the indirect method. This method derives the revenue cash flow by adjusting the Net (Surplus) or Deficit on the provision of services in the Comprehensive Income and Expenditure Statement to a cash basis.

Adjustments are made for non-cash items which include depreciation and impairments, accruals and the non-cash element of the pensions liability (as set out in the Accounting Policies).

The cash-flows for operating activities includes the following items (on a cash basis):

2022/2023		2023/2024
£'000		£'000
5,157	Interest paid	4,946
(1,194)	Interest received	(2,267)

The (Surplus) or Deficit on the Provision of Services has been adjusted for the following non-cash movements:

2022/2023		2023/2024
£'000		£'000
(8,279)	Depreciation	(8,169)
(223)	Impairment and downward valuations	(1,615)
(117)	Amortisations	(115)
(812)	(Increase)/Decrease in Impairment Allowance	(204)
15,910	(Increase)/Decrease in Creditors	415
2,048	Increase/(Decrease) in Debtors	2,577
79	Increase/(Decrease) in Inventories	(15)
(3,879)	Pensions liability	51
(1,803)	Carrying amount of non-current assets sold	(786)
559	Provisions	(30)
(2,588)	Movements in the value of Investment Properties	280
0	Donated Assets	331
895	Total non-cash movements	(7,280)

The (Surplus) or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

2022/2023		2023/2024
£'000		£'000
1,703	Proceeds from Short-term Investments (cash interest on investments)	3,856
3,283	Proceeds from the sale of Property, Plant and Equipment	1,518
12,291	Grants received for financing of capital expenditure	10,282
17,277		15,656

27. Cash-Flow Statement - Investing Activities

2022/2023 £'000		2023/2024 £'000
12,897	Purchase of Property, Plant and Equipment and Intangible assets	19,230
47,000	Purchase of Short-term and Long-term Investments	77,500
(46,194)	Proceeds from Short-term Investments	(77,767)
(3,283)	Proceeds from the sale of Property, Plant and Equipment	(1,518)
(624)	Capital Grants and contributions received for the cost of purchasing Property, Plant and Equipment or Intangible assets	(11,461)
9,796	Net cash-flows from Investing Activities	5,984

28. Cash-Flow Statement - Financing Activities

2022/2023 £'000		2023/2024 £'000
7,998	Repayments of Short-term Borrowing	8,561
(1,581)	The difference between the preceptors' share of Council Tax cash collected and net cash paid to preceptors for their precept and settlement of the estimated (surplus)/deficit on the Collection Fund	(117)
(4,251)	The difference between Central Government and major preceptors' share of Business Rates income cash collected and net cash paid to Central Government and major preceptors	643
2,166	Net cash-flows from Financing Activities	9,087

29. Cash-Flow Statement - Major classes of gross cash receipts and payments

The gross cash receipts attributable to the Council and gross cash payments from operating activities are set out below:

2022/2023 £'000		2023/2024 £'000
	Gross cash receipts	
(15,340)	Council Tax collected in the year attributable to the Council	(16,127)
(12,644)	Business Rates income	(13,371)
(22,090)	Grants	(26,163)
(20,797)	Housing Rents	(22,260)
(18,365)	Sales of goods and services	(30,687)
(89,236)	Cash inflows from operating activities	(108,608)
	Gross cash payments	
14,402	Waverley Business Rates tariff to Central Government	15,082
22,054	Cash paid to and on behalf of employees	27,921
9,642	Housing Benefit paid out	9,976
3,976	Precepts paid	4,331
0	Payments to the capital receipts pool	0
28,292	Cash paid to suppliers of goods and services	31,414
5,157	Interest paid	4,946
9,688	Other payments for operating activities	8,837
93,211	Cash outflows generated from operating activities	102,507
3,975	Net cash-flows from Operating Activities	(6,101)

30. Officers' Remuneration

The definition of remuneration here includes all amounts paid to or receivable by an employee other than employer's pension contributions and includes sums by way of taxable expense allowances and the estimated monetary value of any benefits.

The number of employees (including those whose remuneration has been disclosed individually in the Senior Officers table at the bottom of this page) whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2022/2023 Number of Employees	Remuneration Band	2023/2024 Number of Employees
19	£50,000 - £54,999	21
9	£55,000 - £59,999	9
5	£60,000 - £64,999	9
2	£65,000 - £69,999	3
0	£70,000 - £74,999	4
3	£80,000 - £84,999	0
6	£85,000 - £89,999	1
0	£90,000 - £94,999	8
0	£95,000 - £99,999	1
1	£120,000 - £124,999	0
0	£125,000 - £129,999	3
0	£145,000 - £149,999	1
1	£155,000 - £159,999	0
1	£180,000 - £184,999	0
47	Total	60

Salary range bandings that are zero for both financial years have been omitted.

1. Number remaining in post at year end 31st March 2024 is 54

From October 2022, Waverley Borough Council share a Senior Management team with Guildford Borough Council.

The remuneration disclosures for designated Senior Officers for 2023/2024 are:

2023/2024						
Name & Title (where applicable)	Salary (including fees & allowances) £	Expense allowance & Benefits in kind £	Total pre-tax remuneration received by employee £	Employer's Pension Contributions £	Total Remuneration inc. pension contributions £	Net cost to Waverley £
Tom Horwood Joint Chief Executive ¹ (to 09/02/2024)	146,911	0	146,911	23,652	170,563	85,281
Joint Strategic Director - Transformation and Governance ¹	129,601	0	129,601	21,877	151,478	75,739
Joint Strategic Director - Community and Wellbeing ¹ (to 31/03/2024)	129,069	0	129,069	22,200	151,269	75,634
Joint Strategic Director - Place ¹	128,478	0	128,478	21,877	150,355	60,142
Joint Strategic Director - Legal and Democratic Services (from 01/03/2024)	2,750		2,750	473	3,223	1,612
Executive Head of Finance - S151 Officer (to 03/09/2023) ²	47,683	0	47,683	8,201	55,884	27,942

Waverley Borough Council

The comparative information for 2022/23 relating to individuals in the 2023/2024 note is:

2022/2023							
Name & Title (where applicable)		Salary (including fees & allowances)	Expense allowance & Benefits in kind	Total pre-tax remuneration received by employee	Employer's Pension Contributions	Total Remuneration inc. pension contributions	Net cost to Waverley
		£	£	£	£	£	£
Tom Horwood	Joint Chief Executive ¹	158,610	0	158,610	26,768	185,378	92,689
Strategic Director ¹	(to 30/09/2022)	182,080 ³	0	182,080	9,732	191,812	120,844
Strategic Director ¹	to (31/07/2022) ²	37,643	0	37,643	6,475	44,118	44,118
Joint Strategic Director - Community and Wellbeing ¹	(From 01/08/2022) ²	82,461	0	82,461	14,183	96,644	48,322
Joint Strategic Director - Transformation and Governance ¹	(From 01/08/2022)	84,820	0	84,820	14,183	99,003	49,502
Joint Strategic Director - Place ¹	(From 01/08/2022)	84,173	0	84,173	14,183	98,356	39,342
Executive Head of Finance - S151 Officer (From 01/10/2022) ⁴		47,683	0	47,683	8,201	55,884	27,942

¹From 1 December 2021 the Chief Executive post at Waverley Borough Council and the Managing Director post at Guildford Borough Council were replaced with a new post of Joint Chief Executive for Waverley Borough Council and Guildford Borough Council. The Joint Chief Executive is contractually employed by Waverley Borough Council, however the costs are shared 50/50 with Guildford Borough Council. The above "Total Remuneration including pension contributions" represents 100% of Joint Chief Executive's remuneration for 2023/24. From 1 August 2022 the Strategic Director posts at Waverley Borough Council and Guildford Borough Council were replaced with three new Joint Strategic Director posts. The Joint Strategic Directors are contractually employed by Waverley Borough Council, however the costs are shared with Guildford Borough Council. This is reflected in the "Net cost to Waverley" column.

²From 1 October 2022 Head of Service posts at Waverley were replaced with Joint Executive Head of Service posts shared across Waverley and Guildford Borough Council. The "Total Remuneration including pension contributions" represents the cost of the Executive Head of Finance salary and pension costs, this post holder is the S151 officer for both authorities. The cost of this post is shared with Guildford and this is reflected in the "Net cost to Waverley" column. This post holder left on 03/09/2023 and the S151 role was covered by agency during the remainder of 2023/24. On 01/05/2024 a new post of Joint Strategic Director - Finance started and is the S151 Officer for Waverley and Guildford.

Exit Packages

The numbers of exit packages with total cost of compulsory and other departures per band are set out in the tables below.

These payments comply with due entitlement under law and Council policy and typically comprise a payment to the employee and, where appropriate, a payment to the Pension fund.

As part of the recruitment of a Joint Senior Management Team for Waverley Borough Council and Guildford Borough Council during 2022/2023, Waverley reimbursed Guildford £76,422 (3/8 of the redundancy payments) relating to the exit package for the two Head of Service posts and one Manager post at Guildford Borough Council. The total cost of the exit packages is shown in the Guildford Borough Council's Statement of Accounts for 2022/2023 and is not reflected in the figures below.

2023/24					
(a)	(b)	(c)	(d)	(e)	(f)
Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band	Net Cost to Waverley
£1 - £20,000	1	0	1	£ 2,169	£ 2,169

2022/2023					
(a)	(b)	(c)	(d)	(e)	(f)
Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band	Net Cost to Waverley
£1 - £20,000 ¹	1	2	3	£ 28,338	£ 24,741
£40,001 - £60,000 ¹	1	0	1	52,176	49,178
£100,001 - £150,000 ¹	1	0	1	117,271	58,636

¹As part of the recruitment of a Joint Senior Management Team for Waverley Borough Council and Guildford Borough Council during 2022/2023, Guildford reimbursed Waverley £65,231 (50% of the redundancy payment) relating to the exit package for the Strategic Director and two Head of Service posts at Waverley. This is reflected in the "Net Cost to Waverley" column.

31. Members' Allowances

The Code requires the disclosure of all payments relating to the remuneration of Members, not just those formally described as 'allowances'.

Members' allowances totalling £405,926 were paid in 2023/2024 (2022/2023 £408,021). A detailed list of the allowances paid to each Member can be found on the Council's website and is summarised below:

2022/2023 £'000		2023/2024 £'000
290	Basic Allowance	280
115	Special Responsibility Allowance	122
3	Travelling and Subsistence Allowance	4
408		406

32. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

2022/2023 £'000		2023/2024 £'000
72	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	162
41	Fees payable in respect of other services provided by Grant Thornton UK LLP during the year *	55
113		217

* The fees for other services payable related to the Housing Capital Receipts Claim and certification of Housing Benefit Grant Claims.

In 2022/2023 the Council received grant support of £21,476 for increased audit costs

In 2023/2024 the Council received grant support of £22,553 for Redmond review local audit grant

33. Capital Grants and Contributions Income

The table below shows the movement in the **Capital Grants Unapplied Account** in the year. The grant funding was used to finance capital expenditure in the year or transferred to the Capital Grants Unapplied Account to be used for future financing.

31 March 2023 Balance		2023/2024			31 March 2024 Balance
£'000		Credited to Taxation and Non-Specific Grant Income £'000	Credited to Service REFFCUS £'000	Used to Finance Capital Expenditure in Year £'000	£'000
(5,112)	Section 106 Contributions	(763)	(74)	175	(5,774)
(18,809)	Community Infrastructure Levy	(6,829)	(291)	429	(25,500)
(67)	Other Contributions	(2,599)	(97)	1,867	(896)
(1,567)	Disabled Facilities Grant	(91)	(749)	700	(1,707)
(25,555)		(10,282)	(1,211)	3,171	(33,877)

34. Related Parties

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 allows 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.

Central Government

Central Government has effective control over some operations of the Council through legislation. It is responsible for providing the statutory framework within which the Council operates, provides key funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of the main transactions with Government Departments are set out in the note 11.

Trusts

The Council is sole managing trustee of two charitable trusts:

- Bequest of Joseph Ewart (Charity Number 237580)
- Shottermill Recreation Ground and Swimming Pool (Charity Number 305060)

As the Council is sole trustee of both charities and has the ability to direct operating and financial policies, the accounts of these charities are consolidated into the group accounts of the Council. Accounts of the charities can be found at pages 97-100.

Pension Fund - is administered by Surrey County Council, details of the Pension Fund are shown in note 36 page 77.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. Councillors sit on committees and forums of a number of community organisations, as Borough Council representatives. These bodies have no direct control over Waverley Borough Council, however the grants may be considered material to these organisations. Grants to these community organisations through the thriving communities scheme in 2023/2024 totalled £ 710,160 (2022/2023 £742,105).

Every Member, Chief Officer and Head of Service is required to sign a related party transactions declaration. The Council must disclose any transaction that is material to either the Council or the organisation with which the transaction took place. Other than transactions listed above, no material related party transactions have been identified.

Details of councillor appointments to outside bodies can be found on the Waverley Borough Council website. Disclosures on Members' Allowances can be found in note 31 on page 74 and Officers' Remuneration in note 30 page 71.

35. Leases

The Council's activity as lessor:

Finance Leases

At 31 March 2024 the Council has one material asset, Brightwells Regeneration Scheme, for which in 2017/2018 it granted a 150 year finance lease to Surrey County Council. The Finance lease debtor was immediately extinguished by a premium.

Operating Leases

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

- economic development purposes to provide suitable accommodation for local businesses
- the provision of community, leisure and recreation facilities.

The Council as 'lessor' retains the assets in its Balance Sheet and the rental income is credited to revenue as it becomes due.

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

31 March 2023		31 March 2024
£'000		£'000
2,025	Not later than one year	2,070
6,168	Later than one year and not later than five years	6,114
53,604	Later than five years	54,761
61,797		62,945

The minimum lease payments receivable do not include rents that are contingent on future events, such as adjustments following rent reviews.

36. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in The Local Government Pension Scheme (LGPS) which is administered by Surrey County Council. It is a funded defined benefit salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets in the long term. The current scheme operates under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Pension Board of Surrey County Council.

In order to ensure that funds are sufficient to cover potential liabilities Surrey County Council employs an actuary who undertakes a formal valuation of the Fund on a triennial basis. The actuary determines appropriate employer's contributions to the Fund to cover the service of current staff for the following three years and backfunding payments required to cover the shortfall relating to past service.

The figures disclosed below have been prepared by Hymans Robertson LLP, the Actuary to the Surrey Pension Fund, and have been produced in accordance with Technical Actuarial Standard 100: Principles for Technical Actuarial Work, which came into force on 1 July 2017.

The Actuary has used the 'projected unit credit' method of valuation to project the valuation results of the latest formal valuation date forward to 31 March 2024 using approximation methods. The roll-forward allows for changes in financial assumptions, additional benefit accrual and estimated cash flows over the period.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural 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 and Housing Revenue Account the amounts required by statute as described in the accounting policies note 1.7.

In the Council's opinion, the assumptions made by the Actuary, including rates of return on assets, discount rates, inflation and life expectancy are appropriate. There were no special factors regarding the Council's profile that would be likely to have a material impact upon the Actuary's figures.

Further information relating to the Surrey Pension Fund can be found in the Pension Fund's Annual Report which is available from Surrey Pensions Team, Surrey County Council, PO Box 465, Reigate. RH2 2HA

Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2022/2023
£'000

2023/2024
£'000

Comprehensive Income and Expenditure Statement

Cost of Services:		
6,027	Current Service Cost	3,184
53	Past Service Cost	0
Financing and Investment Income and Expenditure:		
1,778	Net interest expense	799
7,858	Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services	3,983

Other Post-employment Benefits charged to Comprehensive Income and Expenditure Statement

Remeasurement of the net defined benefit liability comprising:		
5,615	Return on assets (excluding the amount included in net interest expense)	(9,110)
(1,251)	Actuarial losses/(gains) arising on changes in demographic assumptions	(880)
(67,668)	Actuarial losses/(gains) arising on changes in financial assumptions	(6,785)
11,828	Other experience losses/(gains)	4,996
(51,476)	Total remeasurement of the net defined benefit liability loss / (gain)	(11,779)
(43,618)	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(7,796)

Movement in Reserves Statement

General Fund Balance

(6,121)	Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the code	(3,074)
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Actual amount charged against the General Fund Balance:

2,854	Employers' contributions payable to scheme	2,900
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Housing Revenue Account Balance

(1,737)	Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the code	(910)
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Actual amount charged against the HRA Balance for pensions in the year:

1,125	Employers' contributions payable to scheme	1,135
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Balance Sheet Disclosures

Assets and Liabilities in Relation to Post-employment Benefits

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March are as follows:

31 March 2023 £'000		31 March 2024 £'000	
(152,916)	Estimated liabilities in scheme	(155,060)	
135,661	Estimated assets in scheme	149,636	
(17,255)	Net asset/(liability)	(5,424)	

The liabilities show the underlying commitments that the Council has to pay retirement benefits. The net liability of £5 million has an impact on the theoretical net worth of the Council as recorded in the Balance Sheet. In order to reduce the deficit on the Council's element of the Fund, the Council is required to make annual backfunding contributions to the Fund in addition to contributions relating to current service.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the 'projected unit credit' method, as required under IAS19.

The main assumptions used by the Actuary in the calculations have been:

31 March 2023		31 March 2024
4.00%	Rate of increase in salaries	3.80%
3.00%	Rate of increase in pensions	2.80%
4.75%	Rate for discounting scheme liabilities	4.80%

A commutation allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits.

Life Expectancy

Life expectancy is based on the Fund's VitaCurves, with improvements in line with the Chartered Management Institute (CMI) 2022 Model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below:

31 March 2023			31 March 2024	
Males	Females		Males	Females
22.3 years	24.8 years	Current Pensioners	22.1 years	24.6 years
23.4 years	26.3 years	Future Pensioners *	23.2 years	26.0 years

* Figures assume members aged 45 as at the last formal valuation date

Pension scheme assets comprised

Assets in the Surrey Pension Fund are valued at bid value as required under IAS19. The figures for the Council represent a proportionate share of the Fund as a whole.

31 March 2023		Period ended 31 March 2024		
Assets		Assets		Total
Total		Quoted prices in active markets	Unquoted prices not in active markets	
£'000		£'000	£'000	£'000
	Equity investments			
1,606	Consumer	1,772		1,772
1,843	Manufacturing	2,033		2,033
0	Energy & Utilities	0		0
1,469	Financial Institutions	1,621		1,621
1,506	Health & Care	1,661		1,661
2,886	Information Technology	3,183		3,183
	Debt Securities			
0	UK Government			0
18,755	Private Equity		20,687	20,687
	Real Estate			
6,524	UK Property	1,305	5,891	7,196
17,877	Overseas Property	569	19,150	19,718
	Investment Funds & Unit Trusts			
64,101	Equities	70,704		70,704
16,647	Bonds	18,361		18,361
	Derivatives			
2	Foreign Exchange	2		2
2,446	Cash & Equivalents	2,698		2,698
135,662		103,909	45,727	149,636

Actuary's Estimated Movements in Deficit during the Year

2022/2023 £'000		2023/2024 £'000
(64,852)	Opening Position as at 1 April	(17,255)
(6,027)	Current Service Cost	(3,184)
(53)	Past Service Cost	0
3,864	Employer Contributions	3,914
115	Contributions in respect of Unfunded Benefits	121
(1,778)	Net Return on Assets	(799)
	Actuarial Remeasurements:	
(5,615)	Actual Return less Expected Return on Pension Scheme Assets	9,110
1,251	Changes in Demographic Assumptions	880
67,668	Changes in Financial Assumptions	6,785
(11,828)	Other Experience	(4,996)
(17,255)	Deficit at end of Year	(5,424)

Reconciliation of present value of the scheme liabilities (Defined Benefit Obligation)

2022/2023 £'000		2023/2024 £'000
203,486	Opening Position as at 1 April	152,916
6,027	Current Service Cost	3,184
53	Past Service Cost	0
5,504	Interest Cost	7,207
	Actuarial Losses:	
(1,251)	Changes in Demographic Assumptions	(880)
(67,668)	Changes in Financial Assumptions	(6,785)
11,828	Other Experience	4,996
912	Member Contributions	1,016
(5,860)	Estimated Benefits Paid	(6,473)
(115)	Estimated Unfunded Benefits Paid	(121)
152,916	Defined Benefit Obligation at end of Year	155,060

Reconciliation of the movements in the fair value of the scheme assets

2022/2023 £'000		2023/2024 £'000
138,634	Fair Value of Employer Assets at beginning of Year	135,661
3,726	Interest Income on Plan Assets	6,408
(5,615)	Actual Return less Expected Return on Pension Scheme Assets	9,110
0	Actuarial Remeasurement - Other experience	0
3,864	Employer contributions	3,914
115	Contributions in respect of Unfunded Benefits	121
	Actuarial Losses - Other experience	
912	Member Contributions	1,016
(5,860)	Estimated Benefits Paid	(6,473)
(115)	Estimated Unfunded Benefits Paid	(121)
135,661	Fair Value of Employer Assets at end of Year	149,636

Recognition in the Profit or Loss

31 March 2023 £'000		31 March 2024 £'000	
6,027	Current Service Cost		3,184
5,504	Interest Cost		7,207
(3,726)	Expected Return on Employer Assets		(6,408)
53	Past Service Cost		0
7,858	Total		3,983

Summary of Scheme Position over past Five Years - Actuarial Figures

	31 March 2020 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2024 £'000
Fair Value of Assets	102,772	131,611	138,634	135,661	149,636
<u>Less Present Value of Liabilities</u>	<u>(168,418)</u>	<u>(211,610)</u>	<u>(203,486)</u>	<u>(152,916)</u>	<u>(155,060)</u>
Surplus/(Deficit) in Scheme	(65,646)	(79,999)	(64,852)	(17,255)	(5,424)

Projected Pension Expense for the Year to 31 March 2025

	31 March 2025	
	% of pay	£'000
Projected Current Service Cost	20.0%	2,893
Income Interest on Plan Assets	-49.3%	(7,136)
Interest cost on defined benefit obligation	50.9%	7,366
Total	21.6%	3,123

The Actuary estimates the Council's Employer's Contributions for the Year to 31 March 2025 will be £4,068,000.

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in Assumptions at year ended 31 March 2024	Approximate % increase to Defined Benefit Obligation	Amount £'000
0.1% decrease in Real Discount Rate	2%	2,615
0.1% increase in the Salary Increase Rate	0%	98
0.1% increase in the Pension Increase/Revaluation Rate (CPI) Rate	2%	2,563
1 year increase in member life expectancy	4%	6,202

The sensitivity analysis below shows the new Defined Benefit Obligation if the changes in assumptions were realised.

	Defined Benefit Obligation £'000
No change to assumptions	155,060
0.1% decrease in Real Discount Rate	157,675
0.1% increase in the Salary Increase Rate	155,158
0.1% increase in the Pension Increase Rate	157,623
1 year increase in member life expectancy	161,262

37. Provisions

At 31 March 2024 the Council has a provision of £1,114,800 for losses on backdated appeal costs covering the 2017 and 2023 Business Rates Rating Lists. See also note 4 to the Collection Fund on page 95.

2022/2023 £'000		2023/2024 £'000
(1,644)	Balance at 1 April	(1,085)
(2,465)	Recognition of Surrey County Council and Government balances at 1 April	(1,628)
1,047	Amounts used in year	973
349	Increase in provision made in year	(1,047)
1,628	Derecognition of Surrey County Council and Government balances at 31 March	1,672
(1,085)	Balance at 31 March	(1,115)

38. Contingent Liabilities and Contingent Assets

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 (LGPS).

Supplementary Financial Statements

Housing Revenue Account (HRA)

The Collection Fund

Housing Revenue Account (HRA) Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with the legislative framework. This may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2022/2023 £'000	2023/2024 £'000
Expenditure	
5,783 Repairs and Maintenance	7,012
7,122 Supervision and Management	6,673
486 Rent, Rates, Taxes and other charges	572
6,419 Depreciation, Impairment and Revaluations Losses of Non-Current Assets	7,653
33 Debt Management Costs	5
19,843 Total Expenditure	21,915
Income	
(29,849) Dwelling Rents	(31,031)
(497) Non-Dwelling Rents	(158)
(919) Charges for services and facilities	(674)
(292) Contributions towards expenditure	(267)
(31,557) Total Income	(32,130)
(11,714) Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(10,215)
607 HRA services share of Corporate and Democratic Core	962
657 HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	637
(10,450) Net Expenditure or Income of HRA Services	(8,616)
HRA share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:	
(1,340) (Gain)/Loss on disposal of HRA non-current assets	(731)
5,325 Interest payable and similar charges	5,113
(547) Interest and Investment income	(1,333)
(68) Investment Properties	(54)
386 Pension Interest Cost & Expected Return on Pension Assets	178
63 Impairment losses	91
0 Non-ringfenced Government grants	(170)
(167) Capital Grants and Contributions	(1,323)
(6,798) (Surplus)/Deficit for the year on HRA Services	(6,845)

Notes to the Housing Revenue Account are contained in pages 87-92

Movement on the Housing Revenue Account Statement

2022/2023 £'000	2023/2024 £'000 £'000
(9,943) Balance on the HRA at the end of the previous reporting period	(9,336)
(6,798) (Surplus)/Deficit on the HRA Income and Expenditure Statement	(6,845)
9,913 Adjustments between accounting basis and funding basis under statute (note 5)	9,348
3,115 Net (increase) or decrease before transfers to or from reserves	2,503
(2,508) Transfers to or (from) reserves (note 5)	625
607 (Increase) or decrease in year on the HRA	3,128
(9,336) Balance on the HRA at the end of the current reporting period	(6,208)

Notes to the Housing Revenue Account

1. Housing Revenue Account - Asset Analysis

2023/2024 Movements in number of Assets	As at 1 April 2023	Reclass- ifications	Additions	Disposals/ Demolitions	As at 31 March 2024
Property, Plant and Equipment					
Council Dwellings	4,798	6	2	(5)	4,801
Other Land and Buildings *	648	0	0	(635)	13
Total Property, Plant and Equipment	5,446	6	2	(640)	4,814
Investment Properties	6	0	0	0	6
Total HRA Assets	5,452	6	2	(640)	4,820

As at 31 March 2024 Waverley Borough Council classified 6 sites as assets under construction.

*Other Land and Building in 2022/23 was predominantly made up of garages owned by the Council however in 2023/24 the garages were transferred over to General Fund

2022/203 Movements in number of Assets	As at 1 April 2022	Reclass- ifications	Additions	Disposals/ Demolitions	As at 31 March 2023
Property, Plant and Equipment					
Council Dwellings	4,794	21	0	(17)	4,798
Other Land and Buildings *	648	0	0	0	648
Total Property, Plant and Equipment	5,442	21	0	(17)	5,446
Investment Properties	6	0	0	0	6
Total HRA Assets	5,448	21	0	(17)	5,452

As at 31 March 2023 Waverley Borough Council classified 3 sites as assets under construction.

*Other Land and Building are predominantly made up of garages owned by the Council

**Property, Plant and Equipment
Movements in 2023/2024**

	Council Dwellings £'000	Other Housing Land & £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation				
At 1 April 2023	541,730	3,613	4,338	549,681
Additions/enhancements	10,314		4,139	14,453
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(8,167)	0		(8,167)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,324)			(1,324)
Derecognition Disposals	(562)			(562)
Appropriation of Garages to GF		(2,914)		(2,914)
Reclassifications	175			175
At 31 March 2024	542,166	699	8,477	551,342
Depreciation and Impairments				
At 1 April 2023	0	(5)	0	(5)
Charge for 2023/2024	(6,326)	(2)		(6,328)
Depreciation written out to the Revaluation Reserve	6,326	0		6,326
Depreciation written out on revaluation to Net Cost of HRA Services				0
At 31 March 2024	0	(7)	0	(7)
Balance Sheet amount at 31 March 2024	542,166	692	8,477	551,335

Property, Plant and Equipment
Movements in 2022/2023

	Council Dwellings	Other Housing Land & Buildings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2022	511,173	5,751	5,793	522,717
Additions/enhancements	6,742		3,522	10,264
Revaluation increases/(decreases) recognised in the Revaluation Reserve	20,636	(2,133)		18,503
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(58)			(58)
Impairment (losses)/reversals recognised in the Net Cost of HRA Services				0
Derecognition Disposals	(1,740)			(1,740)
Reclassifications	4,977		(4,977)	0
At 31 March 2023	541,730	3,618	4,338	549,686
Depreciation and Impairments				
At 1 April 2022	0	(4)	0	(4)
Charge for 2022/2023	(6,321)	(83)		(6,404)
Impairment (losses)/reversals recognised in the Net Cost	0		0	0
Reclassified to/from Held for Sale				0
Derecognition Other				0
Reclassifications			0	0
At 31 March 2023	0	(5)	0	(5)
Balance Sheet amount at 31 March 2023	541,730	3,613	4,338	549,681

2022/2023'				2023/2024'		
Flats	Houses	Total		Flats	Houses	Total
1,109	720	1,829	1 Bed	1,109	720	1,829
564	846	1,410	2 Bed	564	849	1,413
7	1,514	1,521	3 Bed	7	1,514	1,521
0	35	35	4 Bed	0	35	35
0	1	1	5 Bed	0	1	1
0	2	2	6 Bed	0	2	2
1,680	3,118	4,798	Total	1,680	3,121	4,801

General Notes

Valuation of Council Dwellings and other HRA Land and Buildings

The basis of valuation is Existing Use Value (EUV) with a downward adjustment to reflect the use of the properties for social housing. The whole of the stock was revalued to the 31 March 2024

Asset disposals have been written out at their book value. In 2022/2023 17 properties were sold through the right-to-buy scheme. In 2023/2024 5 properties were sold through the right-to-buy scheme.

Additions to the Council Dwellings category represent properties purchased, built and capital expenditure in the year on the existing housing stock.

2. The vacant possession value of dwellings within the Council's HRA

1 April 2023 £'000		1 April 2024 £'000
1,641,606	General Stock (including Senior Living Dwellings) and Shared Ownership	1,642,927
1,641,606		1,642,927

Explanation of the Vacant Possession Valuation

The vacant possession valuation is based on the assumption that the property will be sold with vacant possession and not for social housing purposes. The difference between the valuation that appears in Waverley's Consolidated Balance Sheet, which is based on the assumption that properties will be sold for social housing purposes, and the vacant possession valuation reflects the notional economic cost of holding council housing at less than market rents.

3. Summary of total HRA capital expenditure during the year and its financing

2022/2023 £'000		2023/2024 £'000
	Capital Investment	
6,742	Council Dwellings	10,314
3,522	Assets Under Construction	4,139
10,264		14,453
	Sources of finance	
(1,025)	Revenue Contribution	0
(167)	Other Grant	(1,044)
(437)	Capital Receipts Reserve	(1,615)
(5,717)	Major Repairs Reserve	(7,971)
(2,918)	Internal Borrowing	(3,823)
(10,264)		(14,453)

4. Capital Receipts received in year

2022/2023 £'000		2023/2024 £'000
3,080	Dwellings	1,265
0	Other Buildings	0
0	Land	28
3,080		1,293

5. Reconciling items for the Statement of Movement on the Housing Revenue Account

2022/2023 £'000			2023/2024 £'000
1. Adjustments between accounting basis and funding basis under regulations			
	Transfers to/from the Capital Adjustment Account (CAA)		
(93)	Depreciation on other HRA Assets		(2)
(6,321)	Depreciation on Council Dwellings		(6,326)
(5)	Reversal of Impairment and Revaluation Losses		(1,324)
0	Reversal of movements in the fair value of Investment Properties		0
	Net of Gain/(Loss) on disposal of HRA non-current assets		
(1,740)	Amount of non-current assets written off on disposal to CAA	(562)	
3,080	Sale proceeds (credited to the Capital Receipts Reserve)	1,293	
1,340			731
6,414	Transfer depreciation to the Major Repairs Reserve		6,328
1,025	Capital charged against the HRA balance		0
167	Capital Grants and Contributions applied to capital expenditure		1,155
0	Capital Grants and Contributions unapplied		0
7,998	Transfer to the Capital Adjustment Account - Debt Repayment		8,561
(1,737)	Net charges made for retirement benefits in accordance with IAS19		(910)
1,125	Actual amount charged against the HRA Balance for pensions in the year		1,135
9,913			9,348
2. Transfers to/(from) Earmarked Reserves			
0	Net transfer to/(from) New Affordable Homes Reserve		0
0	Net transfer to/(from) Stock Improvement Reserve		0
(614)	Net transfer to/(from) New Development Impact Reserve		(426)
118	Movement in Major Repairs Reserve		571
0	Net Contribution to/(from) Uninsured Loss Reserve		0
14	Transfer to/(from) Revenue Grants Earmarked Reserve		0
(2,026)	Transfer to/(from) Earmarked Reserve		480
(2,508)			625

6. Analysis of the movement on the Major Repairs Reserve during the year

2022/2023 £'000		2023/2024 £'000
(1,728)	Balance Brought Forward as at 1 April	(2,543)
(6,414)	Depreciation transfer into the Major Repairs Reserve	(6,328)
5,717	Capital Expenditure: Dwellings	7,971
(118)	Transfer to/(from) HRA	(571)
(815)	Movement in Year	1,072
(2,543)	Balance Carried Forward as at 31 March	(1,471)

An Explanation of the Major Repairs Reserve

To meet the requirements of the Accounts and Audit Regulations 2015 the Major Repairs Reserve is credited and the HRA balance is debited with an amount equal to the depreciation charged to the HRA. In order to neutralise the impact on the HRA of this entry, a corresponding transfer is also required where the HRA balances are credited and the Capital Adjustment Account debited. Both these entries are reported in the Movement in Reserves Statement.

7. Rent Arrears

As at 31 March 2023				As at 31 March 2024			
Gross Annual Debit £'000	Arrears £'000	% of annual debit		Gross Annual Debit £'000	Arrears £'000	% of annual debit	
31,629	404	1.28%	Housing Stock	32,955	580	1.76%	
226	12	5.31%	Shared Ownership	250	24	9.60%	
31,855	416	1.31%	Total Arrears	33,205	604	1.82%	

As at 31 March 2024, the impairment allowance for the provision for irrecoverable rent arrears was £340,000 (31 March 2023 £280,000).

The Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities, such as Waverley, to collect and redistribute revenue on behalf of other bodies. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and payments to Local Authorities and the Government of Council Tax and Business Rates.

2022/2023 £'000		2023/2024		Total
		Business Rates £'000	Council Tax £'000	£'000
Income				
(127,309)	Council Tax Receivable		(132,868)	(132,868)
(31,314)	Business Rates Receivable	(31,233)		(31,233)
0	Transitional Protection Payments Receivable	(2,651)		(2,651)
(158,623)	Total Income	(33,884)	(132,868)	(166,752)
Expenditure				
Apportionment of 2022/2023 Estimated Surplus/(Deficit) distributed to the major preceptors in 2023/2024:				
(4,348)	Central Government (Business Rates)	627	0	627
(3,369)	Waverley Borough Council	501	231	732
(211)	Surrey County Council	125	1,412	1,537
122	Police & Crime Commissioner for Surrey		257	257
(7,806)		1,253	1,900	3,153
Precepts, Demands and Shares:				
15,805	Central Government (Business Rates)	16,713		16,713
27,680	Waverley Borough Council (including parishes re CTax)	13,370	15,899	29,269
95,031	Surrey County Council	3,343	96,098	99,441
16,696	Police & Crime Commissioner for Surrey		17,817	17,817
155,212		33,426	129,814	163,240
Charges to Collection Fund:				
4	Transitional Protection Payments	0		0
2,293	Increase in impairment allowance for doubtful debts	483	1,182	1,665
(1,396)	Increase (decrease) in Provision for Appeals	74		74
171	Cost of Collection (Business Rates)	168		168
1,072		725	1,182	1,907
(10,145)	(Surplus)/Deficit arising during the year	1,520	28	1,548
6,354	(Surplus)/Deficit brought forward 1 April 2023	(583)	(3,208)	(3,791)
(3,791)	(Surplus)/Deficit carried forward 31 March 2024	937	(3,180)	(2,243)

Notes to the Collection Fund Accounts

1. Council Tax Base

For tax-setting purposes, the number of dwellings in each valuation band, converted to Band D equivalents and allowing for a collection rate of 98.0% (2022/2023 98.0%), was estimated to be as follows:-

Chargeable Dwellings	2022/2023 Band D equivalents	Average Council Tax £	Band	Ratio to Band D	Chargeable Dwellings	2023/2024 Band D equivalents	Average Council Tax £
-	-	-	A (Disabled Relief)	5/9	-	-	-
687.32	449.0	1,458.76	A	6/9	688.50	449.8	1,508.52
2,129.16	1,622.9	1,701.89	B	7/9	2,190.86	1,669.9	1,759.94
7,546.20	6,573.6	1,945.01	C	8/9	7,756.88	6,757.1	2,011.36
10,994.99	10,775.1	2,188.14	D	9/9	11,275.33	11,049.8	2,262.78
8,773.67	10,508.9	2,674.39	E	11/9	8,864.52	10,617.7	2,765.62
6,580.77	9,315.4	3,160.65	F	13/9	6,665.57	9,435.5	3,268.46
8,154.75	13,319.4	3,646.90	G	15/9	8,216.75	13,420.7	3,771.30
2,001.52	3,923.0	4,376.28	H	18/9	2,024.91	3,968.8	4,525.56
46,868.38	56,487.3				47,683.32	57,369.3	

Individual charges are calculated by estimating the amount of income required to be paid from the Collection Fund in the year to the Police & Crime Commissioner for Surrey, Surrey County Council, Waverley Borough and Town and Parish Councils (£129,814,006), dividing this by the total Band D equivalents shown above (57,369.3) and rounding for administrative purposes. The resultant average charge at Band D of £2,262.78 is then multiplied by the proportion specified for a particular band to give an individual (average) amount due.

2. Business Rates

From April 2013 the Government implemented a new system of localised Business Rates. In 2023/2024 Waverley paid 50% of the Business Rates it collected to the Government, 10% to Surrey County Council and retained 40%. Waverley also paid a tariff of £15,082,374 to the Government in 2023/2024 from the General Fund.

The amount due to be paid by a business is calculated by multiplying the rateable value of the property by the appropriate multiplier.

There are two multipliers: the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The former is higher to pay for small business rate relief. In 2023/2024 the standard national rate multiplier was 51.2p (2022/2023 51.2p) and the small business multiplier was 49.9p (2022/2023 49.9p).

The total rateable value of business premises in Waverley as at 31 March 2024 was £109,416,405 (compared with £103,310,906 on 31 March 2023).

3. Impairment of Debts

In 2023/2024, £51,394 of Council Tax arrears were written off to the Impairment Allowance compared with £190,167 in 2022/2023. For Business Rates, £568,708 arrears were written off to the Impairment Allowance in 2023/2024 compared to £94,976 written off in 2022/2023.

4. Allocation of Year-End Balances

Council Tax

The opening balance for the Council Tax element of the Collection Fund for 2023/2024 was a surplus of £3,207,877. Based on the estimated position in January 2023, a £1,900,000 surplus was apportioned to the major preceptors in 2023/2024.

By the end of the 2023/2024 financial year there was a £3,179,620 surplus on the Council Tax element of the Collection Fund. £1,771,000 will be distributed to the major preceptors during 2024/2025 in proportion to their demand on the fund in 2023/2024. The underpayment of £1,408,620 will be adjusted with major preceptors in 2025/2026 in proportion to the 2024/2025 demands on the Collection Fund.

	Waverley Borough Council	Surrey County Council	Surrey Police & Crime Commissioner	Total
	£	£	£	£
Share of estimated 2023/2024 (£1,771,000) (surplus)	(216,899)	(1,311,028)	(243,073)	(1,771,000)
Share of £1,408,620 underpaid	(171,649)	(1,044,745)	(192,226)	(1,408,620)
Net share of outturn deficit (surplus)	(388,548)	(2,355,773)	(435,299)	(3,179,620)

Business Rates

The opening balance for the Business Rates element of the Collection Fund for 2023/2024 was a surplus of £583,291.

In January 2024 the estimate of the final accumulated Business Rates position for 2023/2024 was a surplus of £216,239 and the Council advised precepting authorities accordingly for statutory 2024/2025 budget-setting purposes. At the end of the 2023/2024 financial year there was, however, a deficit of £936,898 on the Business Rates element of the Collection Fund.

The Council will adjust for the effect of the estimated surplus of £216,239, during the 2024/2025 year, based on the applicable proportions and the overstated surplus of £1,153,137 will be adjusted during the 2025/2026 year.

	Waverley Borough Council	Surrey County Council	Central Government	Total
	£	£	£	£
Share of (£216,239) estimated (surplus)	(86,496)	(21,624)	(108,119)	(216,239)
Share of £1,153,137 overstated surplus	461,255	115,314	576,568	1,153,137
Net share of outturn deficit (surplus)*	374,759	93,690	468,449	936,898

* Waverley's share of the Collection Fund Business Rates deficit of £375k is held in the Collection Fund Adjustment Account.

Provision for backdated Business Rates appeal costs

The Council has a provision for the losses on backdated Business Rates appeal costs at 31 March 2024 (relating to the 2017 and the 2023 Rating Lists) as follows:

	Waverley Borough Council	Surrey County Council	Central Government	Total
	£	£	£	£
Share of £2,787,000 provision for backdated Business Rates appeal costs:	1,114,800	278,700	1,393,500	2,787,000

Trust Accounts

Waverley Borough Council as Trustee of Shottermill Recreation Ground

Statement of Financial Activities

The Council are Trustees of the Shottermill Recreation Ground and the Trust's leisure centre, Haslemere Leisure Centre, was opened during 1998/1999. The management of the Haslemere Leisure Centre is wholly contracted out and the accounts represent the costs of the Trustee in its capacity as the client of the management contractors.

2022/2023		2023/2024		
£'000		Unrestricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Incoming Resources				
0	Incoming Resources from generated funds	0		0
(2)	Investment Income (Interest on cash balance)	(7)		(7)
(174)	Management Fee	(66)		(66)
	Other incoming resources			
0	Grant income received	(92)	0	(92)
(176)	Total Incoming Resources	(165)	0	(165)
Resources Expended				
	Charitable activities			
73	Building Maintenance	22		22
0	Audit Fee	2		2
0	Management fee to Waverley Borough Council	14		14
38	Support costs	27		27
307	Depreciation and Revaluations		311	311
	Loss on disposal of fixed assets			0
418	Total Resources Expended	65	311	376
242	Net (incoming)/outgoing resources	(100)	311	211
Transfers				
0	Purchase of assets	92	(92)	0
Other recognised gains/losses				
(499)	Gains/losses on revaluation of fixed assets			0
5	Loss on disposal of fixed assets		7	7
(252)	Net Movement in Funds	(8)	226	218
Reconciliation of Funds				
(13,987)	Funds brought forward as at 1 April 2023	(192)	(14,047)	(14,239)
(252)	Net Movement in Funds	(8)	226	218
(14,239)	Funds carried forward as at 31 March 2024	(200)	(13,821)	(14,021)

Balance Sheet as at 31 March 2024

The assets in this Balance Sheet comprise the Haslemere Leisure Centre and its plant and equipment. These assets are not the property of the Council and are subject to a charitable trust.

31 March 2023

		31 March 2024		
		Unrestricted Funds £'000	Endowment Funds £'000	Total £'000
Fixed Assets				
14,027	Land and Buildings		13,734	13,734
20	Plant and Equipment		87	87
14,047	Total Fixed Assets	0	13,821	13,821
Current Assets				
0	Debtors	0		0
192	Cash and Cash Equivalents	202		202
192		202	0	202
14,239	Total Assets	202	13,821	14,023
Less: Current Liabilities				
0	Creditors	(2)		(2)
0	Cash and Cash Equivalents			0
14,239	Total Assets less Current Liabilities	200	13,821	14,021
The Funds of the Charity:				
(192)	Unrestricted Funds	(200)		(200)
(14,047)	Endowment Funds		(13,821)	(13,821)
(14,239)	Total Charity Funds	(200)	(13,821)	(14,021)

Waverley Borough Council as Trustee of the Ewart Bequest

Statement of Financial Activities

The former Farnham Urban District Council inherited the bulk of the estate of the late Joseph Ewart in 1958. The monies were left in trust for the purchase of a piece of land in or near Farnham, the building and the subsequent maintenance of small dwellings suitable for elderly people of limited financial resources. In 2000/2001, following approval given by the Charity Commission, the Bequest financed the construction of a further three bungalows in Farnham, to provide additional accommodation on the same terms as the original Bequest. The three new bungalows were completed at the beginning of 2001/2002.

2022/2023		2023/2024		
£'000		Unrestricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Incoming Resources				
	Incoming Resources from generated funds			
(25)	Investment Income (Interest on cash balance)	(62)		(62)
(101)	Rental Income *	(107)		(107)
(126)	Total Incoming Resources	(169)	0	(169)
Resources Expended				
	Charitable activities			
32	Premises and fees	50		50
0	Audit Fee	3		3
13	Support Costs	14		14
17	Depreciation and Revaluations		17	17
62	Total Resources Expended	67	17	84
(64)	Net (incoming)/outgoing resources	(102)	17	(85)
Transfers between funds				
0	Asset additions	59	(59)	0
Other Recognised Gains/(Losses)				
368	(Gains)/Losses on the revaluation of fixed assets		42	42
304	Net Movement in Funds	(43)	0	(43)
Reconciliation of Funds				
(3,452)	Funds brought forward as at 1 April 2023	(1,592)	(1,557)	(3,149)
304	Net Movement in Funds	(43)	0	(43)
(3,148)	Funds carried forward as at 31 March 2024	(1,635)	(1,557)	(3,192)

* Rental income includes Benefits paid and Benefits subsidy to give net rental income.

Balance Sheet as at 31 March 2024

The assets in this Balance Sheet comprise 16 dwellings in College Gardens, Farnham and 3 dwellings in Arthur Road, Farnham. These assets are not the property of the Council and are subject to a charitable trust.

31 March 2023		31 March 2024		
		Unrestricted Funds £'000	Endowment Funds £'000	Total £'000
£'000				
	Fixed Assets			
1,557	Other Land and Buildings - Trust dwellings		1,557	1,557
	Current Assets			
1	Debtors	0		0
1,593	Cash and Cash Equivalents	1,635		1,635
1,594		1,635	0	1,635
3,151	Total Assets	1,635	1,557	3,192
	Less: Current Liabilities			
(3)	Creditors & Receipts in Advance	0		0
0	Cash and Cash Equivalents	0		0
3,148	Total Assets less Current Liabilities	1,635	1,557	3,192
	The Funds of the Charity:			
(1,591)	Unrestricted Funds	(1,635)		(1,635)
(1,557)	Endowment Funds		(1,557)	(1,557)
(3,148)	Total Charity Funds	(1,635)	(1,557)	(3,192)

Glossary of Terms and Abbreviations

Accruals This concept recognises income and expenditure as it is earned or incurred, not as money is received or paid.

AIS Annual Investment Strategy

Amortisation The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost The amount at which the financial asset or financial liability is measured at initial recognition adjusted for principal repayments, cumulative amortisation, and any allowance for impairment or un-collectability.

Arrears Money that is owed and should have been paid at an earlier date.

Asset Any object tangible or intangible, that is of value to its owner. Tangible assets include land and buildings, plant and machinery, fixtures, and fittings & stock. Intangible assets include goodwill, patents, licences, copyrights, and trademarks.

Business Rates Retention In April 2013 the Government introduced the business rates retention scheme which provides a direct link between business rates growth and the amount of money councils have to spend. Councils are able to keep a proportion of the business rates revenue and growth that is generated in their area.

Capital Expenditure Expenditure on the acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing non-current asset.

Capital Adjustment Account (CAA) An unusable reserve that 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 provisions.

Capital Receipts The proceeds from the disposal of non-current assets. Capital receipts can be used to pay off outstanding debt and to finance new capital expenditure within rules set down by Central Government, however they cannot be used to finance revenue expenditure.

Carrying amount/value The cost or value less depreciation and impairment.

Central Services to the Public This covers services to the public that are often provided by central departments and includes Local Tax Collection, Elections, Emergency Planning, Local Land Charges and General Grants.

CIPFA The Chartered Institute of Public Finance and Accountancy

Community Assets Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal e.g. Common Land.

Community Infrastructure Levy (CIL) Funds from developers when property is built to enable infrastructure improvements in the area.

Contingent Asset A potential asset that, at the Balance Sheet date, can be anticipated to exist if a particular event occurs. An example may be the expectation of a compensation payment dependant on the outcome of a legal case.

Contingent Liability An obligation that, at the Balance Sheet date, can be anticipated to arise if a particular event occurs. A typical example is a legal claim pending settlement where there is no clear precedent.

Contingent Rent That portion of a lease payment that is not fixed in amount but is based on a factor other than just the passage of time (e.g., price indices).

CPI Consumer Prices Index

Creditors A creditor is an organisation, body or individual from whom the Council has purchased goods or services but to whom payment has not yet been made at year-end.

Debtors Organisations, bodies and individuals who have received goods or services from the Council but from whom payment has not been received at year-end.

Deferred Credit This is income that has been received before the period or periods to which it relates. The income is shown in the Balance Sheet.

Deficit A deficit will arise where expenditure exceeds income. A deficit can be financed by reserves.

De Minimis a threshold which anything falling below is too small to be of concern.

Depreciated Replacement Cost (DRC) Asset valuation based on the replacement of the asset at the current level of service (the current gross replacement cost less allowances for physical deterioration or obsolescence)

Depreciation The decrease in value of a non-current asset due to use in the period. Depreciation is charged to services.

Derivatives A financial contract with a value which is determined by an underlying asset(s).

Effective Interest method A method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

Effective Interest rate The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument

Existing Use Value (EUV) A method of valuing property that achieves a valuation based on the current use of the asset.

Existing Use Value - Social Housing (EUV-SH) Existing Use Value less an allowance to take account of the property being used for social housing (valuation basis for the Council's dwelling stock).

Fair Value The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Instrument A financial instrument is any contract that gives rise to a financial asset (a right to future economic benefit) to one entity and a financial liability (an obligation to transfer economic benefit) to another.

FRICS Fellow of the Royal Institute of Chartered Surveyors

FRS Financial Reporting Standard

General Fund This is the Council's main revenue fund to which the day-to-day costs of providing the services are charged. The fund covers all the services provided by the Council except for the provision of council housing which has its own separate fund known as the Housing Revenue Account.

Gross Book Value (GBV) The GBV of a non-current asset is the purchase or revalued value before any depreciation has been deducted.

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

Historical Cost The carrying amount of an asset as at 1 April 2007 (the date the Revaluation Reserve was created) or the date of acquisition if later, adjusted for subsequent depreciation or impairment (if applicable).

HMRC Her Majesty's Revenue and Customs

Housing Revenue Account (HRA)

The HRA is used to record the financial transactions involved with the provision of council housing (the 'landlord' function). The HRA is governed by the Local Government and Housing Act 1989, as amended and supplemented. The HRA is kept separate from the Council's other accounts (ring-fenced) and is required to be self-financing.

HRA Self-financing From the 1 April 2012 HRA self-financing replaced the Housing Subsidy system for all housing authorities. The Council has a 30 year business plan which includes financing and repayment of debt taken on to make a one-off payment to the Government.

IAS International Accounting Standard

IFRIC International Financial Reporting Interpretations Committee

IFRS International Financial Reporting Standards

Impairment Loss A significant decline in the value of an asset that is specific to that asset.

Infrastructure Assets Assets that form the fabric of the land and provide a valuable service, such as land drainage channels, footpaths, and roads.

Intangible Asset These assets lack physical substance and represent purchased software and software licences.

Inventories Inventories is the value of consumable items which were unused at the end of the financial year. This includes paper etc from the internal print unit and canteen supplies.

Investment Property An asset that is used solely to earn rentals or for capital appreciation or both. For example, the Council-owned industrial estates.

Liability An obligation to transfer economic benefits (usually money) as a result of past transactions e.g. the purchase of services from a supplier will generate a liability to pay that supplier for those services.

Local Enterprise Partnership (LEP)

Voluntary partnership between Local Authorities and businesses to help determine local economic priorities and lead economic growth and job creation.

Long Term Investments Investments held for more than a year.

Major Repairs Reserve controls the capital resources and transactions required to be used on HRA assets.

Market Value This is generally applied to the valuation of non-current assets. It is the value that could be achieved if the asset were offered for sale with no restrictions that could affect its value.

Material/Materiality Materiality relates to the significance of transactions, balances, and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

Minimum Lease Payments Those lease payments that the authority is, or can be required to make.

Net The term 'net' is used where income for a service has been taken into account (i.e., offset against expenditure) thus reducing the total cost of that service.

Net Book Value (NBV) The purchase value or revalued value of an asset less any depreciation that has been applied to that asset since its purchase or revaluation.

Net Current Replacement Cost Gross current replacement cost reduced to reflect obsolescence and environmental factors.

Net Realisable Value The existing use value of the (non-current) asset less any additional costs likely to be incurred in getting the assets into the ownership of the customer.

National Non-Domestic Rates (NDR) more commonly called Business Rates.

Non-Current Assets Tangible and Intangible assets that yield benefits to the Council, its customers & services provided, for a period of more than one year.

Non-distributed Costs This mainly relates to retirement benefits for former employees and charges in relation to non-operational assets.

Outturn Total actual income and expenditure in the financial year.

Payments in Advance (PIA) payments made for goods or services that will not be received until the next financial year.

Precept A levy made by an authority for whom the billing authority (Waverley) collects Council Tax.

Preceptor The Council's preceptors are Surrey County Council, the Police and Crime Commissioner for Surrey and the Town and Parish Councils.

Property, Plant and Equipment (PPE) Assets held, occupied, used or consumed by the Council in the direct delivery of those services for which it has either a

statutory or a discretionary responsibility. For example, Waverley's leisure centres.

Provisions An amount set aside from revenue for a known liability of uncertain timing or amount.

Prudence An accounting principle which ensures caution is exercised in estimates and in the adoption of policies.

PWLB Public Works Loan Board

Receipts in Advance (RIA) These are payments that are received from debtors in advance of the start of the financial year to which they relate.

Remuneration Amounts paid to an employee for work carried out.

Revenue Expenditure Funded from Capital Under Statute (REFFCUS) Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of a Waverley owned non-current asset.

Revaluation Loss A decline in the value of an asset due to a fall in prices across the board.

Revaluation Reserve This reserve is built up from the upward revaluations of individual assets. An asset should not have a negative revaluation balance, no matter how much the Reserve overall might be in surplus.

Revenue Expenditure Day-to-day expenditure on the running of services. Includes staff costs, contracted services, electrical, water and gas charges, rent and business rates.

RICS Royal Institute of Chartered Surveyors

Revenue Reserve Fund (RRF) General Fund Reserve used for financing capital expenditure and supporting revenue.

SeRCOP Service Reporting Code of Practice

Section 106 (S106) Agreements with landowners and/or developers restricting the development or use of land, and/or specifying the activities to be carried out on it and/or the payment of a contribution to make development proposals acceptable.

Short Term Investments Investments held for less than a year.

Surplus A surplus will be generated where income exceeds expenditure. In some cases, a surplus will be transferred to an appropriate reserve.

Transaction costs Are incremental costs that are directly attributable to the acquisition, issue, or disposal of a financial instrument (financial asset or financial liability). An incremental cost is one that would not have been incurred if the entity had not acquired, issued, or disposed of the financial instrument.

VAT Value Added Tax

Yields The earnings generated and realized on an investment over a period of time.

Annual Governance Statement 2023/24

Document Information & Governance

Approval & Publication / Version Control Information:

Approving Body	Publication Type	Version	Version Status	Date	Version Author	Version Comment
Audit Committee	Internal	V1.0	Draft	11/9/23	Rosie Plaistowe	Update previous year's version
Audit Committee	Internal	V1.1	Draft	27/11/23	Rosie Plaistowe	Update to incorporate Audit Committee comments.
Audit Committee	Internal	V1.2	Draft	18/03/24	Mavis Amouzou-Akue & Richard Bates	Incorporates Audit Committee comments, updated sections 5.2, 5.4, 8, 10, 11 and 12
Audit Committee	Internal	V1.3	Draft	06/06/24	Mavis Amouzou-Akue & Richard Bates	Expanded sections 5.3 and 5.4 on Audit Committee request.
Audit Committee	Internal	V1.4	Draft	30/08/24	Mavis Amouzou-Akue & Richard Bates	Amended sections 1, 3, 5, 5.3, 5.4, 7 and 8.
Audit Committee	Internal	V1.5	Final	09/09/24	Candice Keet & Richard Bates	Amended sections 5.3, 7 and 12

1. Introduction

Waverley Borough Council (the Council) is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

The Council's Chief Executive and the Leader of the Council acknowledge responsibility for ensuring that there is a sound system of governance and internal control when managing and delivering the vision set out in the Corporate Strategy.

Each year the Council is required to produce an Annual Governance Statement (AGS) under the Accounts & Audit (England) Regulations 2015, to be published alongside the Statement of Accounts. The AGS is published in accordance with *Delivering Good Governance in Local Government: Framework (2016)* issued by CIPFA/SOLACE.

The AGS describes how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also documents key changes and developments within the Council's governance framework during the financial year up to the date of approval of the Annual Financial Report.

This AGS was reviewed and noted by the Audit Committee at its meetings on 25th March and 17th June 2024.

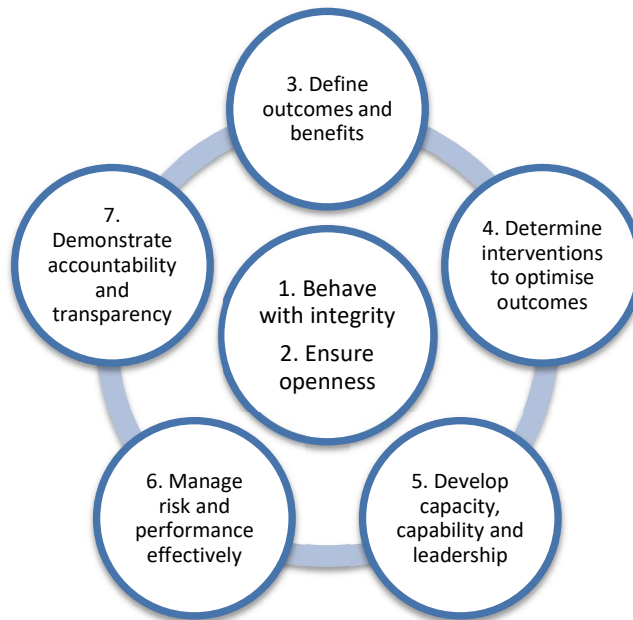
Annual Governance Statement 2023/24

2. What is Corporate Governance?

Corporate governance generally refers to the systems and processes by which organisations are directed, controlled, led and held to account. The Council's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and transparent manner;
- makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk; and
- secures continuous improvements in its governance.

The Council's framework brings together legislative requirements, good practice principles and management processes. It is consistent with the principles set out in the Delivering Good Governance Framework. The principles are summarised in the diagram below. Principles 1. and 2. have an overarching effect on the outcome of all other principles.



Annual Governance Statement 2023/24

3. The Principles – A Summary

The Council aims to achieve good standards of governance by:

Principle 1 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

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- Ensuring compliance with relevant laws and regulations, internal codes, policies and procedures.
- Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.

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- Internal controls are independently reviewed by Internal Audit when carrying out assessments of key activity areas.

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Annual Governance Statement 2023/24

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- Delivery of Corporate Strategy priorities
- Services being delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effectiveness of internal controls
- Community engagement and public accountability
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- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Councillors and Officers
- Standards of conduct and behaviour
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- Secure and comprehensive record keeping
- Financial planning, performance and reporting

Annual Governance Statement 2023/24

The Council gains assurance through having:	How does this provide assurance
Constitution (including Scheme of Delegation to Officers)	This sets out how the council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people.
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Corporate Management Board and Joint Management Team	Provides officer scrutiny and a clear trail of approvals
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Annual Governance Statement 2023/24

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Annual Governance Statement 2023/24

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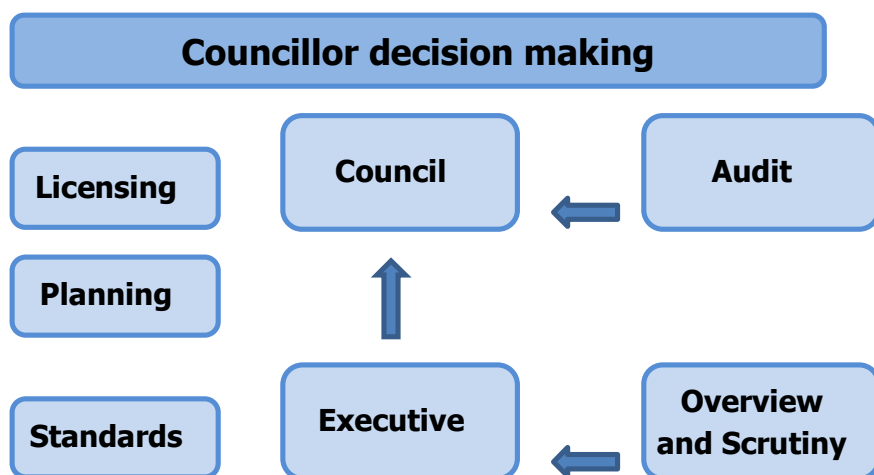
All Councillors meet as the Full Council around six times a year. All meetings are open to public but occasionally some items subject to confidentiality rules are held in exempt session. The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution also explains the roles and responsibilities of the Executive, Audit, Overview & Scrutiny and Officer functions. The authority it is part of a group included Waverley Borough Council and two trusts; the Shottermill Trust and the Ewart Bequest Trust.

The 'Scheme of Delegation to Officers' sets out the basis on which Officers may take decisions under delegated authority. The Council also follows codes of Financial Management and Procurement and maintains codes of conduct for Councillors and Officers.

The Chief Executive is the Council's Head of Paid Service and is responsible for how the Council operates. The Chief Executive is assisted by the Corporate Management Board, which includes the Joint Strategic Directors. The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair and a Section 151 Officer who is responsible for the councils' financial management.

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Annual Governance Statement 2023/24

- Council - 50 elected Councillors, covering 29 wards. Appoints the Overview & Scrutiny and other committees. Approves the policy and strategic framework and budget.

5.1 Changes in governance during the year

Planning threat of Designation

In May 2023, the Secretary of State for Levelling Up, Housing and Communities, the Rt Hon Michael Gove MP, wrote to the council, noting that planning performance for determining non-major planning applications within 8 weeks (or an agreed extension), had fallen below the Government's rolling two-year target of 70%.

Planning performance at the council suffered in 2021 and early 2022, due to a range of issues including the effects of the pandemic, higher application numbers, problems with a new planning IT system and the ongoing, extremely tight labour market for qualified planning officers. The council monitors its planning performance on a continuous basis and had implemented an action plan to deal with the backlog of applications. Mr Gove acknowledged the council's improvement and stated that he would closely monitor performance up to June 2023.

Waverley Borough Council has received formal confirmation from the Minister of State for Housing and Planning, Rachel Maclean MP, that the council will not be designated for its planning performance.

Changes in committee groups

Standards Committee on 7 June 2023 agreed a number of changes to committee meetings including changes in sizes of a number of committees to reflect the change in number of councillors, also:

- Audit Committee became Audit & Risk Committee to reflect the terms of reference of the Committee
- Overview and Scrutiny Committee remits to update split of services.
- Abolition of Eastern and Western Planning Committees, replaced by one single Planning Committee to improve efficiency and speed of decision making in light of planning designation risk.

Data Management

An information and Data Management framework has been developed to ensure a proactive and robust approach to Information & Data Management was required to enable digital transformation and promote effective use of data in day-to-day service delivery and decision making. The Audit & Risk committee reviewed the first iteration in September 2023.

5.2 Resolution of significant governance issues in 2023/24

There were no significant issues to be resolved.

5.3 Significant operational events in 2023/24

Cost of living crisis – As a result of a number of significant national and global issues, the UK has been facing significant inflationary pressures since 2022, resulting in a cost-of-living crisis for much of the population and the establishment of the Cost of Living Working Group. CPI, which had not exceeded 3% since November 2017, rose to 8.7% in April 2023 and then fell back to 3.1% in January 2024.

Staff Retention/Turnover

Annual Governance Statement 2023/24

Turnover Figures

The total rolling turnover figure ending the 31st March 2024 was 15.37%, a decrease from the equivalent period in March 2023 when turnover was 15.75%.

External data from Xpert HR for similar sized organisations in this period has recorded an average turnover figure of 14.9%.

The final quarter of 2024 also marked a fifth consecutive month in a reduction in turnover due to resignation, which now sits at 8.8% of total turnover. Resignation turnover was previously at 12.25% in the same period 12 months ago, which shows a significant reduction in resignation turnover from last year. This compares to the external data from Xpert HR of 12.9% for resignation turnover.

There has been an increase over the last 12 months in leaving reason given as retirement, rather than resignation which accounts for a significant portion of the overall turnover.

Work on retention/turnover

Waverley Borough Council are consciously aware that like the rest of local authorities there is an issue of ageing workforce and over the last 12 months a Young Employee Network was set up. One of the key objectives of the Young Employees Network is to understand what attracts younger applicants to Waverley Borough Council and the key to retaining them. With a view to improving retention rates in the future and build a future pipeline for our team leader and manager roles. Many apprentices have moved into permanent roles as have some Graduate Management Trainees. There are plans to do further work over the next 12 months in the community through attending college and school open days to promote career opportunities at the council. Some new recruitment materials provided by the local government association in a trial recruitment campaign looking at a number of areas attracting young employees and also those who are of working age back who left the recruitment market during covid will be used.

5.4 Other governance issues arising during 2023/24

The Council has collaboration arrangements in place with Guildford Borough Council in respect of a shared management team. Several financial and governance issues, including an alleged housing repairs fraud, arose at Guildford during 2023-24 which led to several internal and external reviews and investigations.

This has led to changes in the shared management team, with arrangements put in place to cover various posts, fill vacant posts and restructure senior governance and finance roles to ensure continuity of service.

A Corporate Governance Review was commissioned by Guildford in early 2024 and undertaken by SOLACE. The report from the review was published in May 2024 and a comprehensive corporate improvement plan has been put in place by Guildford Borough Council to address the issues raised.

Some governance improvements, such as a strengthening of the joint legal and governance function will have a beneficial impact across both Councils. Any lessons learnt from the wider corporate improvement plan will also be shared by the two councils.

Annual Governance Statement 2023/24

6. Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2023/24, considering a wide range of governance issues.

Audit Committee Work Programme for 2023/24

20 June 2023	11 September 2023	27 November 2023	March 2024
Annual Governance Statement - Consideration Of Potential Governance Issues	Statement of Accounts	Annual RIPA Report	Internal Audit Plan
Review Of Progress In The Implementation Of Internal Audit Actions	External Audit Findings Report	Risk Management	Risk Management
Annual Internal Audit Report	Value for Money Report	Waverley 22-23 Audit Plan	Annual Governance Statement - Consideration Of Potential Governance Issues
Review Of The Progress In Achieving The Audit Plan	Local Audit Delay Cross- System Statement and DLHUC letter Update	Enquiries of Management 22-23	Internal Audit Charter
Fraud Investigation Summary	2022-23 Annual Information and Data Management Report	Review Audit Committees Terms of Reference	Statement of Accounts
Internal Audit Charter	Covert Surveillance Policy	Annual Governance Statement - Consideration Of Potential Governance Issues	External Audit Findings Report
Risk Management	Anti Money Laundering Update	Review Of Progress In The Implementation Of Internal Audit Actions	Value for Money Report
	Financial Regulations Update	Review Of The Progress In Achieving The Audit Plan	
	Risk Management		

Annual Governance Statement 2023/24

	Annual Governance Statement - Consideration Of Potential Governance Issues		
	Review Of The Progress In Achieving The Audit Plan		
	Review Of Progress In The Implementation Of Internal Audit Actions		

The Audit Committee considers each year how effective it has been in overseeing the Council's governance arrangements and submits an annual report to Council that summarises its work and allows the Council to take comfort that key governance processes are being reviewed.

Annual Governance Statement 2023/24

7. Managing key risks

All Councillors and Officers are responsible for ensuring that risk implications are considered in the decisions they take in accordance with the Council's 'risk appetite' as detailed in the Risk Appetite Statement.

The successful delivery of the Corporate Strategy Objectives depends on the Council's ability to manage and tolerate risk where it cannot be eliminated altogether. Significant risks that may be potentially damaging to the achievement of the objectives are recorded in the Corporate Risk Register.

The Corporate Management Board reviews and updates the Corporate Risk Register. The Audit Committee will continue to review the governance arrangements, including the Risk Register to ensure they are fit for purpose in managing key risks and will use it to inform the Internal Audit plan and seek corrective action where they are found not to be. Work has taken place to improve the both the Risk Strategy and Risk Register and Audit Committee have noted that with the progress being made in this area is positive.

8. Managing the risk of fraud

To mitigate the risk of fraud the council has in place fraud and governance policies to which staff should adhere. These include the Anti-fraud, Bribery and Corruption Policy, Prosecution Policy, Whistleblowing Policy and Anti-Money Laundering Policy. These policies are reviewed, updated and agreed by the Audit Committee. Any issues raised relating to these policies are dealt with by the appropriate responsible Officers in accordance with the requirements of each policy. Where appropriate the policies are available on the Council's website and intranet.

Within the Council, the fraud investigation officer provides a proactive and reactive role for issues relating to housing tenancy fraud. This work results in ensuring that properties are used by tenants in accordance with the tenancy agreement. Outcomes can include the return of properties to the housing stock to enable them to be utilised for those on the housing waiting list.

9. Anti-Fraud and Corruption Statement

The Council is committed to the highest possible standards of honesty, openness and accountability.

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

10. Responsible Chief Financial Officer

An Executive Head of Service now known as the Strategic Director of Finance is the Chief Financial Officer (CFO) (the 'Section 151 Officer'). The CFO has responsibility for delivering and overseeing the Council's financial management arrangements and has responsibility for the Finance Team and Internal Audit.

The Waverley Borough Council's Internal Audit Client manager left on 16th November 2023 and Southern Internal Audit Partnership have now expanded their work for the Council, incorporating Internal Audit except for counter fraud.

Annual Governance Statement 2023/24

The CFO has been involved in reviewing the governance framework and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system of internal control works effectively and that no matters of significance have been omitted from this Statement.

11. Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service (Southern Internal Audit Partnership) and External Auditors (Grant Thornton LLP).

Despite the difficulties of the nationwide audit backlog for Local government accounts, our external auditors Grant Thornton have been able to complete both the 2021/22 and 2022/23 external audits in 2023/24.

12. Internal Audit

The Council considers its Internal Audit arrangements to be a key component of its governance framework that:

- Provides independent, risk-based and objective assurance, advice and insight to the Council on its operations.
- Enhances and protects value, by assisting management improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Each year the Audit Committee reviews the Internal Audit Charter, which sets out the internal audit role and its responsibilities and clarifies its independence and aligns it to the *Public Sector Internal Audit Standards (PSIAS)*.

To maintain independence and objectivity of the Internal Audit service, it has direct access to the Chief Executive, the Audit Committee and its Chairman.

The Internal Audit Manager had stated in their 2022/23 Internal Audit Annual report that there were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

This was still their opinion for the first seven and a half months of the financial year when the Internal Audit Manager was still in post.

The opinion for the 12-month period ending March 2024 provided by Southern Internal Audit Partnership is that frameworks of governance, risk management and management control are limited.

One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Southern Internal Audit Partnership on the Council's control environment based on the work that has been completed throughout the 2023/24 year. As stated above for 2023/24 a limited assurance opinion has been given. Where weaknesses have been identified through internal audit review, internal auditors have worked with management to agree appropriate corrective actions and a timescale for improvement.

Annual Governance Statement 2023/24

13. External Audit

The Council's external auditors are appointed by Public Sector Audit Appointments Limited (PSAA). Grant Thornton LLP were appointed by PSAA to undertake the Council's external audit.

The external auditor has issued an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources for financial year 2021/22 and 2022/23.

14. Level of Assurance

This AGS demonstrates that the systems and processes continue to provide a comprehensive level of assurance to the Council in its governance arrangements during 2023/24.

15. Certification

The Council's framework of governance comprises all the detailed strategies, policies and procedures that are in place to achieve good governance. These are used in delivering the objectives set out in the Corporate Strategy and to which Officers work to in carrying out their responsibilities on behalf of the Council. This AGS has been prepared by those with knowledge of the key governance issues who are satisfied that the Council's framework complies with the principles set out in the Delivering Good Governance Framework.

We therefore commend the Governance Statement to the Audit & Risk Committee for approval.

Councillor Paul Follows

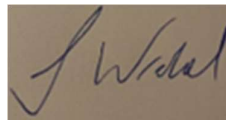
Pedro Wrobel



Signed

Leader of the Council

Dated 20/02/2025



Signed

Joint Chief Executive

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Annual Governance Statement 2023/24

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Annual Governance Statement 2023/24

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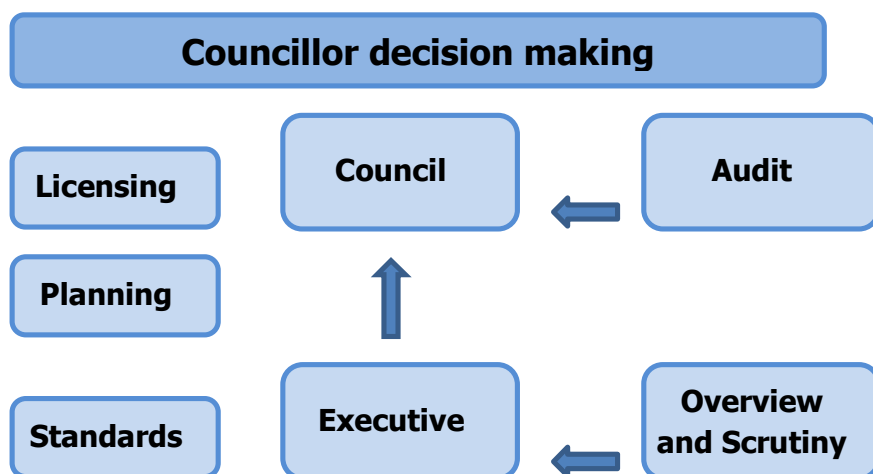
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Annual Governance Statement 2023/24

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In May 2023, the Secretary of State for Levelling Up, Housing and Communities, the Rt Hon Michael Gove MP, wrote to the council, noting that planning performance for determining non-major planning applications within 8 weeks (or an agreed extension), had fallen below the Government's rolling two-year target of 70%.

Planning performance at the council suffered in 2021 and early 2022, due to a range of issues including the effects of the pandemic, higher application numbers, problems with a new planning IT system and the ongoing, extremely tight labour market for qualified planning officers. The council monitors its planning performance on a continuous basis and had implemented an action plan to deal with the backlog of applications. Mr Gove acknowledged the council's improvement and stated that he would closely monitor performance up to June 2023.

Waverley Borough Council has received formal confirmation from the Minister of State for Housing and Planning, Rachel Maclean MP, that the council will not be designated for its planning performance.

Changes in committee groups

Standards Committee on 7 June 2023 agreed a number of changes to committee meetings including changes in sizes of a number of committees to reflect the change in number of councillors, also:

- Audit Committee became Audit & Risk Committee to reflect the terms of reference of the Committee
- Overview and Scrutiny Committee remits to update split of services.
- Abolition of Eastern and Western Planning Committees, replaced by one single Planning Committee to improve efficiency and speed of decision making in light of planning designation risk.

Data Management

An information and Data Management framework has been developed to ensure a proactive and robust approach to Information & Data Management was required to enable digital transformation and promote effective use of data in day-to-day service delivery and decision making. The Audit & Risk committee reviewed the first iteration in September 2023.

5.2 Resolution of significant governance issues in 2023/24

There were no significant issues to be resolved.

5.3 Significant operational events in 2023/24

Cost of living crisis – As a result of a number of significant national and global issues, the UK has been facing significant inflationary pressures since 2022, resulting in a cost-of-living crisis for much of the population and the establishment of the Cost of Living Working Group. CPI, which had not exceeded 3% since November 2017, rose to 8.7% in April 2023 and then fell back to 3.1% in January 2024.

Staff Retention/Turnover

Turnover Figures

Annual Governance Statement 2023/24

The total rolling turnover figure ending the 31st March 2024 was 15.37%, a decrease from the equivalent period in March 2023 when turnover was 15.75%.

External data from Xpert HR for similar sized organisations in this period has recorded an average turnover figure of 14.9%.

The final quarter of 2024 also marked a fifth consecutive month in a reduction in turnover due to resignation, which now sits at 8.8% of total turnover. Resignation turnover was previously at 12.25% in the same period 12 months ago, which shows a significant reduction in resignation turnover from last year. This compares to the external data from Xpert HR of 12.9% for resignation turnover.

There has been an increase over the last 12 months in leaving reason given as retirement, rather than resignation which accounts for a significant portion of the overall turnover.

Work on retention/turnover

Waverley Borough Council are consciously aware that like the rest of local authorities there is an issue of ageing workforce and over the last 12 months a Young Employee Network was set up. One of the key objectives of the Young Employees Network is to understand what attracts younger applicants to Waverley Borough Council and the key to retaining them. With a view to improving retention rates in the future and build a future pipeline for our team leader and manager roles. Many apprentices have moved into permanent roles as have some Graduate Management Trainees. There are plans to do further work over the next 12 months in the community through attending college and school open days to promote career opportunities at the council. Some new recruitment materials provided by the local government association in a trial recruitment campaign looking at a number of areas attracting young employees and also those who are of working age back who left the recruitment market during covid will be used.

5.4 Other governance issues arising during 2023/24

The Council has collaboration arrangements in place with Guildford Borough Council in respect of a shared management team. Several financial and governance issues, including an alleged housing repairs fraud, arose at Guildford during 2023-24 which led to several internal and external reviews and investigations.

This has led to changes in the shared management team, with arrangements put in place to cover various posts, fill vacant posts and restructure senior governance and finance roles to ensure continuity of service.

A Corporate Governance Review was commissioned by Guildford in early 2024 and undertaken by SOLACE. The report from the review was published in May 2024 and a comprehensive corporate improvement plan has been put in place by Guildford Borough Council to address the issues raised.

Some governance improvements, such as a strengthening of the joint legal and governance function will have a beneficial impact across both Councils. Any lessons learnt from the wider corporate improvement plan will also be shared by the two councils.

Annual Governance Statement 2023/24

6. Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2023/24, considering a wide range of governance issues.

Audit Committee Work Programme for 2023/24

20 June 2023	11 September 2023	27 November 2023	March 2024
Annual Governance Statement - Consideration Of Potential Governance Issues	Statement of Accounts	Annual RIPA Report	Internal Audit Plan
Review Of Progress In The Implementation Of Internal Audit Actions	External Audit Findings Report	Risk Management	Risk Management
Annual Internal Audit Report	Value for Money Report	Waverley 22-23 Audit Plan	Annual Governance Statement - Consideration Of Potential Governance Issues
Review Of The Progress In Achieving The Audit Plan	Local Audit Delay Cross- System Statement and DLHUC letter Update	Enquiries of Management 22-23	Internal Audit Charter
Fraud Investigation Summary	2022-23 Annual Information and Data Management Report	Review Audit Committees Terms of Reference	Statement of Accounts
Internal Audit Charter	Covert Surveillance Policy	Annual Governance Statement - Consideration Of Potential Governance Issues	External Audit Findings Report
Risk Management	Anti Money Laundering Update	Review Of Progress In The Implementation Of Internal Audit Actions	Value for Money Report
	Financial Regulations Update	Review Of The Progress In Achieving The Audit Plan	
	Risk Management		

Annual Governance Statement 2023/24

	Annual Governance Statement - Consideration Of Potential Governance Issues		
	Review Of The Progress In Achieving The Audit Plan		
	Review Of Progress In The Implementation Of Internal Audit Actions		

The Audit Committee considers each year how effective it has been in overseeing the Council's governance arrangements and submits an annual report to Council that summarises its work and allows the Council to take comfort that key governance processes are being reviewed.

Annual Governance Statement 2023/24

7. Managing key risks

All Councillors and Officers are responsible for ensuring that risk implications are considered in the decisions they take in accordance with the Council's 'risk appetite' as detailed in the Risk Appetite Statement.

The successful delivery of the Corporate Strategy Objectives depends on the Council's ability to manage and tolerate risk where it cannot be eliminated altogether. Significant risks that may be potentially damaging to the achievement of the objectives are recorded in the Corporate Risk Register.

The Corporate Management Board reviews and updates the Corporate Risk Register. The Audit Committee will continue to review the governance arrangements, including the Risk Register to ensure they are fit for purpose in managing key risks and will use it to inform the Internal Audit plan and seek corrective action where they are found not to be. Work has taken place to improve the both the Risk Strategy and Risk Register and Audit Committee have noted that with the progress being made in this area is positive.

8. Managing the risk of fraud

To mitigate the risk of fraud the council has in place fraud and governance policies to which staff should adhere. These include the Anti-fraud, Bribery and Corruption Policy, Prosecution Policy, Whistleblowing Policy and Anti-Money Laundering Policy. These policies are reviewed, updated and agreed by the Audit Committee. Any issues raised relating to these policies are dealt with by the appropriate responsible Officers in accordance with the requirements of each policy. Where appropriate the policies are available on the Council's website and intranet.

Within the Council, the fraud investigation officer provides a proactive and reactive role for issues relating to housing tenancy fraud. This work results in ensuring that properties are used by tenants in accordance with the tenancy agreement. Outcomes can include the return of properties to the housing stock to enable them to be utilised for those on the housing waiting list.

9. Anti-Fraud and Corruption Statement

The Council is committed to the highest possible standards of honesty, openness and accountability.

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

10. Responsible Chief Financial Officer

An Executive Head of Service now known as the Strategic Director of Finance is the Chief Financial Officer (CFO) (the 'Section 151 Officer'). The CFO has responsibility for delivering and overseeing the Council's financial management arrangements and has responsibility for the Finance Team and Internal Audit.

The Waverley Borough Council's Internal Audit Client manager left on 16th November 2023 and Southern Internal Audit Partnership have now expanded their work for the Council, incorporating Internal Audit except for counter fraud.

Annual Governance Statement 2023/24

The CFO has been involved in reviewing the governance framework and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system of internal control works effectively and that no matters of significance have been omitted from this Statement.

11. Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service (Southern Internal Audit Partnership) and External Auditors (Grant Thornton LLP).

Despite the difficulties of the nationwide audit backlog for Local government accounts, our external auditors Grant Thornton have been able to complete both the 2021/22 and 2022/23 external audits in 2023/24.

12. Internal Audit

The Council considers its Internal Audit arrangements to be a key component of its governance framework that:

- Provides independent, risk-based and objective assurance, advice and insight to the Council on its operations.
- Enhances and protects value, by assisting management improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Each year the Audit Committee reviews the Internal Audit Charter, which sets out the internal audit role and its responsibilities and clarifies its independence and aligns it to the *Public Sector Internal Audit Standards (PSIAS)*.

To maintain independence and objectivity of the Internal Audit service, it has direct access to the Chief Executive, the Audit Committee and its Chairman.

The Internal Audit Manager had stated in their 2022/23 Internal Audit Annual report that there were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

This was still their opinion for the first seven and a half months of the financial year when the Internal Audit Manager was still in post.

The opinion for the 12-month period ending March 2024 provided by Southern Internal Audit Partnership is that frameworks of governance, risk management and management control are limited.

One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Southern Internal Audit Partnership on the Council's control environment based on the work that has been completed throughout the 2023/24 year. As stated above for 2023/24 a limited assurance opinion has been given. Where weaknesses have been identified through internal audit review, internal auditors have worked with management to agree appropriate corrective actions and a timescale for improvement.

Annual Governance Statement 2023/24

13. External Audit

The Council's external auditors are appointed by Public Sector Audit Appointments Limited (PSAA). Grant Thornton LLP were appointed by PSAA to undertake the Council's external audit.

The external auditor has issued an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources for financial year 2021/22 and 2022/23.

14. Level of Assurance

This AGS demonstrates that the systems and processes continue to provide a comprehensive level of assurance to the Council in its governance arrangements during 2023/24.

15. Certification

The Council's framework of governance comprises all the detailed strategies, policies and procedures that are in place to achieve good governance. These are used in delivering the objectives set out in the Corporate Strategy and to which Officers work to in carrying out their responsibilities on behalf of the Council. This AGS has been prepared by those with knowledge of the key governance issues who are satisfied that the Council's framework complies with the principles set out in the Delivering Good Governance Framework.

We therefore commend the Governance Statement to the Audit & Risk Committee for approval.

Councillor Paul Follows

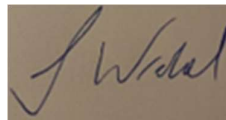
Pedro Wrobel



Signed

Leader of the Council

Dated



Signed

Joint Chief Executive

Dated

Independent auditor's report to the members of Waverley Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Waverley Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash-Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2024 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Joint Strategic Director of Finance and Resources and Section 151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Joint Strategic Director of Finance and Resources and Section 151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Joint Strategic Director of Finance and Resources and Section 151 Officer use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Joint Strategic Director of Finance and Resources and Section 151 Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Financial Report, other than the financial statements and our auditor's report thereon. The Joint Strategic Director of Finance and Resources and Section 151 Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Annual Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Joint Strategic Director of Finance and Resources and Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Joint Strategic Director of Finance and Resources and Section 151 Officer. The Joint Strategic Director of Finance and Resources and Section 151 Officer is responsible for the preparation of the Annual Financial Report, 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 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Joint Strategic Director of Finance and Resources and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Joint Strategic Director of Finance and Resources and Section 151 Officer is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit and Risk Committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit and Risk Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included review of the risk of management override of control, in particular journals, management estimates and transactions outside the normal course of business as a significant risk. We determined that the principal risks were in relation to unusual journal entries made during the year which met a range of criteria we set during the course of the audit, and the appropriateness of assumptions applied by management in determining significant accounting estimates, such as the valuation of property plant and equipment and the valuation of the net defined benefit pensions liability. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on testing entries meeting the risk criteria determined by the audit team,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, council dwellings, investment property and defined benefit pension net liability valuations, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further

removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and group including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Waverley Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ade Oyerinde

Ade O Oyerinde, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

20 February 2025