



# Unaudited Statement of Accounts

**2023/24**

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## Certificate of the Chief Finance Officer

I certify that the unaudited Statement of Accounts, set out on the following pages 4 to XX, presents a true and fair view of the financial position of the Council at 31 March 2024 and of its income and expenditure for the year ended 31 March 2024. The accounts will be subject to external audit and are therefore subject to change.

A handwritten signature in blue ink, appearing to read 'B. Bradley', with a horizontal line drawn underneath.

Brendan Bradley (CPFA)

Chief Finance Officer (S151 Officer)

2 July 2024

# Narrative Report

## 1. Introduction

Welcome to Epsom and Ewell Borough Council's Statement of Accounts for 2023/24, which reports the Council's financial performance during the year.

Epsom and Ewell Borough Council (EEBC) sits within Surrey and provides a wide range of services to residents and businesses, including waste & recycling, planning, parking, environmental health, housing and economic development. During 2023/24 the Council's full range of services were delivered by four budget Policy Committees – Environment, Community & Wellbeing, Licensing & Planning Policy and Strategy & Resources – and can be accessed online at [www.epsom-ewell.gov.uk](http://www.epsom-ewell.gov.uk).

EEBC has a Four Year Corporate Plan for the period 2020-2024, which is also available on the Council's website. The plan identifies six key themes for the Borough – Green & Vibrant, Safe & Well, Opportunity & Prosperity, Smart & Connected, Cultural & Creative, and Effective Council.

Following the local election in May 2023, the Council continues to develop an updated corporate/business plan for 2024 and beyond.

The Council's governance arrangements are set-out in the Annual Governance Statement, which is appended to the Statement of Accounts. The Council's key performance indicators are reported to Audit and Scrutiny Committee and are publicly available through the Council website.

## 2. Financial Performance

The Council's financial performance is summarised by the table below, due to be reported to Members in July 2024:

2022/23	Committee	2023/24		
Outturn £'000		Budget £'000	Outturn £'000	Variance £'000
(543)	Strategy and Resources	(542)	(1,361)	(819)
5,255	Environment	5,189	5,588	399
5,210	Community & Wellbeing	5,533	5,983	450
847	Licensing & Planning Policy	780	871	91
<b>10,769</b>	<b>SUB-TOTAL</b>	<b>10,959</b>	<b>11,080</b>	<b>121</b>
(2,669)	Capital Charges	(2,669)	(2,669)	0
(8,626)	External Funding	(8,290)	(8,290)	0
<b>(526)</b>	<b>SUB-TOTAL GENERAL FUND</b>	<b>0</b>	<b>121</b>	<b>121</b>
<b>262</b>	<b>Reverse planned transfer from corporate projects reserve</b>		<b>0</b>	<b>0</b>
<b>(264)</b>	<b>TOTAL (met by contribution (to)/from General Fund reserve)</b>	<b>0</b>	<b>121</b>	<b>121</b>

The Council's outturn position resulted in a £121k contribution from the General Fund balance at year-end.

The Council achieved collection rates of 99.0% for council tax and 99.6% for business rates. Outstanding council tax arrears remain subject to recovery action (subject to government guidance) until such times as these sums are fully paid or written off.

### 3. Reserves

The Council's General Fund balance stands at £2.997m at 31 March 2024 (£3.118m prior year). In-year net withdrawals from strategic earmarked reserves totalled £2.2m. Usable reserve balances are summarised by the following table; a full breakdown is shown in the notes to the Statement of Accounts.

Usable Reserves	2023/24 Opening Balance £'000	2023/24 Movement £'000	2023/24 Closing Balance £'000
General Fund Balance	(3,118)	121	(2,997)
Strategic Earmarked Reserves	(24,671)	2,208	(22,463)
<b>Sub-Total Revenue Reserves</b>	<b>(27,789)</b>	<b>2,329</b>	<b>(25,460)</b>
Community Infrastructure Levy	(9,296)	(504)	(9,800)
Capital Receipts Reserve	(3,940)	132	(3,808)
<b>Total Usable Reserves</b>	<b>(41,025)</b>	<b>1,957</b>	<b>(39,067)</b>

The Council has a policy of maintaining a minimum, prudent General Fund balance of £2.5m to provide for unforeseen requirements.

### 4. Capital Expenditure

Capital investment on the Council's core capital programme amounted to £2.249m in 2023/24 (£1.533m in 2022/23). A summary of expenditure by Committee is shown below:

2022/23	Core Capital Programme Expenditure	2023/24		
Outturn £'000		Current Budget £'000	Outturn £'000	Variance £'000
186	Strategy & Resources	1,318	302	(1,016)
548	Environment	1,154	274	(880)
799	Community & Wellbeing	2,648	1,673	(975)
0	Licensing & Planning Policy	0	0	0
<b>1,533</b>	<b>Total</b>	<b>5,120</b>	<b>2,249</b>	<b>(2,871)</b>

The main variances are Disabled Facilities Grant works (£664k); Stoneleigh Station step free access (£400k); Replacement of EEBC Lamp Columns (£369k); Plan E (£335k); ICT Programme of Works (£331k); the CRM and Data Warehouse project (£285k); Alexander Recreation Dojo (£170k); Poole Road Roof Replacement (£109k). An update on progress of individual schemes is set out in Section 5.

The capital outturn position is reported to Strategy & Resources Committee on 23 July 2024.

In addition to the core capital programme, £65k was spent on the CIL 15% Neighbourhood Scheme, £126k on new vehicles on a finance lease and £43k paid from S106 resources to fund the Horton Chapel project.

The capital expenditure has been funded as shown in the following table:

2022/23 £'000		2023/24 £'000
	<u>Expenditure</u>	
1,533	Core Programme	2,249
13	Vehicle Finance Lease	126
39	Property Acquisition Funds	0
242	CIL Neighbourhood Scheme	65
144	Horton Chapel	43
<b>1,971</b>	<b>Total Expenditure</b>	<b>2,483</b>
	<u>Funding</u>	
270	Capital Reserves	132
616	Government Grants	1,079
602	Revenue	557
160	Section 106 Receipts	397
309	Community Infrastructure Levy Receipts	192
<b>1,958</b>	<b>Subtotal Capital Funding</b>	<b>2,357</b>
13	Vehicle Finance Lease - to be financed in future years	126
<b>1,971</b>	<b>Total</b>	<b>2,483</b>

The Council's capital investment is required to maintain existing levels of service provision, and to generate additional income streams for the Council which can be used to fund the delivery of services.

The Council received no new capital receipts in 2023/24 (£390k in 2022/23). The balance of the Council's usable capital reserves at 31 March 2024 is £3.81m (compared to £3.94m at 31 March 2023), of which £1.66m is committed to funding capital projects during 2024/25.

## 5. Pension Liability

For accounting purposes, a valuation of the pension fund is carried out under IAS19 to produce an accounting surplus or deficit at the balance sheet date. Since 31 March 2023, there has been a £7.7m favourable movement in the net asset/liability valuation, resulting in a net asset of £2.3m at 31 March 2024. The favourable movement is principally due to strong investment returns and interest income from plan assets. The movement impacts favourably on the net assets of the authority as recorded in the balance sheet.

The financial assumptions used by the actuary to calculate the future liability – such as those for inflation and discount rates – are set-out in the pension liability disclosure note.

Although the IAS19 pension asset/liability has a significant impact on the Council's balance sheet, the valuation methodology is affected by short-term economic market conditions and is not used to

determine the impact on council tax of the cost of paying pensions. There are separate statutory arrangements for determining future contributions into the pension scheme.

## **6. Investments and Borrowings**

The annual treasury management strategy, which was approved by Councillors in February 2023, is available on the Council's website.

At 31 March 2024, the Council held £24.1m long-term investments and £36.2m loans to its wholly owned subsidiary company, these balances were unchanged from the prior year. The Council held £15.0m in short term investments at year end (£20.0m at 31 March 2023); in addition to £8.2m invested in money market funds at 31 March 2024 (prior year £7.4m). During 2023/24, the Council generated £3.5m of interest income (£2.64m in 2022/23) and received £0.615m dividend income (£0.603m in 2022/23).

In previous years, the Council has undertaken external borrowing specifically to invest in commercial properties, to generate long term income streams. Long-term borrowing at 31 March 2024 remained at £64.4m, unchanged from the prior year. The Council paid £1.63m interest on these borrowings during the year (also £1.63m in 2022/23).

## **7. Epsom & Ewell Property Investment Company Limited**

In September 2017, the Council established a 100%-owned subsidiary, Epsom & Ewell Property Investment Company Limited, principally to manage its two high quality, out-of-Borough commercial properties. The company aims to achieve rental yields from the properties, which will assist the Council in becoming more financially self-sufficient and sustaining high-quality services to local residents and businesses. The two properties have a combined value of £51.2m at 31 March 2024 (prior year £50.9m). The property portfolio remained unchanged during 2023/24, with the company delivering a net £750k benefit, excluding transfers to/from earmarked reserves, to the Council's general fund in the year (net £736k benefit in 2022/23). The assets, liabilities, reserves, income and expenditure figures for the company have been consolidated into group accounts.

## **8. Future and Economic Outlook**

Prevailing economic conditions including elevated inflation, energy costs and interest rates, are all expected to have a lasting impact on the economy throughout 2024/25 and beyond.

Income from council tax, business rates and fees and charges – such as from car parks, Council venues, and planning fees – is dependent on the ability of individuals and businesses to pay. These income streams will all be impacted in some way by economic changes associated with the cost of living crisis and elevated interest rates, as the wider economy adapts to new ways of operating. The Council's income streams are monitored closely to ensure that any adverse trends are identified and addressed early.

Central Government funding also remains uncertain due to its Fair Funding Review, which has again been deferred with the added uncertainty of a General Election due in 2024/25.

Demographic growth and an increasing ageing population will continue to present challenges for this Council and County in years to come.

The Council's Medium Term Financial Strategy 2024-2028 (report available on the Council's website) requires the delivery of annual savings totalling c.£2million between now and 2028, to achieve a balanced revenue budget over the period. The Council continues to monitor and review its future financial plans accordingly during 2024/25.

## 9. Statement of Accounts

The Statement of Accounts follow this narrative section and comprise the following:

- Comprehensive Income and Expenditure Statement (CIES)
- Movements in Reserve Statement (MIRS)
- Balance Sheet (BS)
- Cash Flow Statement (CFS)
- Notes to the Financial Statements including Accounting Policies
- Collection Fund Accounts
- Group Accounts
- Statement of Responsibilities

The Statement of Accounts is designed to meet statutory government and accounting standards, which can make it a complex, technical document in places.

### Further Information

Additional information about the accounts is available from Brendan Bradley (Chief Finance Officer), at Epsom and Ewell Borough Council, Town Hall, The Parade, Epsom, Surrey KT18 5BY. Telephone:- 01372-732000 email:- [bbradley@epsom-ewell.gov.uk](mailto:bbradley@epsom-ewell.gov.uk).



## Comprehensive Income and Expenditure Statement for year ended 31 March 2024

The Comprehensive Income and Expenditure 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. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23			Committee	2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
11,723	(7,055)	4,669	Environment	12,512	(7,373)	5,139
10,647	(5,963)	4,684	Community & Wellbeing	12,347	(6,237)	6,110
21,512	(17,629)	3,883	Strategy and Resources	19,720	(16,477)	3,243
3,087	(1,736)	1,351	Licensing & Planning Policy	2,310	(1,186)	1,124
<b>46,970</b>	<b>(32,382)</b>	<b>14,587</b>	<b>Cost of Services</b>	<b>46,890</b>	<b>(31,274)</b>	<b>15,616</b>
362	(390)	(28)	Other Operating Expenditure (Note 11)	0	0	0
3,464	(14,132)	(10,668)	Financing and investment Income and Expenditure (Note 12)	4,357	(11,923)	(7,566)
0	(9,901)	(9,901)	Taxation and non-specific grant income and expenditure (Note 13)	0	(11,425)	(11,425)
<b>50,796</b>	<b>(56,805)</b>	<b>(6,009)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>51,247</b>	<b>(54,623)</b>	<b>(3,375)</b>
		(1,884)	(Surplus)/Deficit on revaluation of property, plant, equipment assets (Note 23)			(500)
		(33,800)	Remeasurement of net defined benefit liability/(asset) (Note 32)			(7,490)
		<b>(35,684)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(7,990)</b>
		<b>(41,693)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(11,365)</b>

## Movement in Reserves Statement for the year ended 31 March 2024

This statement shows the movement on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The statement shows how the movements 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 amounts chargeable to council tax for the year.

	Usable Reserves				Unusable Reserves					Total Reserves
	General Fund Balances	Capital Receipts Reserve	Capital Grants Unapplied	Subtotal Usable Reserves	Revaluation Reserves	Capital Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Subtotal Unusable Reserves	
2023/24	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 01 April 2023	(27,790)	(3,940)	(9,296)	(41,025)	(45,649)	(68,800)	1,633	5,400	(107,418)	(148,442)
<b>Movement in Reserves</b>										
Total Comprehensive Income and Expenditure	(3,375)	0	0	(3,375)	(500)	0	0	(7,490)	(7,990)	(11,365)
Adjustments between accounting basis and funding under regulations (Note 9)	5,704	132	(504)	5,332	0	(4,288)	(788)	(257)	(5,332)	0
<b>(Increase) or Decrease</b>	<b>2,330</b>	<b>132</b>	<b>(504)</b>	<b>1,958</b>	<b>(500)</b>	<b>(4,288)</b>	<b>(788)</b>	<b>(7,747)</b>	<b>(13,322)</b>	<b>(11,365)</b>
Balance at 31 March 2024 carried forward	(25,460)	(3,808)	(9,800)	(39,067)	(46,149)	(73,088)	844	(2,347)	(120,740)	(159,807)
<b>General Fund analysed over:</b>										
Amounts earmarked (Note 10)	(22,463)									
Amounts uncommitted	(2,997)									
<b>Total</b>	<b>(25,460)</b>									
<b>2022/23</b>										
Balance at 01 April 2022	(26,109)	(3,821)	(9,320)	(39,249)	(44,231)	(62,775)	2,714	36,793	(67,500)	(106,750)
<b>Movement in Reserves</b>										
Total Comprehensive Income and Expenditure	(6,009)	0	0	(6,009)	(1,884)	0	0	(33,800)	(35,684)	(41,693)
Adjustments between accounting basis and funding under regulations (Note 9)	4,329	(120)	24	4,234	466	(6,025)	(1,082)	2,407	(4,234)	(0)
<b>(Increase) or Decrease</b>	<b>(1,680)</b>	<b>(120)</b>	<b>24</b>	<b>(1,776)</b>	<b>(1,418)</b>	<b>(6,025)</b>	<b>(1,082)</b>	<b>(31,393)</b>	<b>(39,918)</b>	<b>(41,693)</b>
Balance at 31 March 2023 carried forward	(27,790)	(3,940)	(9,296)	(41,025)	(45,649)	(68,800)	1,633	5,400	(107,418)	(148,442)
<b>General Fund analysed over:</b>										
Amounts earmarked (Note 10)	(24,672)									
Amounts uncommitted	(3,118)									
<b>Total</b>	<b>(27,790)</b>									

## Balance Sheet as at 31 March 2024

The Balance Sheet shows the value of assets and liabilities recognised by the Council. The Council's net assets are matched by its reserves. Reserves are reported in two categories. The first category are usable reserves, which the Council may use to provide services or capital investment, subject to the need to maintain a prudent level of reserves and any statutory limitations. The second category is those that cannot be used to provide services. This category includes reserves holding unrealised gains/losses (e.g. the Revaluation Reserve), where amounts only become available if assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement.

2022/23 £'000		Note	2023/24 £'000
	<b>Long-term Assets</b>		
76,315	Property, Plant and Equipment	15	79,874
64,190	Investment Properties	16	64,147
722	Heritage Assets		722
442	Intangible Assets	17	366
24,117	Long Term Investments	18	24,117
36,818	Long Term Debtors	19	37,030
0	Defined Benefit Pension Asset	32	2,347
38	Surplus Assets	15	38
<b>202,642</b>	<b>Total Long-term Assets</b>		<b>208,642</b>
	<b>Current Assets</b>		
66	Inventories		91
4,120	Short-term Debtors	19	4,329
20,000	Short-term Investments	18	15,000
8,299	Cash and Cash Equivalents	20	8,497
<b>32,486</b>	<b>Total Current Assets</b>		<b>27,917</b>
	<b>Current Liabilities</b>		
(9,656)	Short-term Creditors	21	(7,288)
(250)	Short-term Provisions	22	(250)
(408)	Lease Liability - Within One year	31	(456)
<b>(10,314)</b>	<b>Total Current liabilities</b>		<b>(7,994)</b>
	<b>Long-term Liabilities</b>		
(64,427)	Long Term Borrowing	18	(64,427)
(5,400)	Defined Benefit Pension Liability	32	0
(3,746)	Grants Receipts in Advance	14	(3,129)
(1,338)	Long-term Provisions	22	(81)
(1,461)	Lease Liability - Over One year	31	(1,121)
<b>(76,372)</b>	<b>Total Long-term Liabilities</b>		<b>(68,757)</b>
<b>148,442</b>	<b>NET ASSETS</b>		<b>159,807</b>
	<b>Total Reserves</b>		
(41,025)	Usable Reserves	23	(39,067)
(107,417)	Unusable Reserves	23	(120,740)
<b>(148,442)</b>	<b>TOTAL RESERVES</b>		<b>(159,807)</b>

## Cash Flow Statement as at 31 March 2024

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 and 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 and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. 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.

2022/23			2023/24
£'000		Note	£'000
(6,009)	<b>Net (Surplus) or Deficit on the Provision of Services</b>	CIES	(3,375)
230	Adjustment for Net (Surplus) or Deficit on the Provision of Services for non-cash movements	24	4,812
1,640	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	24	544
<b>(4,139)</b>	<b>Net cash flows from Operating Activities</b>		<b>1,980</b>
9,052	Net cash outflow / (inflow) from Investing Activities	25	(4,569)
21,422	Net cash outflow / (inflow) from Financing Activities	26	2,392
<b>26,336</b>	<b>Net (Increase) / Decrease in Cash and cash Equivalents at the End of the reporting period</b>		<b>(197)</b>
<b>34,635</b>	Cash and Cash Equivalents at the Beginning of the Period		<b>8,299</b>
<b>(26,336)</b>	Net Increase/(decrease) in Cash and Cash Equivalents		<b>197</b>
<b>8,299</b>	Cash and Cash Equivalents at the End of the Reporting Period	20	<b>8,497</b>

# Notes to the Core Statement of Accounts

## Note 1: Statement of Accounting Policies

### 1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations, in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis. This assumes that the Council, its functions and services will continue in operational existence for the foreseeable future. The going concern assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies, with limits on their revenue-raising powers arising only at the discretion of central government.

In producing the financial statements the Council makes an assessment of the materiality of transactions and balances when applying its accounting policies. The Council has a de-minimis level of £50,000 when recognising assets and liabilities to be disclosed within the financial statements. Exception to this rule is employee untaken leave which has not been accrued due to the amount being immaterial to the accounts and the year on year difference not being material.

### 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 receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue (including NNDR, Council Tax and Grants) and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Employee leave/overtime carried forward from previous year is not accrued unless material.

### 3. 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 and paid sick leave, bonuses and non-monetary benefits (e.g. car loans) 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 and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund 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:** Employees of the Council are members of the Local Government Pensions Scheme, administered by Surrey Pension Fund. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

#### The Local Government Pension Scheme

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

- The liabilities of the 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% (derived from a "Hymans Robertson" corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

- The assets of Surrey Pension fund attributable 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; and
  - Property - market value.

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

1. Current service cost: the increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
2. 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 is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
3. Net interest on the net defined benefit liability: the change during the period in the net defined benefit liability 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 during the period as a result of contribution and benefit payments
4. Remeasurement on the return of plan assets: the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return is credited to the Pension Reserve as Other Comprehensive Income and Expenditure.
5. 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, are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
6. Contributions Paid to the Pension Fund: cash paid as employer's contributions to the pension fund in settlement of liabilities is not accounted for as an expense.
7. Changes in effect of asset ceiling – an increase in the pensions liabilities recognised by the Council to reflect the current commitment to pay employer's contributions to recover a deficit in the Pension Fund that has been assessed as greater than the net pensions liability established under Accounting Code requirements.

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 appropriations 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. Any 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.

#### 4. Events after the Balance Sheet Date

Amounts are adjusted in the Statement of Accounts if an event arises after the Balance Sheet date which provides additional evidence of conditions that existed at that date and materially affects the amounts to be included. If an event arises after the Balance Sheet date which concerns conditions which did not exist at that date, it is disclosed in the notes if it is considered material. Once audited, the Statement of Accounts will be authorised by the Chief Finance Officer, events will be considered up to the authorisation date.

#### 5. Financial Instruments

**Financial Liabilities:** Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument; they are initially measured at fair value and are 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 borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

**Financial Assets:** The Council holds financial assets that are classified into two types:

1. Amortised cost
2. Fair value through profit or loss (FVPL)

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 authority 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 (CIES) 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 authority, this means that the amount presented in the Balance Sheet is the outstanding principal



receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

### **Expected Credit Loss Model**

The Council assesses expected credit losses on all of its financial assets held at amortised cost. 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.

### **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Any material fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services. The fair value measurements of the financial assets are based on market prices wherever possible.

The only such financial assets in this category held by the Council are Money Market Fund and Global Liquidity Fund investments, as detailed in the financial instruments disclosure notes. The Council has assessed that the fair value of these assets is not materially different to amortised cost.

## **6. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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 the Capital Receipts Reserve.

## **7. Interest in Subsidiary Company**

The Council has a material interest in its wholly owned subsidiary company, Epsom & Ewell Property Investment Company Limited. Group accounts, which present the combined financial position of the Council and the subsidiary, are published following the Council's disclosure notes. In the Council's own single-entity accounts, the interest is recorded in the balance sheet as a long-term investment at cost.

## **8. 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.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participant's perspective. Investment properties are not depreciated and an annual valuation programme ensures that they are held at highest and best use value at the Balance Sheet date. An exception is made for properties valued under the Council's de minimis threshold of £50,000. These properties are instead valued every 5 years in line with operational properties, as any annual movement would not be material to presenting a true and fair view of the accounts. Any material change in Gains and losses on revaluation are posted to 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 the Capital Receipts Reserve.

## **9. 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 Authority as Lessee**

**Finance Leases:** Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception

(or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period). The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**Operating Leases:** Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

#### **The Authority as Lessor**

**Operating Leases:** Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Financing and Investment Income line 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.

### **10. Overheads and Support Services**

The costs of overheads and support services hosted within Strategy and Resources Committee are re-charged to other service segments in accordance with the Council's arrangements for accountability and financial performance. The Strategy and Resources segment does not report such overhead recharges as income, but as a reduction of gross expenditure.

### **11. 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 operates a de-minimis level of £50,000 below which the total costs of a capital scheme or rolling programme of schemes will not be charged to capital on the grounds of materiality.

**Measurement:** Assets are initially measured at cost, comprising:

- The purchase price, including any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management; and
- The costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its current 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:

- Land and operational properties are valued at current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). Where this cannot be assessed because there is no open market for the asset because of the specialist nature of an asset, the depreciated replacement cost (DRC) is used as an estimate of current value. The exception are new buildings included at the cost of construction and re-valued at the end of the year in which they become fully operational
- Infrastructure and community assets are not revalued but included in the balance sheet at historic cost
- Vehicle, plant and equipment, where not integral to the fabric of the building, are shown separately at depreciated historic cost.
- Assets under construction are valued on the basis of those costs incurred up to 31 March and are held as non-operational assets until the asset becomes available for use. At that point it is transferred to the appropriate asset class on the Balance Sheet depending on its use or nature.
- Non-operational assets (investment properties) are valued on open market value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Investment properties are re-valued annually. 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 by:

- 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.

**Impairment:** Assets are assessed at each year-end as to 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 by:

- 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 reversed subsequently, 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 useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer, up to a maximum of 50 years.
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item and with different estimated useful lives, the components are depreciated separately (Componentisation).

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.

**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 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 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve and are only used for new capital investment. Receipts are appropriated to the 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.

## **12. Charges to Revenue for Non-Current Assets**

### **Charges to Revenue for Non-Current Assets**

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
- Amortisation of intangible non-current assets attributable to the 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.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a

prudent basis determined by the council in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP or loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### 13. Heritage Assets

The Council is required to separately identify Heritage Assets on its Balance Sheet. Heritage Assets can be tangible or intangible and are defined as assets with historical, cultural, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture

**Recognition:** The Council will recognise all Heritage Assets on the Balance Sheet where the cost of obtaining a valuation is commensurate to the benefit of the users of the accounts. The de-minimis levels applied to all Non-Current Assets will be applied to this asset class.

Where a Heritage Asset is operational this will be treated as Property, Plant and Equipment (PPE) rather than as a Heritage Asset.

**Measurement:** Heritage Assets will be valued in line with the existing policies for Property, Plant and Equipment. Where Heritage Assets do not fall into this category they will be valued in line with the Council's insurance valuation. The carrying amounts of Heritage Assets will also be 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 in accordance with the Authority's policies on impairment. Heritage Assets with an indefinite life will not be subject to annual depreciation.

### 14. Provisions

**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 in 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 of 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.

## 15. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating 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 to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into 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, local taxation and employee retirement benefits and do not represent usable resources for the Council.

## 16. 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.

## 17. Collection Fund

The Council is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR). The funds' key features relevant to accounting for council tax in the core Statement of Accounts are:

- In its capacity as a billing authority an authority acts as an agent. The Council collects and distributes council tax income on behalf of the major preceptors (Surrey County Council and Surrey Police) and itself. Also, the Council collects and distributes NDR on behalf of the major preceptors (Surrey County Council, itself and central government).
- While the council tax and NDR income for the year credited to the Comprehensive Income and Expenditure Statement and Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the Council. The amount credited to the General Fund under statute is an authority's precept or demand for the year plus the Council's share of any surplus or deficit on the Collection Fund for the previous year. This amount may be more or less than the accrued income for the year in accordance with code, although in practice the difference would usually be small.
- The difference between the income included in the Comprehensive Income and Expenditure Statement 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 NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## 18. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government Grants, 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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors / receipts in advance. 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-ringfenced 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 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 applied.

Grants that can't be directly allocated to a service are credited to Taxation and Non-Specific Grants.

#### Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL) on chargeable developments within the borough. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement 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, a proportion of the charges may be used to fund revenue expenditure.

### **19. 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.

### **20. Fair Value Measurement**

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. 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 liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

## **Note 2: Accounting Standards that have been issued but have not yet been adopted**

For the 2024/25 financial year, the Council must implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2024/25 Accounting Code.

The main impact of IFRS 16 will relate to property that the Council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – i.e., that the overall charge for each year will be the rents payable in that year.

Based on work undertaken to date to assess the potential impact of the transition is not expected to have a material impact, with potential assets identified that may be recognised in the balance sheet with a value of up to £0.38m.

## **Note 3: Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Property, Plant and Equipment assets are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end; as a minimum, revaluations occur at least once every five years. In addition, the Council instructs its valuers to undertake a review of assets held in the other land and buildings category not re-valued in the year, to ensure that the carrying value is not materially different from their current value.

The Council has a material interest in its wholly owned subsidiary company, Epsom & Ewell Property Investment Company Limited. Group accounts, which present the combined financial position of the Council and the subsidiary, are published following the Council's disclosure notes. In the Council's own single-entity accounts, the Council's shareholding in the company is recorded in the balance sheet as a long-term investment at cost.

#### **Note 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:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
<b>Property, Plant and Equipment £79.9m</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets and valuation assumptions, including estimates of remaining useful life.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
	Despite elements of uncertainty at the reporting date, relating to the ongoing situation in Ukraine; changes to the UK and EU relationship; and the Israel and Palestine conflict, Wilks, Head and Eve state that property markets are functioning, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. The property valuations are therefore not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation Global Standards.	The annual depreciation charge for PPE was £1.62m. A movement of 1% would result in a change in the depreciation charge of approximately £16.2k.  A 1% movement in the net book value of all PPE would result in a movement in the balance sheet of £799k.

<b>Investment Properties £64.15m</b>	<p>The Council's investment properties have been independently valued by Wilks, Head and Eve. Despite elements of uncertainty at the reporting date, relating to the ongoing situation in Ukraine; changes to the UK and EU relationship; and the Israel and Palestine conflict, Wilks, Head and Eve state that property markets are functioning, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.</p> <p>The property valuations are therefore not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation Global Standards.</p>	<p>A movement of 1% in the value of the investment property portfolio would result in an additional debit/credit to the CIES of £642k, which would be charged against the Revaluation Reserve or Capital Adjustment Account balances. The impact on usable reserves would be nil.</p>
<b>Pension Asset £2.3m</b>	<p>Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p>	<p>The assumptions interact in complex ways – the pension disclosure note contains a sensitivity analysis of the impact of changes to individual assumptions.</p>

## Note 5: Material Items of Income and Expenditure

There are no material items of income and expenditure that are not detailed in the notes below.

## Note 6: Events after the Balance Sheet Date

There are no material post balance sheet events to disclose.

## Note 7: 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 local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2022/23				Committee	2023/24			
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis	Adjustments between internal and statutory reporting	Net Expenditure in the CIES		Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis	Adjustments between internal and statutory reporting	Net Expenditure in the CIES
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
5,255	897	(1,483)	4,669	Environment	5,588	937	(1,386)	5,139
5,210	1,262	(1,788)	4,684	Community & Wellbeing	5,983	71	57	6,110
(543)	(1,475)	5,902	3,883	Strategy & Resources	(1,361)	(991)	5,595	3,243
847	410	93	1,351	Licensing & Planning Policy	871	18	235	1,124
10,769	1,095	2,724	14,587	Net Cost of Services	11,081	34	4,502	15,616
(11,295)	(5,424)	(3,878)	(20,597)	Other Income and Expenditure	(10,959)	(5,365)	(2,667)	(18,992)
(526)	(4,329)	(1,154)	(6,009)	(Surplus) or Deficit	121	(5,331)	1,835	(3,375)
(2,853)				Opening General Fund balance	(3,118)			
(526)				(Surplus) or Deficit	121			
262				Transfer to Corporate Projects Reserve	0			
(3,118)				Closing General Fund balance	(2,997)			

## Note to the Expenditure & Funding Analysis 2023/24

Committee	Net Expenditure Chargeable to General Fund	Adjustments for Capital Purposes (Note 1)	Adjustments for Pensions Benefits (Note 2)	Other Differences (Note 3)	Total Adjustments between Funding and Accounting Basis	Adjustments between internal & statutory reporting	Net Expenditure in the CIES
<b>General Fund</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment	5,588	923	13	0	937	(1,386)	5,139
Community & Wellbeing	5,983	73	(2)	0	71	57	6,110
Strategy & Resources	(1,361)	(998)	7	0	(991)	5,595	3,243
Licensing & Planning Policy	871	0	18	0	18	235	1,124
<b>Net Cost of Services</b>	<b>11,081</b>	<b>(2)</b>	<b>36</b>	<b>0</b>	<b>34</b>	<b>4,502</b>	<b>15,616</b>
Other Income and Expenditure	(10,959)	(4,286)	(291)	(788)	(5,365)	(2,667)	(18,992)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	121	(4,288)	(255)	(788)	(5,331)	1,835	(3,375)
	£'000						
Opening General Fund at 1 April 2023 (Surplus)/Deficit	(3,118)						
	121						
Closing General Fund balance at 31 March 2024	(2,997)						

## Note to the Expenditure & Funding Analysis 2022/23

Committee	Net Expenditure Chargeable to General Fund	Adjustments for Capital Purposes (Note 1)	Adjustments for Pensions Benefits (Note 2)	Other Differences (Note 3)	Total Adjustments between Funding and Accounting Basis	Adjustments between internal & statutory reporting	Net Expenditure in the CIES
<b>General Fund</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment	5,255	(162)	1,058	0	897	(1,483)	4,669
Community & Wellbeing	5,210	631	631	0	1,262	(1,788)	4,684
Licensing & Planning Policy	(543)	(770)	(705)	0	(1,475)	5,902	3,883
Strategy & Resources	847	0	410	0	410	93	1,351
<b>Net Cost of Services</b>	<b>10,769</b>	<b>(300)</b>	<b>1,395</b>	<b>0</b>	<b>1,095</b>	<b>2,724</b>	<b>14,587</b>
Other Income and Expenditure	(11,295)	(5,354)	1,012	(1,082)	(5,424)	(3,878)	(20,597)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit on the Provision of Services	(526)	(5,654)	2,407	(1,082)	(4,329)	(1,154)	(6,009)
	£'000						
Opening General Fund at 1 April 2021 (Surplus)/Deficit	(2,853)						
	(526)						
Transfer to Corporate Projects Reserve	262						
Closing General Fund balance at 31 March 2022	(3,118)						

### Note 1. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other Operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those 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.

### Note 2. Adjustments for Pension Benefits

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

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

### Note 3. Other Differences

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

- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

## Note 8: Expenditure and Income analysed by Nature

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

2022/23 £'000	Expenditure/Income	2023/24 £'000
	<b>Expenditure</b>	
15,797	Employee benefits expenses	13,748
30,125	Other services expenses	32,192
(523)	Support Services recharges	(542)
1,662	Depreciation, amortisation, impairment, & revaluation	2,461
2,796	Interest payments	2,796
576	Precepts and Levies	592
0	Movement in Investment Properties	0
362	Disposal of assets	0
<b>50,796</b>	<b>Total Expenditure</b>	<b>51,247</b>
	<b>Income</b>	
(18,828)	Fees, charges and other service income	(16,980)
(3,366)	Interest and investment income	(4,278)
(8,970)	Income from council tax, non-domestic rates (business rates) and associated S31 grants	(9,808)
(20,182)	Government grants and contributions	(19,270)
(5,069)	Movement in Investment Properties	(4,286)
(390)	Disposal of assets	0
<b>(56,805)</b>	<b>Total Income</b>	<b>(54,622)</b>
<b>(6,009)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(3,375)</b>



## **Not 9: 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 arrive at the resources that are specified by statutory provisions as being available to the authority 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 an authority are required to be paid and out of which all liabilities of the authority 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.

### **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**

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.

2023-24	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Receipts	Capital Grants Unapplied (CIL)	
	£000	£000	£000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the CIES</u>				
Charges for depreciation and impairment of non current assets	(1,619)	0	0	1,619
Revaluation losses on Property Plant and Equipment	(975)	0	0	975
Reversal of movements in the market value of Investment Properties	4,286	0	0	(4,286)
Reversal of impairment charges to the CIES of non-current assets in prior years where the non-current assets have had an upward revaluation in year	323	0	0	(323)
Amortisation of intangible assets	(190)	0	0	190
Revenue expenditure funded from capital under statute	(1,324)	0	0	1,324
<u>Insertion of items not debited or credited to the CIES</u>				
Statutory provision for the financing of capital investment	1,472	0	0	(1,472)
Capital expenditure charged against General Fund balances	557	0	0	(557)
<b>Adjustments primarily involving Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	696	0	(696)	0
Application of grants to capital financing transferred to the CAA	1,433	0	192	(1,625)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure	0	132	0	(132)
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(2,268)	0	0	2,268
Employer's pensions contributions and direct payments to pensioners payable in the year	2,525	0	0	(2,525)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES differs from council tax income calculated in accordance with statutory requirements	8	0	0	(8)
Amount by which NDR income credited to the CIES differs from NDR income calculated in accordance with statutory requirements	780	0	0	(780)
<b>Total Adjustments</b>	<b>5,704</b>	<b>132</b>	<b>(504)</b>	<b>(5,332)</b>

2022-23	Usable Reserves			Unusable Reserves
	General Fund Balance	Capital Receipts	Capital Grants Unapplied (CIL)	
	£000	£000	£000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the CIES</u>				
Charges for depreciation and impairment of non current assets	(1,181)	0	0	1,181
Revaluation losses on Property Plant and Equipment	(313)	0	0	313
Reversal of movements in the market value of Investment Properties	5,069	0	0	(5,069)
Reversal of impairment charges to the CIES of non-current assets in prior years where the non-current assets have had an upward revaluation in year	67	0	0	(67)
Amortisation of intangible assets	(231)	0	0	231
Revenue expenditure funded from capital under statute	(765)	0	0	765
Non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(362)	0	0	362
<u>Insertion of items not debited or credited to the CIES</u>				
Statutory provision for the financing of capital investment	1,460	0	0	(1,460)
Capital expenditure charged against General Fund balances	602	0	0	(602)
<b>Adjustments primarily involving Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	285	0	(285)	0
Application of grants to capital financing transferred to the CAA	632	0	309	(942)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	390	(390)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	270	0	(270)
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(4,914)	0	0	4,914
Employer's pensions contributions and direct payments to pensioners payable in the year	2,507	0	0	(2,507)
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES differs from council tax income calculated in accordance with statutory requirements	(4)	0	0	4
Amount by which NDR income credited to the CIES differs from NDR income calculated in accordance with statutory requirements	1,086	0	0	(1,086)
<b>Total Adjustments</b>	<b>4,329</b>	<b>(120)</b>	<b>24</b>	<b>(4,234)</b>

## Note 10: Movements in Usable Reserves

	Balance at 31 March 2022 £'000	Transfers		Balance at 31 March 2023 £'000	Transfers		Balance at 31 March 2024 £'000
		In	Out		In	Out	
		£'000	£'000		£'000	£'000	
<b>General Fund</b>	<b>(2,853)</b>	<b>(264)</b>	<b>0</b>	<b>(3,118)</b>	<b>0</b>	<b>121</b>	<b>(2,997)</b>
<b>Strategic Reserves</b>							
Insurance	(434)	0	0	(434)	0	0	(434)
Repairs and Renewals	(456)	(77)	0	(533)	(157)	94	(596)
Interest Equalisation	0	0	0	0	(784)	0	(784)
VAT Reserve	(206)	0	0	(206)	0	0	(206)
Place Development Reserve	(225)	(657)	201	(681)	(153)	62	(772)
Property Maintenance	(689)	(34)	73	(650)	(138)	273	(515)
Commuted Sums	(1,439)	(29)	29	(1,439)	0	0	(1,439)
Corporate Projects Reserve	(4,130)	(208)	190	(4,148)	(434)	454	(4,128)
Community Safety	(104)	(46)	10	(140)	0	24	(116)
Local Partnership Fund	(28)	0	0	(28)	0	0	(28)
Prevention, Personalisation & Partnership Fund	(73)	(42)	4	(111)	(14)	0	(125)
Collection Fund Equalisation	(5,158)	0	1,156	(4,002)	(912)	1,090	(3,824)
Residential Property Acquisition Fund	(1,017)	0	40	(977)	0	0	(977)
Property Income Equalisation	(8,459)	(2,758)	1,336	(9,881)	(588)	3,245	(7,224)
HIA Hardship fund	(124)	0	0	(124)	0	0	(124)
Sports & Leisure Development	(76)	(66)	0	(142)	(47)	66	(123)
Housing/Homelessness Support Grants	(332)	(735)	34	(1,033)	(71)	194	(910)
Basic Payments Scheme	(142)	0	0	(142)	0	6	(136)
Covid Grants Reserve	(163)	0	163	0	0	0	0
<b>Subtotal Strategic Reserves</b>	<b>(23,255)</b>	<b>(4,652)</b>	<b>3,236</b>	<b>(24,671)</b>	<b>(3,298)</b>	<b>5,508</b>	<b>(22,462)</b>
Community Infrastructure Levy	(9,320)	(338)	362	(9,296)	(794)	290	(9,800)
Capital Receipts Reserves	(3,821)	(390)	270	(3,940)	0	132	(3,808)
<b>Total Usable Reserves</b>	<b>(39,249)</b>	<b>(5,644)</b>	<b>3,868</b>	<b>(41,025)</b>	<b>(4,092)</b>	<b>6,051</b>	<b>(39,067)</b>

## Note 11: Other Operating Expenditure in CIES

2022/23 £'000		2023/24 £'000
(28)	(Gains) /Losses on the Disposal of Non-Current Assets	0
<b>(28)</b>	<b>Total</b>	<b>0</b>

## Note 12: Financing and Investment Income and Expenditure in CIES

2022/23 £'000		2023/24 £'000
1,784	Interest Payable and Similar Charges	1,778
1,012	Net Interest on the Net Defined Benefit Liability	245
(5,069)	Movement in Investment Property Valuations	(4,286)
(5,029)	Investment Property Rentals Trading Account	(1,025)
(2,643)	Interest Receivable and Similar Income	(3,525)
(723)	Other Income from Subsidiary	(754)
<b>(10,668)</b>	<b>Total</b>	<b>(7,566)</b>

## Note 13: Taxation and Non Specific Grant Income in CIES

The Council recognised the following taxation and non-specific grant income in the year:

2022/23 £'000		2023/24 £'000
(7,132)	Council Tax Income	(7,397)
(1,838)	Non Domestic Rates & S31 Relief Grants	(2,411)
(174)	New Homes Bonus Grant	(135)
(65)	Unringfenced Revenue Support Grants	(333)
(692)	Capital Grants and Contributions	(1,148)
<b>(9,901)</b>	<b>Total</b>	<b>(11,425)</b>

Further grants credited to services are detailed in Note 14.

## Note 14: Other Government Grants Credited to Services

In addition to Taxation and Non Specific Grant Income in Note 13 the following significant government grants and contributions were credited to Cost of Services in the CIES:

2022/23 £'000		2023/24 £'000
(53)	Council Tax Support Admin Grant	(39)
(132)	Benefits Admin Grant	(128)
(15,084)	Rent Allowances & Rebates - Housing Benefit Subsidy	(14,691)
(26)	Elections	(34)
(214)	Personal Services	(162)
(78)	Highways and parking	(381)
(141)	Venues	(163)
(1,696)	Housing, Homelessness & Rough Sleepers (22/23 includes Ukrainian, Afghan and Syrian refugee funding)	(1,314)
(517)	New Burden & Support Grants	(324)
(739)	Place Development Grants	(235)
(105)	Youth Hub	(33)
(616)	Disabled Facilities Grant	(1,079)
(226)	Community Safety	0
(315)	Other Smaller Grants	(218)
<b>(19,943)</b>	<b>Total</b>	<b>(18,802)</b>

### Grants and Contributions Receipts in advance

These are grants and contributions held that were received in advance or where the Council has not yet satisfied the condition attached to the grant/contribution but expects to meet the conditions in the future.

2022/23 £'000		2023/24 £'000
(3,746)	Other grants and Section 106 Contributions	(3,129)
<b>(3,746)</b>	<b>Total</b>	<b>(3,129)</b>

## Note 15: Property, Plant and Equipment

### Property, Plant and Equipment Valuation

The Borough Council's property portfolio is valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end; as a minimum, revaluations occur at least once every five years. In line with the Code of Practice the Council maintains a valuation programme that concentrates on categories of assets. Valuations are undertaken by Wilks, Head and Eve, Chartered Surveyors. The properties that were revalued in 2023/24 account for £85.1 million of the gross book value of assets at 31 March 2024.

Despite elements of uncertainty at the reporting date, relating to the ongoing situation in Ukraine; changes to the UK and EU relationship; and the Israel and Palestine conflict, Wilks, Head and Eve state that property markets are functioning, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. The property valuations are therefore not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation Global Standards.

The UK officially left the EU with the transition period ending as of 31st December 2020. Whilst the deal provides a more certain position in relation to the UK's future relationship with the EU the full implications of the deal will take some time to realise. There remains therefore a period of uncertainty in relation to many factors that impact the construction markets, supply & demand and, costs associated with this market. As at the time of preparing this commentary the outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th of March 2020, has and continues to impact many aspects of daily life and the global economy –with some real estate markets having experienced lower levels of transactional activity and liquidity.

The recent Russian invasion of Ukraine has added to the levels of global uncertainty during the period. As a response the international community has been united in applying sanctions against the Russian state which is now reported to be having an impact on the Russian economy. We are not aware of any specific impact to the value of the assets within the portfolio because of the invasion currently although we will continue to monitor as the crisis develops.

Infrastructure, community assets and assets under construction are held at historical cost and have not been formally re-valued. Properties are also revalued to take into account any potential impairment in their value and also consequently upon construction and the completion of any material improvements.

### Depreciation

Assets are depreciated in accordance with the requirements of IAS 16 and IAS 36. The following useful lives have been used in the calculation of depreciation:

- Other Land and Buildings – 5 to 50 years
- Vehicles, plant and equipment – 4 to 39 years
- Infrastructure Assets – 4 to 50 years

## Movements on Non Current Assets – Property, Plant & Equipment & Surplus Assets 2023/24

Property, Plant Equipment & Surplus Assets	Other Land and Buildings	Vehicle Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Totals
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Carrying Value as at 1 April 2023	67,348	9,534	1,734	5,430	357	38	84,441
Additions	0	505	125	0	372	0	1,002
Revaluation Movement Recognised in the Revaluation Reserve	100	0	0	0	0	0	100
Derecognition - Disposals	0	(221)	(42)	0	0	0	(263)
Assets Reclassified	0	105	0	0	4,224	0	4,329
Other Movements	0	0	0	0	0	0	0
Gross Book Carrying Value at 31 March 2024	67,448	9,923	1,817	5,430	4,953	38	89,609
Accumulated Impairment & Depreciation as at 1 April 2023	(4,305)	(2,746)	(96)	(942)	0	0	(8,089)
Depreciation Charge for the Year	(880)	(696)	(43)	0	0	0	(1,619)
Depreciation written out to the Surplus/Deficit on the Provision of Service	230	0	0	0	0	0	230
Impairment (Losses) / Reversals Recognised in the Surplus/Deficit on the Provision of Service	(651)	0	0	0	0	0	(651)
Derecognition - disposals	0	221	42	0	0	0	263
Depreciation Written out to the Revaluation Reserve	170	0	0	0	0	0	170
Accumulated Impairment & Depreciation as at 31 March 2024	(5,436)	(3,221)	(97)	(942)	0	0	(9,697)
TOTAL NET CARRYING BOOK VALUE at 31 March 2024	62,012	6,702	1,720	4,488	4,953	38	79,912



## Movements on Non Current Assets – Property, Plant & Equipment & Surplus Assets 2022/23

Property, Plant Equipment & Surplus Assets	Other Land and Buildings	Vehicle Plant and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Totals
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Book Carrying Value as at 1 April 2022	68,219	9,106	1,227	4,375	728	592	84,247
Additions	0	279	0	0	694	0	973
Revaluation Movement Recognised in the Revaluation Reserve	184	501	0	0	0	(537)	148
Derecognition - Disposals	0	(440)	0	0	0	(340)	(780)
Assets Reclassified		88	506		(1,065)	470	0
Other Movements	(1,055)		0	1,055	0	(147)	(147)
Gross Book Carrying Value at 31 March 2023	67,348	9,534	1,734	5,430	357	38	84,441
Accumulated Impairment & Depreciation as at 1 April 2022	(5,081)	(2,731)	(62)	(942)	0	0	(8,816)
Adjustment to opening balance*	529	0	0	0	0	0	529
Depreciation Charge for the Year	(950)	(725)	(34)	0	0	0	(1,709)
Impairment (Losses) / Reversals Recognised in the Surplus/Deficit on the Provision of Service	(245)	0	0	0	0	0	(245)
Derecognition - disposals	0	417	0	0	0	0	417
Depreciation Written out to the Revaluation Reserve	1,443	293	0	0	0	0	1,736
Accumulated Impairment & Depreciation as at 31 March 2023	(4,305)	(2,746)	(96)	(942)	0	0	(8,089)
TOTAL NET CARRYING BOOK VALUE at 31 March 2023	63,043	6,788	1,638	4,488	357	38	76,352

\* An adjustment has been made to the opening balance to reflect updated asset lives for calculating depreciation from 2022/23.

## Capital Expenditure

Capital expenditure and revenue expenditure funded from capital under statute (REFCUS) of £2.44m was incurred in 2023/24 as follows:

2022/23 £'000		2023/24 £'000
973	Non Current Assets - PPE	1,001
89	Intangibles	115
765	Revenue Expenditure Funded from Capital Under Statute	1,324
<b>1,827</b>	<b>Total Capital Expenditure</b>	<b>2,440</b>

Funding of capital expenditure is detailed below:

2022/23 £'000		2023/24 £'000
270	Capital Reserves	132
616	Government Grants	1,079
602	Revenue	557
16	Section 106 Receipts	354
309	Community Infrastructure Levy Receipts	192
<b>1,814</b>	<b>Subtotal Capital Funding</b>	<b>2,314</b>
13	Vehicle Finance Lease - to be financed in future years	126
<b>1,827</b>	<b>Total</b>	<b>2,440</b>

A net contribution of £557k (£602k contribution in 2022/23) was set aside from revenue to finance capital expenditure in 2023/24.

## Capital Commitments

The estimated commitments for capital expenditure for schemes that had started, or legal contracts entered into by 31 March 2024 amounts to £723k as detailed below.

2022/23 £'000		2023/24 £'000
21	Wellbeing Centre - Replacement of Boilers	0
312	Replacement of CRM and Data Warehouse	228
0	Replacement of EEBC Street Lamps	426
0	Poole Road Roof Replacement	69
<b>333</b>	<b>Total Capital Commitments</b>	<b>723</b>

## Componentisation

When valuing the assets for the five-year rolling programme, the valuer considered component accounting requirements. Typically, operational properties are split into land and building components.

## Revaluations

The Council ensures that all property, plant and equipment required to be measured at fair value is re-valued, at least every five years. All operational buildings have been revalued within the past two years. In 2019/20, the Council engaged a new property valuing firm, Wilks, Head & Eve, following a competitive procurement exercise. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The timing and amounts of the valuations of those classes of asset held at current value are summarised in the following table:

Valued at fair value as at:	31 March 2021 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2024 £'000
<b>Operational Assets</b>				
Land and Buildings	31,291	21,462	41,939	20,917

Infrastructure, community assets and assets under construction are held at historical value and have not been formally re-valued.

## Note 16: Investment Properties

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:

2022/23 £'000		2023/24 £'000
(5,713)	Rental Income from Investment Property	(3,359)
690	Other Net Expenditure Arising from Investment Property	2,334
<b>(5,023)</b>	<b>Net (Income)/Expenditure</b>	<b>(1,025)</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property.

### Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policies for an explanation of the fair value levels).

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during the year for investment properties.

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

### Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2024 by Wilks Head and Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Despite global events such as the ongoing situation in Ukraine; changes to the UK and EU relationship; and the Israel and Palestine conflict, at the reporting date, Wilks, Head and Eve state that property markets are functioning, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. The property valuations are therefore not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation Global Standards. The following table summarises the movement in the fair value of investment properties over the year.

2022/23		2023/24
£'000		£'000
<b>58,974</b>	<b>Balance at the Start of the Year</b>	<b>64,190</b>
5,069	Net gains/(losses) from Fair Value Adjustments	4,286
147	Transfers to/from Assets Held For Sale/Other adjustments	(4,329)
<b>64,190</b>	<b>Balance at the Year End</b>	<b>64,147</b>

## Note 17: Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both the purchased licenses and any internally generated software.

All software is given a finite useful life of 4 years. The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on Intangible Assets balances during the year is as follows:

2022/23		2023/24
£'000		£'000
	<b>Balance at the start of the year</b>	
926	Gross Carrying Amounts	1,015
(342)	Accumulated Amortisation	(573)
<b>584</b>	<b>Net Carrying Amount at the Start of the Year</b>	<b>442</b>
89	Additions	115
0	Disposals	(254)
0	Amortisation written out on disposal	254
(231)	Amortisation for the Period	(190)
<b>442</b>	<b>Net Carrying Value at the End of the Year</b>	<b>366</b>

## Note 18: Financial Instruments

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. For the Council this means that all treasury contracts (borrowings and investments) are recognised as financial instruments as well as trade receivables, loans for policy purposes, trade payables and bank deposits. Statutory charges and payments (e.g. amounts due from Council Tax) are not recognised as financial instruments as these do not arise from contractual agreements and are outside the scope of the accounting treatment for financial instruments.

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

2022/23			2023/24	
Non-Current	Current		Non-Current	Current
£'000	£'000		£'000	£'000
		<b>Financial Assets - Loans and Investments</b>		
60,293	20,000	Loans and Investments (Amortised Cost)	60,293	15,000
0	7,400	Loans and Investments (FVPL)	0	8,200
0	899	Cash at Bank	0	297
<b>60,293</b>	<b>28,299</b>	<b>Total Loans and Investments</b>	<b>60,293</b>	<b>23,497</b>
		<b>Financial Assets - Debtors</b>		
0	1,833	Trade Debtors (Amortised Cost)	0	1,397
0	1	Other Debtors (Amortised Cost)	0	6
<b>0</b>	<b>1,834</b>	<b>Total included in Debtors</b>	<b>0</b>	<b>1,402</b>
		<b>Financial Liabilities - Borrowings</b>		
(64,427)	0	Borrowings (Amortised Cost)	(64,427)	0
<b>(64,427)</b>	<b>0</b>	<b>Total included in Borrowings</b>	<b>(64,427)</b>	<b>0</b>
		<b>Other Financial Liabilities</b>		
(1,935)	(408)	Finance Lease (Amortised Cost)	(1,121)	(456)
<b>(1,935)</b>	<b>(408)</b>	<b>Total included Other Financial Liabilities</b>	<b>(1,121)</b>	<b>(456)</b>
		<b>Financial Liabilities - Creditors</b>		
0	(1,975)	Creditors (Amortised Cost)	0	(1,505)
<b>0</b>	<b>(1,975)</b>	<b>Total included in Creditors</b>	<b>0</b>	<b>(1,505)</b>

### Material Soft Loans made by the Council

The Council has no material soft loans outstanding at 31 March 2024.

## Unquoted Equity Instruments Measured at Cost

The Council has a shareholding in Epsom & Ewell Property Investment Company Limited (representing 100% of the company's capital). The shares are carried at cost of £24.117m and have not been re-valued, as a fair value cannot be measured without incurring excessive expense. The company was formed in September 2017. There are no established companies with similar aims in the Council's area whose shares are traded and which might provide comparable market data. The Council has no current intention to dispose of the shareholding.

## Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2022/23				2023/24		
Financial Liabilities - Borrowings £'000	Financial Assets - Loans and Investments £'000	Total £'000		Financial Liabilities - Borrowings £'000	Financial Assets - Loans and Investments £'000	Total £'000
153	0	153	Interest expense - finance leases	141	0	141
1,626	0	1,626	Interest expense - borrowings	1,625	0	1,625
<b>1,779</b>	<b>0</b>	<b>1,779</b>	<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>1,766</b>	<b>0</b>	<b>1,766</b>
0	(829)	(829)	Interest Income - treasury investments	0	(1,705)	(1,705)
0	(1,809)	(1,809)	Interest Income - loans to subsidiary	0	(1,809)	(1,809)
<b>0</b>	<b>(2,638)</b>	<b>(2,638)</b>	<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(3,513)</b>	<b>(3,513)</b>
<b>1,779</b>	<b>(2,638)</b>	<b>(860)</b>	<b>Net (Income)/Expenditure for the Year</b>	<b>1,766</b>	<b>(3,513)</b>	<b>(1,747)</b>

## Nature and Extent of Risks Arising from Financial Instruments

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 authority
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the finance team, under policies approved by Strategy & Resources Committee in the Treasury Management Strategy.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Risk to the Council is minimised through the annual Investment Strategy,

which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, such as ratings received from Fitch, Moody's and Standard & Poors. The annual Investment Strategy also imposes a £5m maximum sum to be invested with financial institutions located within each category.

The financial assets held by the Council are detailed below.

Financial Asset Category	Counterparty	Investment at 31 March 2023	Investment at 31 March 2024
<b>Cash Equivalents - Fair Value Through Profit &amp; Loss</b>			
Deposits with Money Market Funds	Goldman Sachs	£2.4m	-
	Deutsche	£5.0m	£3.2m
	RBS	-	-
	UBS	-	-
	State Street	-	£5.0m
<b>Total Cash Equivalents</b>		<b>£7.4m</b>	<b>£8.2m</b>
<b>Short Term Investments - Amortised Cost</b>			
Fixed Term Deposits with building societies and banks	Standard Chartered	£5.0m	£5.0m
	Goldman Sachs	-	£5.0m
	Lloyds	£5.0m	£5.0m
	National Counties	£5.0m	-
	Bayerische Landesbank	£5.0m	-
<b>Total Short Term Investments</b>		<b>£20.0m</b>	<b>£15.0m</b>

The Authority's maximum exposure to credit risk in relation to its investments is £23.2m. The Council has assessed its investment portfolio for signs of impairment, in accordance with the requirements of IFRS 9. All treasury investments are held in low-risk funds and/or with low-risk counterparties. As such, any impairment to the investment portfolio is immaterial and has not been recognised in the CIES.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The following analysis summarises the Council's potential maximum exposure to credit risk, based upon experience of default over the last five financial years, adjusted to reflect current market conditions:



	Amount at 31 March 2024	Historical experience of default	Historical experience adjusted for market conditions at 31-Mar-24	Estimated maximum exposure to default and un- collectability at 31 March 2024	Historical experience adjusted for market conditions at 31-Mar-23	Estimated maximum exposure at 31-Mar-23
	£'000	%	%	£'000	%	£'000
	A	B	C	(A x C)	C	
<u>Money Market Funds</u>						
Goldman Sachs	3,200	0	0	0	0	0
Deutsche	5,000	0	0	0	0	0
<u>Fixed Term Deposits</u>						
Standard Chartered	5,000	0	0	0	0	0
Lloyds	5,000	0	0	0	0	0
Goldman Sachs	5,000	0	0	0	0	0
<u>Other</u>						
Customers	1,444	3.87%	18.60%	269	20.37%	373

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council does not generally allow credit for customers, but of the £1.4m balance £0.97m is overdue for payment. The overdue amount can be analysed by age as follows:

31-Mar-23 £'000		31-Mar-24 £'000
557	Less than three months	188
751	Over three months	784
<b>1,308</b>	<b>Total</b>	<b>972</b>

To reflect the latest profile of aged debtors, the bad debt provision has decreased by a net £114k, from £373k at 31 March 2023 to £259k at 31 March 2024.

### Liquidity Risk

All trade and other amounts owing are due to be paid in less than one year.

**Market & Interest rate risk:** The Council is exposed to relatively modest risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have an impact on the Council. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

However, interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The finance team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. This allows any adverse changes to be accommodated in the budget setting process.

According to this assessment strategy, at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	142
Increase in interest receivable on fixed rate investments	197
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>339</b>

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

There have been no changes to the method and approach for compiling the risk information for 2023/24 compared to 2022/23.

The Council uses external advisors to help manage the majority of its cash backed reserves. Surplus cash may be invested in gilts or in temporary investments with other public sector authorities, major clearing banks and building societies.

These investments are included in the balance sheet at amortised cost less any expected credit loss (if short term investments) and those not due within the next year (long term investments).

### **Fair Values of Financial Assets and Financial Liabilities**

All financial assets and financial liabilities held by the Authority are carried in the Balance Sheet at amortised cost or fair value through profit or loss. The fair values are calculated as follows; where cost is used as the proxy for fair value, this falls within Level 3 of the fair value hierarchy.

#### Financial Assets

The Other Investments and Trade Debtors are short term in nature, and therefore the fair value is not materially different for the book value. There is no impairment implication for investments. Short term debtors are carried at cost less any impairment, as this is a fair approximation of their value.

31-Mar-23			31-Mar-24	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
		<b>Financial Assets</b>		
24,117	16,487	Unquoted Equity Investment (Amortised Cost)	24,117	17,187
36,176	36,176	Loans to Subsidiary (Amortised Cost)	36,176	36,176
20,000	20,000	Other Investments (Amortised Cost)	15,000	15,000
7,400	7,400	Other Investments (FVPL)	8,200	8,200
899	899	Cash at Bank	297	297
1,833	1,833	Trade Debtors (Amortised Cost)	1,397	1,397
<b>90,425</b>	<b>82,795</b>	<b>Total Financial Assets</b>	<b>85,187</b>	<b>78,257</b>

\* The 2022/23 figure for the fair value of Unquoted Equity Investment has been restated to reflect the amended EEPIC Net Assets which increased from the value of £16.487m stated in the 2022/23 accounts to £17.675m following an adjustment to EEPIC property valuations as a result of the 2022/23 audit.

The Council's loan to its subsidiary has not been re-valued, as a fair value cannot be measured without incurring excessive expense. There is no indication that the loan is impaired.

Regarding the Council's unquoted equity investment in its subsidiary company, there are no other established companies with similar aims in the area whose shares are traded and which might provide comparable fair value market data. As a proxy for fair value, the Council has disclosed the audited net assets of the subsidiary company at 31 March 2024. The Council has no current intention to dispose of the shareholding.

#### Financial Liabilities

31-Mar-23			31-Mar-24	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
		<b>Financial Liabilities held at amortised cost</b>		
64,427	42,613	PWLB Loans	64,427	38,202
1,869	1,869	Finance Lease Liabilities	1,577	1,577
1,975	1,975	Creditors	1,505	1,505
<b>68,271</b>	<b>46,457</b>	<b>Total Financial Liabilities</b>	<b>67,509</b>	<b>41,284</b>

The Council's PWLB loans have been fair-valued by Link Asset Services, using Level 2 inputs based on new loan rates. Finance lease liabilities and short-term creditors are carried at contracted amounts, fair value is not materially different.

## Note 19: Debtors

A summary of debtors due within the next financial year is detailed below.

Gross Debtors 2022/23 £'000	Bad Debt Provision 2022/23 £'000	Net Debtors 2022/23 £'000		Gross Debtors 2023/24 £'000	Bad Debt Provision 2023/24 £'000	Net Debtors 2023/24 £'000
665		665	Central government bodies	767	0	767
7		7	Other Local Authorities	8	0	8
324	(115)	209	Council Tax Payers	362	(106)	256
347	(79)	268	Non Domestic Rate Payers	256	(51)	205
4,818	(1,847)	2,972	Other Entities and individuals	4,699	(1,606)	3,093
<b>6,161</b>	<b>(2,041)</b>	<b>4,120</b>	<b>Total Debtors</b>	<b>6,092</b>	<b>(1,763)</b>	<b>4,329</b>

Long term debtors (greater than 365 days):

2022/23 £'000		2023/24 £'000
643	Lease Debtors	854
36,176	Loans to Subsidiary	36,176
<b>36,818</b>	<b>Total</b>	<b>37,030</b>

## Note 20: 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 investments that mature in specified period (no more than three months) or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, 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.

2022/23 £'000		2023/24 £'000
899	Cash at Bank	297
7,400	Cash Equivalents	8,200
<b>8,299</b>	<b>Cash and Cash Equivalents</b>	<b>8,497</b>

## Note 21: Creditors

A summary of creditors is detailed below.

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
(2,590)	Central Government Bodies	(1,797)
(2,739)	Other Local Authorities	(1,467)
(119)	Council Tax Payers	(113)
(264)	Non Domestic Ratepayers	(281)
(3,943)	Other Entities and individuals	(3,629)
<b>(9,656)</b>	<b>Total</b>	<b>(7,288)</b>

## Note 22: Provisions

A summary of provisions is detailed below.

	<b>Short Term Provision</b>	<b>Long Term Provision</b>
	<b>£'000</b>	<b>£'000</b>
<b>2022/23</b>		
Opening balance at 1 April 2022	0	(459)
Net additional provision made in year	(250)	(879)
<b>Balance at 31 March 2023</b>	<b>(250)</b>	<b>(1,338)</b>
<b>2023/24</b>		
Net change in provision during year	0	1,257
<b>Balance at 31 March 2024</b>	<b>(250)</b>	<b>(81)</b>

The Council has one short term provision of £0.25m, reflecting an estimate of the potential financial impact that may arise from an ongoing Health & Safety Executive investigation into an incident that occurred in December 2021 involving a waste collection vehicle.

The Council has one long term provision of £81k for its share of appeals against NDR (Business Rates) charges. The total £81k provision reflects an estimate of the potential effects of appeals that may be settled in future years.

## Note 23: Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 2022/23 £'000	Net Movement in year £'000	Balance 2023/24 £'000	Purpose of Reserve	Further Detail of Movements
General Fund	(3,117)	121	(2,997)	Resources available to meet future running costs for non-housing services	Movement in Reserve Statement (Note 10)
Strategic Reserves	(24,671)	2,210	(22,461)	Earmarked resources to provide funding for specific areas	Movement in Reserve Statement (Note 10)
Capital Grants Unapplied Account (CIL)	(9,296)	(504)	(9,800)	Community Infrastructure Levy used to fund investment in infrastructure.	Movement in Reserve Statement (Note 10)
Capital Receipts Reserve	(3,940)	132	(3,808)	Proceeds of Non Current Asset sales available to meet future capital investment	Detailed in this note below
<b>Total Usable Reserves</b>	<b>(41,025)</b>	<b>1,958</b>	<b>(39,067)</b>		
Revaluation Reserve	(45,649)	(500)	(46,149)	Store of gains on revaluation of non current assets not yet realised through sales	Detailed in this note below
Capital Adjustments Account	(68,800)	(4,288)	(73,088)	Store of capital resources set aside to meet past expenditure	Detailed in this note below
Council Tax Adjustment Account	(52)	(8)	(60)	Balance held on collection fund and NNDR AC	Detailed in this note below
NNDR Adj Account	1,683	(780)	903	Balance held on collection fund and NNDR AC	Detailed in this note below
Pensions Reserve	5,400	(7,747)	(2,347)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet.	Note 32
<b>Total Unusable Reserves</b>	<b>(107,417)</b>	<b>(13,323)</b>	<b>(120,740)</b>		
<b>Total Reserves</b>	<b>(148,442)</b>	<b>(11,365)</b>	<b>(159,807)</b>		

### Revaluation Reserve

The Revaluation Reserve records the net gain (if any) from revaluations made after 1 April 2007. Unrealised (gains)/losses occur when non-current assets are revalued. If an asset is revalued at an increased amount over the current net book value in the Balance Sheet, then there is an unrealised gain. If the asset is revalued below its net book value, then there is an unrealised loss. However, when the review of an asset value reveals a reduction, it is necessary to determine whether impairment has occurred, either because of general price decreases or because of the clear consumption of the economic benefits of the assets.

The main reason for this is to ensure that non-current assets are recorded in the Statement of Accounts at no more than their recoverable amount and any resulting impairment loss is measured and recognised on a consistent basis.

All non-current assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is normally charged to the relevant service revenue account.

In the event that the relevant asset has a balance in the Revaluation Reserve, the decrease in value is written off against any revaluation gains held, with any excess charged to the relevant service revenue account. Where an impairment loss is charged against gains in the Revaluation Reserve for that asset, the amount up to the value of the balance in the Revaluation Reserve is transferred from the Revaluation Reserve to the Capital Adjustment Account.

The balance on the account represents the difference between the original values of assets and their revalued amounts where appropriate. The account is written down by the net book value of assets as they are disposed of, and either debited with the deficits or credited with the surpluses arising on future revaluations.

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>(44,231)</b>	<b>Balance at 1 April</b>	<b>(45,649)</b>
(3,734)	Upward revaluation of assets	(1,151)
1,850	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	651
<b>(1,884)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(500)</b>
<b>466</b>	Amount written off to the Capital Adjustment Account	<b>0</b>
<b>(45,649)</b>	<b>Balance at 31 March</b>	<b>(46,149)</b>

### **Movements in Amounts Capital Adjustment Account to Finance Capital Investment**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

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.

Total movements in amounts set aside to finance capital investment were as follows:

2022/23 £'000		2023/24 £'000
(62,775)	<b>Balance brought forward at 1 April</b>	<b>(68,800)</b>
	<b><u>Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement</u></b>	
(529)	- adjustment to accumulated depreciation opening balance	0
1,710	- charges for depreciation and impairment of non-current assets	1,619
245	- revaluation (gains)/losses on property, plant & equipment	652
231	- amortisation of intangible assets	190
765	- revenue expenditure funded from capital under statute	1,324
362	- amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
<b>2,785</b>	<b>Total Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement</b>	<b>3,785</b>
<b>(59,990)</b>	<b>Net Written out Amount of the Cost of Non-Current Assets Consumed in the Year</b>	<b>(65,015)</b>
	<b><u>Capital Financing Applied in the Year</u></b>	
(270)	- use of the Capital Receipts Reserve used to finance new expenditure	(132)
(941)	- capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,625)
(1,460)	- statutory provision for the financing of capital investment charged against the general fund	(1,472)
(602)	- capital expenditure charged against the General Fund	(557)
<b>(3,274)</b>	<b>Total Capital Financing Applied</b>	<b>(3,786)</b>
(5,069)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(4,286)
<b>(466)</b>	- amounts written off from revaluation reserve	0
<b>(68,800)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(73,088)</b>

### Usable Capital Receipts Reserve

2022/23 £'000		2023/24 £'000
<b>(3,821)</b>	<b>Balance brought forward at 1 April</b>	<b>(3,940)</b>
(390)	Amounts receivable in year	0
270	Amounts applied to finance new capital investment	132
<b>(120)</b>	<b>Total (Increase)/decrease in realised capital receipts</b>	<b>132</b>
<b>(3,940)</b>	<b>Balance carried forward at 31 March</b>	<b>(3,808)</b>

The usable capital receipts reserve represents the receipts available to finance capital expenditure in future years, after setting aside the required statutory amounts for the repayment of external loans.

### Pensions Reserve

Pension costs are detailed in Note 32.



## Council Tax Collection Fund Adjustment Account and NNDR Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £'000		2023/24 £'000
2,714	<b>Balance at the start of the year</b>	1,632
4	Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(8)
(1,086)	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(780)
1,632	<b>Balance at the end of the year</b>	844

## Note 24: Adjustment for Net (Surplus) or Deficit on the Provision of services for non-cash movements

2022/23 £'000	Details	2023/24 £'000
(1,426)	Charges for depreciation, impairment, and revaluation of non-current assets	(2,271)
5,069	Movements in the market value of Investment Properties	4,286
(231)	Amortisation of intangible assets	(190)
(2,407)	Movement in pension liability	257
1,647	Increase/(decrease) in debtors	(52)
(1,282)	(Increase)/decrease in creditors	1,249
(1,128)	(Increase)/decrease in provisions	1,507
(12)	Increase/(decrease) in inventories	25
230	<b>Adjustment for Net (Surplus) or Deficit on the Provision of services for non-cash movements</b>	4,812

**Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities**

2022/23 £'000	Details	2023/24 £'000
1,250	Capital Grants credited to surplus or deficit on the provision of services	544
390	Proceeds from the sale of property plant and equipment, investment property and intangible assets	0
1,640	<b>Total</b>	544

## Note 25: Cashflow from Investing Activities

These are cash payment or receipts involving capital activities.

2022/23 £'000	Details	2023/24 £'000
692	Purchase of property, plant and equipment, investment property and intangible assets	975
10,000	Purchase/(Proceeds) of short term and long term investments	(5,000)
(1,250)	Capital Grants Received	(544)
(390)	Receipts from sale of assets	0
<b>9,052</b>	<b>Total</b>	<b>(4,569)</b>

## Note 26: Cashflow from Financing Activities

2022/23 £'000	Details	2023/24 £'000
431	Net cash payments for the reduction of finance leases	418
20,991	Other financing activities (collection fund and grant agency arrangements)	1,974
<b>21,422</b>	<b>Total</b>	<b>2,392</b>

The changes in the Council's liabilities arising from financing activities can be classified as follows:

	Borrowings £'000	Lease Liabilities £'000	Total £'000
<b>2022/23</b>			
Opening Balance	(64,427)	(2,287)	(66,714)
<u>Cash Flows</u>			
Repayment	0	407	407
Proceeds	0	25	25
<u>Non-Cash</u>			
Acquisition	0	(13)	(13)
<b>Balance at 31 March 2023</b>	<b>(64,427)</b>	<b>(1,868)</b>	<b>(66,295)</b>
<b>2023/24</b>			
<u>Cash Flows</u>			
Repayment	0	418	418
Proceeds	0	0	0
<u>Non-Cash</u>			
Acquisition	0	(126)	(126)
<b>Balance at 31 March 2024</b>	<b>(64,427)</b>	<b>(1,577)</b>	<b>(66,003)</b>

## Note 27: Members' Allowances

The authority paid the following amounts to members of the council during the year:

Payments made	2022/23 £'000	2023/24 £'000
Allowances	189	186
Expenses	4	8
<b>Total</b>	<b>193</b>	<b>194</b>

## Note 28: Executive Remuneration Bands and Exit Packages

The following table shows the number of staff whose total remuneration, excluding employer's pensions contribution but including gross salary, expense allowances, supplements, compensation for loss of office (i.e. redundancy) and benefits, exceed £50k in bands of £5k:

No. of Staff 2022/23	Remuneration Range	No. of Staff 2023/24
6	£50,000 - £54,999	8
3	£55,000 - £59,999	3
1	£60,000 - £64,999	1
2	£65,000 - £69,999	2
1	£70,000 - £74,999	2
5	£75,000 - £79,999	2
0	£80,000 - £84,999	2
0	£95,000 - £99,999	2
1	£100,000 - £104,999	0
1	£120,000 - £124,999	0
0	£135,000 - £139,999	1
<b>20</b>	<b>Total</b>	<b>23</b>

### Senior Officer Remuneration

Detailed remuneration information for senior employees is set out below. These staff are included in the table above where applicable.

NOTE 28: OFFICER'S REMUNERATION - remuneration of certain senior employees:								
Post holder information	2022/23				2023/24			
	Sub-Note	Remuneration incl Expenses £	Employer's Pension contributions £	Total £	Sub-Note	Remuneration incl Expenses £	Employer's Pension contributions £	Total £
<b>Chief Executive</b>								
Officer A	1a	51,599	5,410	<b>57,009</b>		0	0	<b>0</b>
Officer B	1b	83,066	13,043	<b>96,109</b>		139,349	21,936	<b>161,285</b>
<b>Director of Environment, Housing and Regeneration</b>								
Officer C	2a	101,682	14,971	<b>116,653</b>		0	0	<b>0</b>
Officer D	2b	23,925	3,701	<b>27,626</b>		99,680	15,373	<b>115,053</b>
<b>Director of Corporate Services</b>								
Officer B	3a	38,670	5,934	<b>44,604</b>		0	0	<b>0</b>
Officer E	3b	23,913	3,693	<b>27,606</b>		99,194	15,292	<b>114,486</b>
<b>Chief Finance Officer</b>								
Officer F		67,217	11,696	<b>78,913</b>	5a	41,908	4,085	<b>45,993</b>
Officer H		0	0	<b>0</b>	5b	55,214	9,607	<b>64,821</b>
<b>Chief Legal Officer</b>								
Officer I	4	0	0	<b>0</b>	6	73,908	12,860	<b>86,768</b>

#### Sub Notes

##### 2023/24

**5a.** Chief Finance Officer until July 2023, remuneration for 2023/24 was a salary of £41,908.

**5b.** Chief Finance Officer from August 2023, remuneration in this post for 2023/24 was a salary of £55,214.

**6.** Chief Legal Officer from May 2023, remuneration for 2023/24 was a salary of £73,908.

##### 2022/23

**1a.** Chief Executive until July 2022, remuneration for 2022/23 was a salary of £51,599.

**1b.** Chief Executive from July 2022, remuneration in this post for 2022/23 was a salary of £83,066.

**2a.** Director of Environment, Housing and Regeneration until March 2023, remuneration for 2022/23 was a salary of £101,682.

**2b.** Interim Director of Environment, Housing and Regeneration from January 2023, remuneration in this post for 2022/23 was a salary of £23,925.

**3a.** Director of Corporate Resources until July 2022, remuneration in this post was a salary of £38,670.

**3b.** Interim Director of Corporate Services from January 2023, remuneration in this post for 2022/23 was a salary of £23,913.

**4.** No Chief Legal Officer was directly employed during 2022-23.

## Exit Packages

There were no exit packages paid in 2023/24 (one in 2022/23).

No. of Staff 2022/23	Exit Packages	No. of Staff 2023/24
1	£0 - £19,999	0
<b>1</b>	<b>Total</b>	<b>0</b>

## Note 29: Audit Costs

In 2023/24, the Council expects to incur the following fees relating to external audit and inspection:

2022/23 £'000		2023/24 £'000
45	Scale fee payable to the external auditors with regard to external audit	145
28	Additional audit fee variations (subject to agreement of PSAA)	0
43	Fees payable to the external audit for the certification of Housing Benefit subsidy claim	46
<b>116</b>	<b>Total</b>	<b>191</b>

## Note 30: Capital Financing Requirement

2022/23 £'000		2023/24 £'000
<b>88,895</b>	<b>Opening Capital Financing Requirement</b>	<b>87,551</b>
103	Adjustment to opening balance	0
	<b>Capital investment:</b>	
279	Property, Plant and Equipment	629
694	Assets under Construction	372
89	Intangible Assets	115
765	Revenue Expenditure Funded from Capital under Statute	1,324
	<b>Sources of finance:</b>	
(270)	Capital receipts	(132)
(942)	Government grants and other contributions	(1,625)
	<b>Sums set aside from revenue:</b>	
(602)	Direct revenue contributions	(557)
(1,460)	Minimum Revenue Provision	(1,472)
<b>87,551</b>	<b>Closing Capital Financing Requirement</b>	<b>86,205</b>
<b>(1,447)</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(1,346)</b>

## Note 31: Finance and Operating Leases

### Finance Leases in (Council as Lessee):

The Council has acquired a number of vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2022/23 £'000		2023/24 £'000
1,991	Vehicles, Plant, and Equipment	1,713

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicle acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2022/23 £'000		2023/24 £'000
408	Finance lease liabilities: Current	456
1,461	Finance lease liabilities: non-Current	1,121
294	Finance costs payable in future years – Interest	240
<b>2,163</b>	<b>Minimum lease payments</b>	<b>1,817</b>

Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
2022/23 £'000	2022/23 £'000		2023/24 £'000	2023/24 £'000
529	408	Not later than one year	573	456
1,633	1,460	Later than one year and not later than five years	1,244	1,121
1	0	Later than five years	0	0

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment recognised in the Income and Expenditure account – applied to write down the lease liability;
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement); and
- Minimum lease payments include both finance charge (interest) and lease liability (principal).

### Operating Leases in (Council as Lessee)

The Council has no material operating leases in.

### Operating Leases out (Council as Lessor)

In 2023/24 the Council received £3.373m (note 16) gross rental and other income from investment properties (£5.713m in 2022/23), the majority of which was generated from operating leases.

With regard to the Council's activity as a lessor, the gross value of land and buildings assets held for use in operating leases was £66.7m in 2023/24 (£62.3m in 2022/23).

The lease payments receivable in future years are:

Lease Income at 31 March 2023 £'000		Lease Income at 31 March 2024 £'000
2,518	Not later than one year	3,470
8,125	Later than one year and not later than five years	12,783
116,963	Later than five years	139,451
<b>127,606</b>	<b>Total</b>	<b>155,704</b>

£56.1 million of the income is from leases granted on Longmead and Nonsuch industrial estates. The decrease in rent due within 5 years is due to a property becoming vacant. The increase in rent later than 5 years is due to a new lease signed in 2023/24 and rent reviews on existing leases.

## Note 32: Pension Costs

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme for civilian employees, administered by Surrey County Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Surrey County Council. Policy is determined in accordance with the Pensions Fund Regulations.

## Transactions Relating to Retirement Benefits

EEBC recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserve Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and Statement of Movement in Reserves Statement during the year:

2022/23 £'000		2023/24
	<b>Comprehensive Income and Expenditure Statement</b>	
	<u>Net Cost of Services:</u>	
3,902	Current service cost	2,023
0	Past service gain/cost	0
	<u>Financing and Investment Income and Expenditure:</u>	
1,012	Net Interest Expense	245
<b>4,914</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,268</b>
	<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	
	<u>Remeasurements</u>	
(1,983)	Changes in demographic assumptions	(541)
(41,640)	Changes in financial assumptions	(4,125)
6,364	Other experience	3,034
0	Effect of asset ceiling	0
3,459	Return on assets excluding amounts included in net interest	(5,858)
<b>(33,800)</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(7,490)</b>
	<u><b>Movement in Reserves Statement</b></u>	
(4,914)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,268)
2,507	Employers' contributions payable to scheme	2,525

## Assets and Liabilities in Relation to Post-employment Benefits

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March 2024 are as follows:



2022/23 £'000		2023/24 £'000
(122,575)	<b>1 April 2023</b>	(93,082)
(3,902)	Current service cost	(2,023)
0	Past service cost	0
(3,318)	Interest cost	(4,374)
(582)	Contribution from scheme participants	(600)
93	Unfunded benefits paid	99
3,620	Benefits paid	4,552
	<u>Remeasurement gains/(losses):</u>	
1,983	- actuarial gains/losses arising from changes in demographic assumptions	541
41,640	- actuarial gains/losses arising from changes in financial assumptions	4,125
(10,042)	- Other experience	(3,034)
<b>(93,082)</b>	<b>Estimated scheme liabilities at 31 March 2024</b>	<b>(93,796)</b>
<b>85,782</b>	<b>1 April 2023</b>	<b>87,682</b>
0	Adjustment to opening balance	2
2,306	Interest income	4,129
3,678	Remeasurement gain/(loss):	0
(3,459)	- return on plan assets, excluding the amount in net interest expense	5,858
2,507	Contributions from employer	2,424
582	Contributions from employees into the scheme	600
(3,713)	Benefits paid	(4,552)
<b>87,682</b>	<b>Estimated scheme assets at 31 March 2024</b>	<b>96,143</b>
<b>(5,400)</b>	<b>Net asset / (liability) 31 March 2024</b>	<b>2,347</b>

The liabilities represent the underlying commitments that the authority has to pay in retirement benefits over the long-term.

Since 31 March 2023, there has been a £7.7m favourable movement in the net asset/liability valuation, resulting in a net asset of £2.3m at 31 March 2024. The movement is principally due to strong returns and interest income from plan assets, as shown in the table overleaf. The movement impacts favourably on the net assets of the authority as recorded in the balance sheet. The pension asset is 1.5% of the balance sheet net value in 2023/24 compared to a liability of 3.6% in 2022/23.

Working with its actuary, Hyman Robertson, the authority has tested whether the net asset is impacted by an asset ceiling, in accordance with IAS19. As the economic benefit available as a reduction in future contributions is higher than the existing net asset, there is no additional liability to recognise and therefore no adjustment to the net asset for the effect of the asset ceiling.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### Actual Return on Scheme Assets as per Actuaries

2022/23 £'000		2023/24 £'000
(1,153)	Actual return/(loss) on assets as per actuary	9,987

The return on the fund in market value terms for the period to 31 March 2024 is estimated based on actual funds return as provided by the administering authority and index returns where necessary.

### Scheme History

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Present value of liabilities:</b>						
Local Government Pension Scheme	(109,928)	(100,859)	(127,127)	(122,575)	(93,082)	(93,796)
<b>Fair Value of Assets:</b>						
Local Government Pension Scheme	70,394	63,505	80,926	85,782	87,682	96,143
<b>Total</b>	<b>(39,534)</b>	<b>(37,354)</b>	<b>(46,201)</b>	<b>(36,793)</b>	<b>(5,400)</b>	<b>2,347</b>

Statutory arrangements for funding the pension scheme mean that the financial position of the Authority remains healthy.

When a deficit has arisen in the past, plans were put in place for it to be made good by increased contributions over the remaining working life of employees (before payments fall due), as assessed by scheme actuary.

The Council expects to make employer's contributions totalling an estimated £2.36m into the Local Government Pension Scheme in the year to 31 March 2025.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The Surrey County Council Fund liabilities have been assessed by Hyman Robertson, an independent firm of actuaries. The main assumptions used in their calculations are:

2022/23		2023/24
	<b>Longevity at 65 for current pensioners:</b>	
21.8	Men	21.7
24.5	Women	24.3
	<b>Longevity at 65 for future pensioners:</b>	
22.4	Men	22.2
26.2	Women	26
3.0%	Rate of increase in pensions	3.0%
4.0%	Rate of increase in salaries	4.0%
4.8%	Rate for discounting scheme liabilities	4.8%
25.0%	Take-up of option to convert annual pension into retirement lump sum	25.0%

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used.

The sensitivities in relation to the principal financial assumptions which have been used to measure the scheme liabilities are:-

Change in assumptions at 31 March 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	1,600
1 year increase in member life expectancy	4%	3,752
0.1% increase in the Salary Increase Rate	0%	58
0.1% increase in the Pension Increase Rate (CPI)	2%	1,571

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). It is estimated that a one-year increase in life expectancy would approximately increase the Employer's defined benefit obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

The above figures have been based on the membership profile as at the date of the most recent actuarial valuation.

As at the date of the most recent valuation, the duration of the Employer's funded liabilities is 16 years.

Assets in the Surrey Pension Fund are valued at fair value, principally market value for investments. The Fund's assets consist of the following categories, by proportion of the total assets held by the Fund:

Percentage of Fund Assets		Percentage of Fund Assets
2022/23		2023/24
81%	Equity Investments	78%
11%	Bonds	15%
6%	Property	5%
2%	Cash	2%
<b>100%</b>	<b>Total</b>	<b>100%</b>

### Movement in net pension liability:

2022/23 £'000		2023/24 £'000
(36,793)	Opening Balance	(5,400)
(3,902)	Current Service Costs	(2,023)
(1,012)	Net Interest Expense	(245)
2,507	Employer Contributions	2,525
33,800	Remeasurements	7,490
(5,400)	Closing Balance	2,347

## Note 33: Contingent Liabilities & Assets

### Contingent Liabilities

The Council had been notified by the Scheme Administrator for Municipal Mutual Insurance Ltd that the amount subject to levy is £83,615 which may be claimed by Municipal Mutual Insurance Ltd in relation to future liabilities. The amount is unchanged from 31 March 2024. The Council's earmarked Insurance Reserve includes an amount to cover any potential future claims.

### Contingent Assets

There are no material contingent assets at 31 March 2024.

## Note 34: Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to influence the Council or be influenced by the Council.

UK Central Government has effective control over general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates. UK Central Government provides funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. council tax bills and housing benefits). These transactions are listed in the core statements and supporting notes.

Members of the Council have direct control over the Council's financials and operating policies. The net cost to Epsom and Ewell Borough Council of related party transactions was £203k in 2023/24 (£305k in 2022/23). The grants and expenditure were incurred with proper consideration of declarations of interests that are all recorded by the Council and open to public inspection.

Organisation	2022/23 £'000	2023/24 £'000
Age Concern	27	27
Citizen Advice Bureau	134	133
Horton Chapel Arts & Heritage Society	144	43
<b>Total</b>	<b>305</b>	<b>203</b>

### Epsom & Ewell Property Investment Company Limited

The Council owns a subsidiary company, Epsom and Ewell Property Investment Company Limited (EEPIC). As at 31 March 2024, three Council officers served as Directors of EEPIC – the Chief Finance Officer, Head of Property and Regeneration, and Head of Housing & Communities. One Council officer – the Senior Accountant – served as Company Secretary. Under EEPIC's Business Plan, originally approved by Council in September 2017 and subsequently by the Shareholder Subcommittee each year, the Council provided loans and equity to EEPIC, for it to invest in commercial property and generate a return. During 2023/24 the Council entered into the following related party transactions with EEPIC:

Transaction Description	2022/23 £'000	2023/24 £'000
<b>Amounts received by EEPIC from EEPIC</b>		
Interest receivable from EEPIC	(1,809)	(1,809)
Support services rechargeable to EEPIC	(120)	(139)
Dividend from EEPIC	(603)	(615)
<b>Total</b>	<b>(2,531)</b>	<b>(2,562)</b>

The combined financial position of the Council and EEPIC is shown in the group accounts.

## Note 35: Collection Fund Income and Expenditure Account

This account reflects the statutory requirements for the Epsom and Ewell Borough Council, as the billing Authority, to maintain a separate Collection Fund. The Fund shows the transactions in relation to the Council Tax and Non-Domestic Rates, and sets out the way in which these have been distributed between the General Fund, Surrey County Council and Surrey Police Authority (the preceptors). Council Tax is the means of raising income from local residents to pay for council services. Under the Business Rate Retention Scheme local authorities retain 40% of income collected on local Business Rates. Of the remainder, 50% is passed over to the Government and 10% to the County. This account sets out the income and the shares between the preceptors.

2022/23				2023/24		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
0	(71,665)	(71,665)	<b>INCOME:</b>	0	(74,616)	(74,616)
(22,998)	0	(22,998)	Council Tax Receivable	(20,526)	0	(20,526)
44	0	44	Business Rates Receivable	(782)	0	(782)
			Transitional Protection Payments			
<b>(22,954)</b>	<b>(71,665)</b>	<b>(94,619)</b>	<b>Total Income</b>	<b>(21,308)</b>	<b>(74,616)</b>	<b>(95,924)</b>
			<b>EXPENDITURE:</b>			
			<b>Apportionment of Prior Year Surplus/(Deficit)</b>			
(3,482)	0	(3,482)	Central Government	(1,356)	0	(1,356)
(2,786)	47	(2,739)	Epsom & Ewell Borough Council	(1,085)	27	(1,058)
(696)	349	(347)	Surrey County Council	(271)	207	(64)
0	64	64	Surrey Police Authority	0	38	38
			<b>Precepts, Demands and Shares</b>			
12,547	0	12,547	Central Government	12,414	0	12,414
10,037	7,090	17,127	Epsom & Ewell Borough Council	9,931	7,361	17,292
2,509	54,080	56,589	Surrey County Council	2,483	56,151	58,634
0	9,828	9,828	Surrey Police Authority	0	10,411	10,411
			<b>Charges to Collection Fund</b>			
(166)	240	74	Increase / (Decrease) in Bad Debt Provision	307	334	641
2,196	0	2,196	Increase / (Decrease) in Provision for Appeals	(3,143)	0	(3,143)
80	0	80	Cost of Collection	79	0	79
<b>20,239</b>	<b>71,698</b>	<b>91,937</b>	<b>Total Expenditure</b>	<b>19,359</b>	<b>74,529</b>	<b>93,888</b>
<b>(2,715)</b>	<b>33</b>	<b>(2,682)</b>	<b>(Surplus) / Deficit arising during the year</b>	<b>(1,949)</b>	<b>(87)</b>	<b>(2,036)</b>
<b>6,925</b>	<b>(551)</b>	<b>6,375</b>	<b>(Surplus) / Deficit b/fwd 1 April</b>	<b>4,210</b>	<b>(518)</b>	<b>3,692</b>
<b>4,210</b>	<b>(518)</b>	<b>3,692</b>	<b>(Surplus) / Deficit c/fwd 31 March</b>	<b>2,260</b>	<b>(605)</b>	<b>1,656</b>
			<b>Apportionment to Preceptors/EEBC</b>			
2,105	0	2,105	Central Government	1,130	0	1,130
1,684	(52)	1,632	Epsom & Ewell Borough Council	904	(60)	844
421	(394)	27	Surrey County Council	226	(460)	(234)
0	(72)	(72)	Surrey Police Authority	0	(85)	(85)
<b>6,925</b>	<b>(551)</b>	<b>6,375</b>		<b>2,260</b>	<b>(605)</b>	<b>1,655</b>

## Notes to the Collection Fund Income and Expenditure Account

The Council's tax base, that is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

	Band	Total Properties For Band	Proportion To Band D	Relevant Amount for Band
	A	86.65	6/9 <sup>th</sup>	57.77
	B	751.50	7/9 <sup>th</sup>	584.5
	C	4,151.78	8/9 <sup>th</sup>	3,690.47
	D	7,948.20	9/9 <sup>th</sup>	7,948.20
	E	7,012.35	11/9 <sup>th</sup>	8,570.65
	F	4,441.31	13/9 <sup>th</sup>	6,415.23
	G	3,920.70	15/9 <sup>th</sup>	6,534.50
	H	132.45	18/9 <sup>th</sup>	264.9
Aggregate of Relevant Amounts				34,066.22
Estimated Collection Rate				98.40%
Council Tax Base				33,521.16

The Council achieved a council tax collection rate of 99.0% in 2023/24 (99.0% in 2022/23).

## Non-Domestic Rates Statistics

2022/23 £'000		2023/24 £'000
63,337	Total Non-Domestic Rateable Value at year end	64,269
51.2	National Non-Domestic Rate Multiplier (Standard)	51.2

The Council achieved a business rates collection rate of 99.6% in 2023/24 (99.2% in 2022/23).

## Precepting Bodies

Epsom & Ewell Borough Council, as a billing authority, collects Council Tax and passes on the payments to the preceptors.

2022/23 £'000		2023/24 £'000
54,080	Surrey County Council	56,151
9,828	Surrey Police	10,411
7,090	Epsom and Ewell Borough Council	7,361
<b>70,997</b>	<b>Total Precepts on Collection Fund</b>	<b>73,923</b>

**Distribution of Council Tax Surplus/(Deficit)**

<b>2022/23 £000</b>		<b>2023/24 £000</b>
349	Surrey County Council	207
64	Surrey Police Authority	38
47	Epsom & Ewell Borough Council	27
<b>461</b>	<b>Balance at Year End</b>	<b>272</b>

**Council Tax Provision for Bad Debts**

<b>2022/23 £000</b>		<b>2023/24 £000</b>
1,163	Opening Balance	1,155
(248)	Write offs	(420)
240	Increase/(Decrease) in Bad Debt Provision	334
<b>1,155</b>	<b>Balance at Year End</b>	<b>1,069</b>



## Group Accounts

In September 2017, the Council established a 100%-owned subsidiary company, Epsom & Ewell Property Investment Company Limited (EEPIC), principally to invest in high quality, out-of-Borough, commercial property. The company aims to achieve rental yields from commercial property, delivering a long term income stream to the Council. This income stream will assist the Council in becoming more financially self-sufficient (independent from government grants) and sustaining high-quality services to local residents and businesses.

EEPIC is based in the Council's Town Hall offices in Epsom. Its board of directors are also officers of the Council. Other than EEPIC, the Council has no other subsidiary.

The Code of Practice requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the group accounts is to give an overall picture of the extended services and economic activity within the local authority's control.

The assets, liabilities, reserves and income and expenditure figures for EEPIC have been consolidated into group accounts on the following pages.

The Council is required to prepare the core statements to the group accounts together with the relevant notes where they are materially different to the reporting in its own accounts. The following statements have been prepared:

Group Comprehensive Income and Expenditure Statement  
Group Movement in Reserves statement.  
Group Balance Sheet  
Group Cash Flow Statement

### Disclosure Notes

Group Creditors  
Group Debtors  
Group Investment Properties  
Group Related Parties

Audited accounts of Epsom & Ewell Property Investment Company Ltd will be filed with Companies House and available on request from:

Brendan Bradley (Chief Finance Officer)  
Epsom & Ewell Borough Council  
Town Hall  
The Parade  
KT18 5BY

## Accounting Policies

The group income and expenditure account, group balance sheet, group movement in reserves statement and group cash flow statement have been prepared by consolidating the accounts of the Council and its subsidiary on a line by line basis. The accounts of the subsidiary have been prepared in accordance with UK Accounting Standards, FRS 102 and applicable law, using similar accounting policies and practices to those of the Council. However some accounting policies and practices do

differ in some respects from the Council's due to legislative requirements. Where there are differences the impact of applying a consistent policy would not lead to a material change in the group accounts.

## Group Comprehensive Income & Expenditure Statement

2022/23 Group CIES			Committee	2023/24 Group CIES		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
11,723	(7,055)	4,669	Environment	12,512	(7,373)	5,139
10,647	(5,963)	4,684	Community & Wellbeing	12,347	(6,237)	6,110
21,512	(17,629)	3,883	Strategy and Resources	19,720	(16,477)	3,243
3,087	(1,736)	1,351	Licensing & Planning Policy	2,310	(1,186)	1,124
<b>46,970</b>	<b>(32,382)</b>	<b>14,587</b>	<b>Cost of Services</b>	<b>46,890</b>	<b>(31,274)</b>	<b>15,616</b>
362	(390)	(27)	Other Operating Expenditure (Note 11)	0	0	0
4,204	(7,955)	(3,751)	Financing and investment Income and Expenditure (Note 12)	5,755	(12,833)	(7,079)
0	(9,901)	(9,901)	Taxation and non-specific grant income and expenditure (Note 13)	0	(11,425)	(11,425)
<b>51,536</b>	<b>(50,628)</b>	<b>908</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>52,645</b>	<b>(55,533)</b>	<b>(2,888)</b>
		(1,884)	(Surplus)/Deficit on revaluation of property, plant, equipment assets (Note 23)			(500)
		(33,800)	Remeasurement of net defined benefit liability/(asset) (Note 32)			(7,490)
		<b>(35,684)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(7,990)</b>
		<b>(34,776)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(10,878)</b>

## Group Movement in Reserves Statement

Group Movement in Reserves Statement	EEBC Usable Reserves	EEBC Unusable Reserves	EEPIC Retained Earnings	EEPIC Revaluation Reserve	Total Group Reserves
2023/24	£'000	£'000	£'000	£'000	£'000
Balance at 01 April 2023	(41,025)	(107,417)	(1,408)	7,850	(142,000)
<b>Movement in Reserves During 2023/24</b>					
Total Comprehensive Income, Expenditure and Dividends	(3,375)	(7,990)	(409)	897	(10,877)
Adjustments between accounting basis and funding under regulations (Note 9)	5,332	(5,332)	0	0	(0)
<b>Increase or Decrease in 2023/24</b>	1,958	(13,323)	(409)	897	(10,878)
<b>Balance at 31 March 2024 carried forward</b>	<b>(39,067)</b>	<b>(120,740)</b>	<b>(1,817)</b>	<b>8,747</b>	<b>(152,877)</b>
<b>2022/23</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 01 April 2022	(39,249)	(67,500)	(893)	417	(107,225)
<b>Movement in Reserves During 2022/23</b>					
Total Comprehensive Income, Expenditure and Dividends	(6,009)	(35,684)	(515)	7,432	(34,776)
Adjustments between accounting basis and funding under regulations (Note 9)	4,234	(4,234)	0	0	(0)
<b>Increase or Decrease in 2022/23</b>	(1,776)	(39,917)	(515)	7,432	(34,776)
<b>Balance at 31 March 2023 carried forward</b>	<b>(41,025)</b>	<b>(107,417)</b>	<b>(1,408)</b>	<b>7,850</b>	<b>(142,000)</b>

## Group Balance Sheet

2022/23 Group £'000		2023/24 Group £'000
	<b>Long-term Assets</b>	
76,315	Property, Plant and Equipment	79,874
116,279	Investment Properties	115,339
722	Heritage Assets	722
442	Intangible Assets	366
643	Long Term Debtors	855
0	Defined Benefit Pension Asset	2,347
38	Surplus Assets	38
<b>194,438</b>	<b>Total Long-term Assets</b>	<b>199,541</b>
	<b>Current Assets</b>	
66	Inventories	91
6,224	Short-term Debtors	6,534
20,000	Short-term Investments	15,000
9,451	Cash and Cash Equivalents	9,748
<b>35,741</b>	<b>Total Current Assets</b>	<b>31,373</b>
	<b>Current Liabilities</b>	
(11,004)	Short-term Creditors	(8,413)
(250)	Short-term Provisions	(250)
(408)	Lease Liability - Within One year	(456)
<b>(11,662)</b>	<b>Total Current liabilities</b>	<b>(9,119)</b>
	<b>Long-term Liabilities</b>	
(64,427)	Long Term Borrowing	(64,427)
(5,400)	Defined Benefit Pension Liability	0
(3,746)	Grants Receipts in Advance	(3,129)
(1,484)	Long-term Provisions	(242)
(1,461)	Lease Liability - Over One year	(1,121)
<b>(76,517)</b>	<b>Total Long-term Liabilities</b>	<b>(68,918)</b>
<b>142,000</b>	<b>NET ASSETS</b>	<b>152,878</b>
	<b>Total Reserves</b>	
(42,433)	Usable Reserves	(40,884)
(99,567)	Unusable Reserves	(111,994)
<b>(142,000)</b>	<b>TOTAL RESERVES</b>	<b>(152,878)</b>

## Group Cash Flow Statement

2022/23 Group £'000		2023/24 Group £'000
908	<b>Net (Surplus) or Deficit on the Provision of Services</b>	(2,887)
(6,594)	Adjustment for Net (Surplus) or Deficit on the Provision of Services for non-cash movements	4,225
1,640	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	544
<b>(4,045)</b>	<b>Net cash flows from Operating Activities</b>	<b>1,881</b>
9,052	Net cash outflow / (inflow) from Investing Activities	(4,569)
21,422	Net cash outflow / (inflow) from Financing Activities	2,392
<b>26,430</b>	<b>Net (Increase) / Decrease in Cash and cash Equivalents at the End of the reporting period</b>	<b>(296)</b>
<b>35,881</b>	Cash and Cash Equivalents at the Beginning of the Period	<b>9,451</b>
<b>(26,430)</b>	Net Increase/(decrease) in Cash and Cash Equivalents	<b>296</b>
<b>9,451</b>	Cash and Cash Equivalents at the End of the Reporting Period	<b>9,747</b>

## Group Creditors - Current

2022/23 Group Creditors £'000		2023/24 Group Creditors £'000
(3,008)	Central Government Bodies	(2,243)
(2,739)	Other Local Authorities	(1,467)
(119)	Council Tax Payers	(113)
(264)	Non Domestic Ratepayers	(281)
(4,874)	Other Entities and individuals	(4,308)
<b>(11,004)</b>	<b>Total</b>	<b>(8,413)</b>

## Group Debtors - Current

2022/23 Group Debtors £'000		2023/24 Group Debtors £'000
665	Central government bodies	767
7	Other Local Authorities	8
209	Council Tax Payers	256
268	Non Domestic Rate Payers	205
5,075	Other Entities and individuals	5,298
<b>6,224</b>	<b>Total Debtors</b>	<b>6,534</b>

## Group Investment Properties

The following items of income and expenditure relating to investment properties have been accounted for in the Financing and Investment Income and Expenditure line in the Group CIES:

2022/23 Group £'000		2023/24 Group £'000
(9,256)	Rental Income from Investment Property	(6,827)
829	Other Net Expenditure Arising from Investment Property	2,489
<b>(8,427)</b>	<b>Net (Income)/Expenditure</b>	<b>(4,339)</b>

There are no restrictions on the Group's ability to realise the value inherent in its investment property or on the remittance of income and the proceeds of disposal. The Group has no contractual obligations to purchase, construct or develop investment property.

### Fair Value Hierarchy

All the Group's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policies for an explanation of the fair value levels).

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

Investment Properties are measured in the year of purchase at cost including transaction costs, which is taken as the best estimate of fair value, unless there are indications to the contrary. In subsequent years, investment properties are revalued annually and held at fair value at the balance sheet date. Any increase or decrease in fair value is taken to profit or loss for the year.

The fair value measurement of investment property uses a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy. There has been no change in the valuation techniques used during the year for investment properties.

In estimating the fair value of the Group's investment properties, the highest and best use is their current use.

### Valuation Process for Investment Properties

The Group's investment properties have been valued as at 31 March 2024 by Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The following table summarises the movement in the fair value of investment properties over the year.

<b>2022/23 Group £'000</b>		<b>2023/24 Group £'000</b>
<b>118,495</b>	<b>Balance at the Start of the Year</b>	<b>116,279</b>
(2,363)	Net gains/(losses) from Fair Value Adjustments	3,389
147	Transfers to/from Assets Held For Sale/Other adjustments	(4,329)
<b>116,279</b>	<b>Balance at the Year End</b>	<b>115,339</b>

## Group Related Parties

During 2023/24, the Council entered into the following related party transactions with EEPIC:

Transaction Description	2022/23 £'000	2023/24 £'000
<b><u>Amounts received by EEPIC from EEPIC</u></b>		
Interest receivable from EEPIC	(1,809)	(1,809)
Support services rechargeable to EEPIC	(120)	(139)
Dividend from EEPIC	(603)	(615)
<b>Total</b>	<b>(2,531)</b>	<b>(2,562)</b>

The Council holds long-term loans of £36.2m and equity investments of £24.1m in EEPIC, which are recognised and measured at cost in the Council's balance sheet. The loans are repayable at maturity in 2067. Interest is payable annually at a fixed 5% rate. If EEPIC breached financial covenants included in the loan agreements, the loan could become repayable to the Council before 2067.

EEPIC made a full-year profit before tax (excluding property revaluations) of £1.4m in 2023/24, paying a dividend of £0.6m to the Council. EEPIC's property valuations decreased by £0.9m compared to 31 March 2023.

At 31 March 2024, three Council officers served as Directors of EEPIC – the Chief Finance Officer, Head of Property and Regeneration, and Head of Housing & Communities. One Council officer – the Senior Accountant – served as Company Secretary.



## Statement of Responsibilities

### Council's Responsibilities

1. The Borough Council is required to:
  - Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Chief Finance Officer.
  - Manage its affairs in order to secure the economic, efficient and effective use of resources and to safeguard its assets;
  - Approve and publish the audited Statement of Accounts by 30 September 2024.

### Chief Finance Officer's (S151) Responsibilities

2. The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made reasonable and prudent judgements and estimates;
- Complied with the Code of Practice.

The Chief Finance Officer has also:

- Kept proper and up to date accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.



Brendan Bradley (CPFA)

Chief Finance Officer (S151 Officer)

2 July 2024

## Draft Annual Governance Statement

To be replaced by the final Annual Governance Statement, due to be approved at Audit and Scrutiny Committee in July 2024, in the final audited Statement of Accounts.

## Executive Summary

Epsom & Ewell Borough Council are committed to delivering on the themes that emerged from the long term vision of the Borough, also known as [Future40](#). The



themes form the core of our [Four Year Plan 2020-2024](#), they are:

We continue our drive to work as efficiently and effectively as possible towards these priorities, and in developing our new corporate plan, reviewing our services, assets and other sources of income. Yet we remain adaptable to changes in government legislation and other external factors.

Central to our success, is having a robust foundation of good governance and sound financial management. Our local [Code of Corporate Governance](#) outlines our governance arrangements and systems of internal control, which provides assurance that we are meeting the CIPFA principles of good governance.<sup>1</sup>

Each year the Council is required to produce an Annual Governance Statement (AGS). The AGS describes how our corporate governance arrangements, as set out in the local code, have been working. This AGS gives assurances on compliance for the year ending 31 March 2024 and an update on the most recent Statement of Accounts.

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<sup>1</sup> CIPFA (2016) Delivering Good Governance in Local Government Framework, 2016 Edition. CIPFA: London.

# Review of the Effectiveness of the Council's Governance Framework

Governance can be defined as comprising “the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.”<sup>2</sup> Governance includes processes, procedures, policies, administrative systems, legal arrangements and so forth, “through which [an organisation’s] objectives are set and pursued in” their environmental context, while “ensuring that stakeholders can have confidence that their trust in [the organisation] is well founded.”<sup>3</sup>

Throughout the year, the Council regularly reviews the effectiveness of its governance arrangements, through performance reporting, Internal and External auditing, and the activities of the Audit & Scrutiny Committee. In addition, the AGS is informed by senior management governance assessments, including by statutory officers, and the controls outlined in the Code of Corporate Governance, which outlines the Council’s assurance framework.<sup>4</sup> Together these practices ensure there is regular corporate oversight, and that our governance arrangements remain effective.

The AGS incorporates the continuous assessment of our governance arrangements throughout the last year, and identifies areas where we can improve.<sup>5</sup> This approach seeks to manage risks to the council’s governance, and ensure we are doing things in the right way and delivering value for money, yet our operating environment is continually changing and evolving. Therefore, we strive to deliver continuous improvement in-line with the seven “Best Value” themes,<sup>6</sup> and have added a new Best Value assessment within the “Rationale for AGS Assurance Opinion” section.



<sup>2</sup> IFAC and CIPFA (2014) *The International Framework: Good Governance in the Public Sector*, p. 2. Online available: [https://www.ifac.org/flysystem/azure-private/publications/files/IFAC-CIPFA-International-Framework-Good-Governance-in-Public-Sector-Exec-Summary\\_0.pdf](https://www.ifac.org/flysystem/azure-private/publications/files/IFAC-CIPFA-International-Framework-Good-Governance-in-Public-Sector-Exec-Summary_0.pdf) [last accessed 30/05/2023].

<sup>3</sup> The Chartered Governance Institute UK & Ireland (2022) *What is corporate governance?* Online available: <https://www.cgi.org.uk/about-us/policy/what-is-corporate-governance> [last accessed 18/04/2023].

<sup>4</sup> CIPFA (2023) *Developing an effective assurance framework in a local authority*, December 2023. Online available: <https://www.cipfa.org/cipfa-thinks/briefings> [last accessed 22/06/2024].

<sup>5</sup> See the following sections: “Rationale for the Statement’s Assurance Opinion” and the “Action Plan”.

<sup>6</sup> HM Government (2024) *Best value standards and intervention: a statutory guide for best value authorities*, Dept. for Levelling Up, Housing & Communities. Online available: <https://www.gov.uk/government/publications/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities#best-value-powers> [last accessed 31/05/24].

## **Effectiveness Assessment**

This Statement's appraisal shows that we generally have a sound foundation of governance, systems of internal control and risk management in place. However, there are some areas where we can further improve. These areas may impact our ability to manage risks effectively and achieve our aims and objectives. We are aware of these issues and have plans in place to address them.

The Council is also aware of other issues which are not within our control that could affect our financial position, such as inflationary pressure, insurance claims, appeals (such as for planning) and other matters.

## **Compliance with CIPFA Financial Management Code**

CIPFA published its first edition 'Financial Management Code' for local authorities in October 2019. CIPFA considers that compliance with this code is mandatory for all local authorities although such compliance is not specifically mandated by statute. The code is essentially a best practice guide to financial management in the local authority sector. It covers the following areas:

- The responsibilities of the chief financial officer and the leadership team (including members).
- Governance and financial management style.
- Medium to long term financial management.
- The annual budget.
- Stakeholder engagement and business plans.
- Monitoring financial performance.
- External financial reporting.

Officers have undertaken an assessment of the council's compliance with the code and in general terms the council's arrangements meet the recommended standards.

## **Subsidiary Company**

The Council has one subsidiary company – Epsom & Ewell Property Investment Company Ltd (EEPIC) – a 100% wholly owned trading company of the Council. It was set up in September 2017 to provide the Council with the flexibility to undertake commercial trading activities in property investment. In accordance with Government guidance introduced in April 2018, no further out of Borough property investment acquisitions have been made. As the sole shareholder of EEPIC, the Council ensures strong governance through regular meetings of the Shareholder Sub-Committee. It approves EEPIC's Annual Business Plan and receives an Annual

Review each November as provided by the Shareholder Agreement. In addition to its role as shareholder, the Council is also EEPIC's lender with separate governance provided through Strategy & Resources Committee for loan agreement matters. EEPIC Board Meetings are held quarterly with quarterly management and finance monitoring reports submitted to the Council's S151 Officer to ensure loan monitoring compliance. As a property investment company holding property investment assets for income generation, the key risks to EEPIC are tenancy void periods i.e. tenant default or tenant failure to renew at lease expiry. To mitigate these risks, EEPIC holds long term leases (the shortest lease in the portfolio doesn't expire until 2036) and quarterly management reporting ensures Directors are kept fully informed of tenant matters. All Directors are senior officers of the Council, and all have received appropriate training.

### **Statutory Assurances**

Several officers at the Council hold [statutory roles](#), which are established in legislation and have specific responsibilities. It is important that assurances from these officers are included in this AGS to support its conclusion on the Council's governance arrangements.

#### **1. Head of Paid Service**

The Head of Paid Service is responsible for the overall corporate and operational management of the Council. These responsibilities have been considered within the context of this statement and the Head of Paid Service can confirm that proper arrangements have been put in place for the overall operation and management of the Council.

The Head of Paid Service has no significant concerns to report and continues to evolve the senior management structure and organisational strategy to align responsibilities and resources to deliver the Council's ambitions and priorities.

In yet another challenging year for the Council the organisation continues to deal with the significant and increasing service and economic pressures we face, which are exacerbated by the ongoing cost of living crisis. Governance arrangements are improving and there has been a continued and sustained focus on performance and risk management.

The organisation underwent a Corporate Peer Challenge at the end of the 23/24 financial year and are currently putting together the action plan in response to the final report. The results were very positive with eleven recommendations of where we could build in improvements. In addition to the usual coverage, the areas of Housing (including temporary accommodation costs), Risk and Governance were included in the review at the organisation's request.

The ongoing job market upheaval means there are often numerous employment options available to potential candidates and in some cases the Council has found it

difficult to recruit to specialist posts. However, job turnover has slowed significantly in the last twelve months and most key posts are filled, with all but one of the Senior Leadership Team now being permanent appointments. The recruitment campaign for that remaining post begins in June 2024 and there are interim arrangements still in place which are working well.

The Council is working with other Surrey authorities on financial resilience and collaborative initiatives, alongside any partnership opportunities with other organisations, which will continue alongside a review of our statutory and discretionary services during 24/25 and beyond.

## 2. Chief Financial and Section 151 Officer

The Chief Finance Officer (CFO) is responsible for the proper administration of the Council's financial affairs. The Chief Finance Officer confirms that the Council's arrangements conform to Section 151 of the Local Government Act 1972 and that the Council complies with CIPFA's Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016). While the Council has robust financial management arrangements in place, it is important to note that the 2024/25 budget was again produced in the context of prevailing economic uncertainty, particularly in relation to interest rates, inflation and the impact of a potential recession. The uncertain economic outlook causes increased uncertainty within the Council's finances and demonstrates the ongoing importance of holding sufficient reserves to enable the Council to manage the risks it faces.

During 2023/24 the Council approved its Medium Term Financial Strategy 2024-28, which aims to deliver corporate priorities while addressing the future budget gap (projected at c.£0.5m per annum) to maintain the financial health of the organisation. Financial risk remains elevated however, particularly with regard to service demands, the major Town Hall relocation project, inflationary pressures and commercial property income. Provision has been made to manage risks as far as possible, but these remain areas of concern that will continue to be monitored.

As identified by the Chief Executive, the Council continues to work with other Surrey authorities on financial resilience, collaborative initiatives and partnership opportunities, alongside a review of our statutory and discretionary services during 24/25 and beyond.

## 3. Monitoring Officer

The Monitoring Officer (Head of Legal Services – which includes oversight of the Council's Democratic Services and Election Team) is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. (In May 2023, a new permanent Monitoring Officer was appointed, following a period when the role had been filled via an outsourced basis).

During the course of the last year, the Council's Constitution and in particular its Scheme of Delegation was reviewed and updated, which has improved the processes for decision-making by officers; work to review the constitution in other areas continues.

As identified by both the Chief Executive and Chief Finance Officer, any proposed collaborative work with other Surrey authorities and the proposed review of the Council's statutory and discretionary services shall require further work to ensure that any changes proposed either comply with or amend the current governance arrangements in place so as to ensure compliance with any relevant legal requirements.

#### 4. Internal Audit Annual Opinion<sup>7</sup>

***To be inserted once received.***

#### 5. External Audit

On 10 May 2024, external auditors Grant Thornton provided an unqualified (i.e. favourable) opinion on the Statement of Accounts 2022/23, and have not identified any significant weaknesses in our: governance arrangements, financial sustainability, or our economy, efficiency and effectiveness. The external audit of 2023/24's Statement of Accounts is expected to take place in Summer 2024.

Note: this is based on the most recent audit report provided by Grant Thornton Ltd ([2022/23 audit](#)). Grant Thornton define governance as: "Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information."




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<sup>7</sup> Please note our Internal Audit function is delivered by the Southern Internal Audit Partnership (SIAP), operated by Hampshire County Council. This paragraph is a direct quote from the *Annual Internal Audit Report & Opinion 2023-2024*, prepared by SIAP's Deputy Head of Partnership. It will be available in the [committee papers for this meeting](#) (once the agenda is published). The meaning of "reasonable" is defined in sections 3 and 4 of the annual report.

## Rational for this Annual Governance Statement's Assurance Opinion

This section highlights the factors that contribute to our overall assurance opinion, in addition to Internal Audit's annual opinion.





The first section focuses on the actions that relate to CIPFA's principles of good governance, while the second section presents actions that fall within the seven Best Value themes. Note, there will be some cross-pollination of actions between both sections, as certain actions will be applicable to both a CIPFA principle and a Best Value theme. Both sections use the following traffic light icon descriptors.



Definition <sup>8</sup>	Description
<p>Adequate</p> 	<p>There are sound policies and processes in place that are working effectively across services, which provide for good governance arrangements and support compliance with requirements of the CIPFA Principle, and the achievement of the Council's Best Value aims and objectives.</p> <p>There may be minor areas for continuous improvement, but these do not represent a significant or material risk to the Council's overall governance framework.</p>
<p>Some development or areas for improvement</p> 	<p>Whilst there are policies and processes in place, there are some areas that remain a challenge for the Council or require further improvement, which may impact the effectiveness of elements of the council's governance arrangements, compliance with the CIPFA principle and the achievement of the Council's Best Value aims and objectives. The Council has an action plan in place to address challenges and improvement matters.</p>
<p>Key development or many areas for improvement</p> 	<p>We have identified significant challenges in relation to the policies and processes, which may impact the effectiveness of elements of our governance arrangements, compliance with the CIPFA principle and achievement of our Best Value aims and objectives. We have implemented plans for corrective actions to manage these risks.</p>


<sup>8</sup> We have referred to [Basildon Council's criteria](#) to inform this section's assessment (last accessed 02/06/2023).




**Please note:** the items included in the table below are controls, processes etc. that have changed in the year, that is, where we improved or identified an area to improve. It is therefore not a list of all the governance arrangements we have in place. For a full list and further detail on our arrangements, please see our [Code of Corporate Governance](#).

Core CIPFA governance principle	Overall assessment	What's working well	Where we can improve
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		<ul style="list-style-type: none"> <li>I. We reviewed and updated our Scheme of Delegation.</li> <li>II. We received a "Reasonable" assurance rating for our counter-fraud framework.</li> <li>III. The Councillors' Code of Conduct has been reviewed and updated.</li> <li>IV. We have improved our complaints handling governance and reporting.</li> </ul>	<ul style="list-style-type: none"> <li>I. Our People Framework and associated policies require finalising.</li> <li>II. We are making minor updates to our Whistleblowing Policy.</li> <li>III. We are continuing to review and update our Health and Safety policies and continuing inspections to identify any gaps in practice.</li> <li>IV. We have reviewed our Diversity, Equity and Inclusion Framework, which will be published externally in July 2024.</li> </ul>
B. Ensuring openness and comprehensive stakeholder engagement		<ul style="list-style-type: none"> <li>I. We completed a Local Government Association Corporate Peer Challenge.</li> <li>II. We take a report on complaints to every meeting of the Audit &amp; Scrutiny Committee.</li> </ul>	<ul style="list-style-type: none"> <li>I. We would like to create a corporate repository for all our resident engagement activities to provide a better overview of this work.</li> </ul>
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		<ul style="list-style-type: none"> <li>I. We made the decision to move our Town Hall to a more appropriate building.</li> <li>II. We have started work on a new climate change strategy, to ensure our activities remain effective.</li> <li>III. The Annual Plan 2024-2025 has been agreed.</li> </ul>	<ul style="list-style-type: none"> <li>I. We need to develop a new long term corporate plan.</li> </ul>
D. Determining the interventions necessary to optimise the achievement of the intended outcomes		<ul style="list-style-type: none"> <li>I. The Medium Term Financial Strategy 24-28 was approved.</li> <li>II. We approved an Arts, Heritage &amp; Culture Strategy, and have delivered several activities.</li> <li>III. A governance framework has been established for our Town Hall move project, and consultants appointed to provide expert support and capacity.</li> </ul>	<ul style="list-style-type: none"> <li>I. Our community development plan requires review, given delays to actions due to the additional workload created by government refugee support schemes.</li> </ul>




<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>		<ul style="list-style-type: none"> <li>I. A permanent Director of Environment, Housing and Regeneration has been appointed.</li> <li>II. New IT equipment has been issued to officers and councillors.</li> <li>III. Officers continue to participate in and complete management training courses.</li> </ul>	<ul style="list-style-type: none"> <li>I. Recruitment to HR roles is taking longer than anticipated.</li> <li>II. A permanent appointment process for the Director of Corporate Services post is currently underway.</li> <li>III. IT policies and other key workstreams require further work to achieve our aims in this area.</li> <li>IV. We will review our councillor training programme to ensure councillors have the tools to fulfil their roles and responsibilities.</li> </ul>
<p>F. Managing risks and performance through robust internal control and strong public financial management</p>		<ul style="list-style-type: none"> <li>I. We have had a positive outturn with regard to our finances, and treasury income has increased significantly.</li> <li>II. The Risk Management Strategy was reviewed and updated in November 2023.</li> <li>III. Our risk management was audited in the year and received "Reasonable" assurance.</li> <li>IV. New performance and risk software has been procured to enhance our performance framework.</li> </ul>	<ul style="list-style-type: none"> <li>I. There are 2 red risks on our Corporate Risk Register and 5 on our committee risk registers. For the most recent updates on these risks please see our <a href="#">Quarter 4 Corporate Performance Report</a>.</li> <li>II. We are looking to source further Data Protection Officer resource.</li> </ul>



G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		<ul style="list-style-type: none"> <li>I. Internal and External Audit have reported to Audit &amp; Scrutiny Committee throughout the year.</li> <li>II. The Internal Audit Plan for 2024-2025 was agreed by Audit &amp; Scrutiny Committee.</li> <li>III. A new Intranet for officers has been launched, which enables corporate information to be shared more effectively.</li> </ul>	<ul style="list-style-type: none"> <li>I. We are making minor updates to our Whistleblowing Policy.</li> </ul>
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## Seven Best Value Themes<sup>9</sup>

Best Value theme	Overall assessment	What's working well	Where we can improve
1. Continuous improvement		<ul style="list-style-type: none"> <li>I. A LGA Corporate Peer Challenge was undertaken.</li> <li>II. The Town Hall move is the catalyst for transformation of our ways of working (e.g. more digitally enabled and more sustainable).</li> <li>III. We have improved our communications with the Local Government and Social Care Ombudsman.</li> <li>IV. CIPFA principles of good governance feature in this Statement.</li> <li>V. Strategy &amp; Resources Committee agreed to undertake risk management workshops in 24/5 to further embed and define our risk appetite.</li> <li>VI. Governance improvement actions are included in the final section of this Statement.</li> <li>III. Oflog's data explorer performance indicators will be incorporated into our new performance</li> </ul>	<ul style="list-style-type: none"> <li>I. We are developing an improved officer and councillor training offer.</li> <li>II. We are building an improvement plan from the recommendations made in the CPC report.</li> </ul>

<sup>9</sup> HM Government (2024) Best value standards and intervention: a statutory guide for best value authorities, Dept. for Levelling Up, Housing & Communities. Online available: <https://www.gov.uk/government/publications/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities#best-value-powers> [last accessed 31/05/24].

		management system. Please note the most recent data published on the data explorer runs to 2022, since which our planning performance has improved substantially.	
2. Leadership		<ul style="list-style-type: none"> <li>I. Our financial accounts audits are up to date.</li> <li>II. All statutory officer posts are filled with permanent appointments.</li> <li>III. We have an agreed Annual (Corporate) Plan for 2024/5.</li> <li>IV. Performance and risk management is regularly reviewed by the corporate leadership team, policy committee Chairs and Audit &amp; Scrutiny Committee.</li> </ul>	<ul style="list-style-type: none"> <li>I. We need to develop a new long-term corporate plan in 2024/5.</li> <li>II. We are developing an improved officer and councillor training offer.</li> <li>III. We need to appoint a permanent Director of Corporate Services.</li> </ul>
3. Governance		<ul style="list-style-type: none"> <li>I. We have reviewed and updated our Scheme of Delegation.</li> <li>II. The councillors' Code of Conduct has been reviewed and updated.</li> <li>III. We have a Whistleblowing Policy in place.</li> <li>IV. We have a risk-based internal audit plan, with regular progress reports brought to Audit &amp; Scrutiny Committee.</li> <li>V. Specialist consultants have been appointed to assist in the Town Hall move.</li> <li>VI. Performance and risk information is regularly reported to the Corporate Leadership Team and councillors.</li> </ul>	<ul style="list-style-type: none"> <li>I. We are developing a new Workforce Strategy, and updating our HR policies.</li> <li>II. We will ensure our new long-term corporate plan is outcomes focused.</li> <li>III. We are going to review the scrutiny element of the Audit &amp; Scrutiny Committee and consider whether the current approach is the most effective.</li> </ul>
4. Culture		<ul style="list-style-type: none"> <li>I. We have launched a new staff intranet, which includes "Community" channels.</li> <li>II. We have a Whistleblowing Policy in place.</li> <li>III. We have a gifts and hospitality policy.</li> <li>IV. Staff turnover is on target.</li> </ul>	<ul style="list-style-type: none"> <li>I. We are developing a new Workforce Strategy, and updating our HR policies.</li> <li>II. We have engaged additional resource to lead our Workforce Transformation which will address how, when and where we work.</li> </ul>

5. Use of resources		<ul style="list-style-type: none"> <li>I. Established budget setting and monitoring processes in place that include councillor oversight.</li> <li>II. Strategic Asset Management Plan in place.</li> <li>III. We are working on a developing a multi-year programme of prioritised service reviews.</li> <li>IV. IT Strategy and roadmap in place.</li> <li>V. We are preparing a programme which will review income generation from the council's venues.</li> <li>VI. The council's subsidiary company EEPIC has appropriate governance and risk management in place, and it provides a healthy return on investment.</li> <li>VII. We are proactive with our treasury management investment, which provides a return that is well above target.</li> <li>VIII. Positive financial internal audit reports.</li> </ul>	<ul style="list-style-type: none"> <li>I. We must make planned budget savings to reduce our reliance on reserves.</li> </ul>
6. Service delivery		<ul style="list-style-type: none"> <li>I. Service plans, including service risks and performance indicators are produced each year.</li> <li>II. We have reviewed and updated our complaints procedures.</li> <li>III. Performance is regularly reviewed by the Corporate Leadership team and councillors.</li> <li>IV. We're updating our procurement documents ready for the implementation of the new Procurement Act.</li> <li>V. We have an internal Borough profile that provides relevant insight data, which we will turn into a public facing document in 2024/5.</li> <li>VI. Our external Audit reports contain a review on economy, efficiency and effectiveness. No significant gaps were identified in the last audit.</li> </ul>	<ul style="list-style-type: none"> <li>I. We are looking to strengthen our approach regarding obtaining resident feedback on our services.</li> </ul>

<p>7. Partnerships and community engagement</p>		<p>I. We have worked effectively with a local partner on delivering government grants and supporting refugee schemes and homelessness prevention.</p>	<p>I. We need to deliver a new long-term corporate plan.</p> <p>II. We will be developing a new governance framework that captures all our partnerships and clearly outlines their benefits.</p>
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# Action Plan

## 2022-2023 Action Plan

Issues identified	Action to be taken	Due date	Status	Commentary for Amber and Red actions
To develop a new Medium Term Financial Strategy, in support the Council's annual service objectives and to maintain and improve the Council's financial resilience [Finance]	Strategic Financial Planning report to Strategy & Resources (July 2023)  Budget/MTFS report to Full Council (February 2024)	29 Feb 2024	Completed	
Community Infrastructure Levy (CIL) [Place Development]	Review and update CIL policies and procedures (inc. Neighbourhood CIL).	31 Dec 2023	Completed	
Information governance [Policy & Corporate Resources]	Establish officer information governance scrutiny and oversight group.	30 Sep 2023	Completed	
IT Strategy [IT]	Approval of IT Strategy with associated funding and implementation plan.	30 Sep 2023	Completed	
PSN Certificate [IT]	Complete PSN health check (May 2023) and any remedial actions that result.	31 Mar 2024	Amber	Work is progressing and will complete next year, hence action carried forward.
IT policies [IT]	Review and update IT policies as necessary.	31 Mar 2024	Amber	A new Head of IT was recruited in March 2024. The new Head is aware which policies still require updating, hence this action will continue into next year.
Human resources [People & Organisational Development]	Enhance the resilience of the People & Organisational Development Service by recruiting vacant posts	31 Mar 2024	Amber	A permanent HR&OD Business Partner role is currently out to advert with support from



	and continuing with multi-role training for new team members.			recruitment agency to seek a wider and experienced pool through proactive methods. A permanent HR Advisor role is also currently out to advert, with interim support in place. Permanent Head of People & OD starting in June 2024. All roles expected to be filled across summer 2024.
Development Management [Place Development]	Review the Development Management transformation project to ensure the council is no longer under 'threat of designation'.	30 Sep 2023	Completed	
Recruitment and retention [All Services / People & Organisational Development]	Review and enhance recruitment and retention policies and procedures for key roles across the council.	31 Mar 2024	Amber	The policies and procedures are being reviewed as part of the People Framework. Due to scope of the project to create and update these employment policies, the timescale will need to be extended due to the capacity of the HR team and is timescale for completion is dependent on the recruitment of the HR roles.
The Local Plan [Place Development]	Ensure there is adequate resourcing in place to ensure the Local Plan is progressed in the most efficient way possible.	31 Mar 2024	Completed	
Health and safety [All Services / Policy & Corporate Resources]	Continue to gather assurance on the effectiveness of health and safety management across all council services and venues.	31 Mar 2024	Completed	
Officer schemes of delegation [Legal Services]	Review, and update as required, the officer schemes of delegation.	30 Sep 2023	Completed	
Homelessness [Housing & Community]	Review governance arrangements around the Homelessness and	31 Mar 2024	Amber	Amber due to the full report on homelessness featuring in the July

	Rough Sleeper Strategy.			meeting of the Community & Wellbeing Committee, rather than March.
Business continuity [Policy & Corporate Resources]	Review and update as necessary all team's business continuity plans.	31 Mar 2024	Completed	

## 2023-2024 AGS Action Plan

*Actions cover the timespan from July 2024 – March 2025.*

Issues identified	Action to be taken	Due date
<i>Carried over from 2022-2023 AGS:</i> Human resources [People & Organisational Development]	Enhance the resilience of the People & Organisational Development Service by recruiting vacant posts and continuing with multi-role training for new team members.	30 Sep 2024
<i>Carried over from 2022-2023 AGS:</i> Recruitment and retention [People & Organisational Development]	Review and enhance recruitment and retention policies and procedures for key roles across the council.	31 Mar 2025
<i>Carried over from 2022-2023 AGS:</i> IT policies [IT]	Review and update IT policies as necessary.	31 Dec 2024
<i>Carried over from 2022-2023 AGS:</i> PSN Certificate [IT]	Complete PSN health check (May 2023) and any remedial actions that result.	31 Mar 2025
Document Management Software [Finance]	Procure new software to enhance the revenues and benefits service.	31 Dec 24
Biodiversity Net Gain [Place Development]	Implement the Biodiversity Net Gain policy requirements.	31 Jul 24
Public Protection Inspections [Housing & Community]	Review resourcing in statutory Environmental Health services, including discretionary activities.	31 Mar 25

Audit & Scrutiny Committee [Legal & Democratic Services]	Review the Audit & Scrutiny Committee's Terms of Reference.	31 Mar 25
Corporate Plan [Policy & Corporate Resources]	Produce a new long-term corporate plan.	31 Mar 25
Resident Engagement [Policy & Corporate Resources]	Develop a corporate record of the Council's resident engagement activities.	31 Mar 25
Data Protection Officer [Policy & Corporate Resources]	Source additional Data Protection Officer capacity.	31 Oct 24
Councillor Training [Legal & Democratic Services]	Review and enhance the councillor training and development programme.	31 Mar 25

# Executive Confirmation

The Chair of Strategy and Resources Committee and Chief Executive both recognise the importance of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this AGS, and to further enhance our governance arrangements to enable delivery of our [Annual Plan 2024-2025](#). Further, they confirm they have been advised of the implications of the governance review by senior management. In addition, they are assured that the Audit & Scrutiny Committee are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Epsom & Ewell Borough Council:

**Chair of Strategy & Resources  
Committee**

Date:

**Chief Executive**

Date:

## **Independent auditor's report to the members of Epsom and Ewell Borough Council**

To be added once audit completes.

## Glossary of Financial Terms

The following terms and abbreviations, while not being exhaustive, may prove of assistance in understanding the Statement of Accounts.

### FINANCIAL TERMS

<b>Accounting Period</b>	The period of time covered by the Council's accounts. The Council's financial year is the period from 1 April to the following 31 March.
<b>Accrual</b>	The recognition of income and expenditure as it is earned or incurred, i.e. not as cash received or paid.
<b>Actuary</b>	Independent advisor to the Council on the financial position of the Pension Fund.
<b>Actuarial Valuation</b>	Independent triennial review of the Pension Fund assets, liabilities and reserves, the results of which, including recommended employer's contribution rates, the Actuary reports to the Council.
<b>Agency Arrangement</b>	Arrangements under which the Council provides goods or services to third parties on behalf of another organisation.
<b>Amortisation</b>	The writing off of intangible assets or loan balances to revenue service accounts over an appropriate period of time.
<b>Balances</b>	The surplus or deficit on any account at the end of an accounting period. The term is often used specifically to refer to the availability of unallocated revenue reserves.
<b>Budget</b>	A statement defining the Council's policies over a specified period of time in terms of finance.
<b>Capital Charges</b>	Charges made to individual service revenue accounts to reflect the cost of the assets employed. Charges may include both notional interest and depreciation elements (also referred to as asset rentals).
<b>Capital Expenditure</b>	Expenditure incurred on the purchase or improvement of significant assets including land, buildings and equipment, which will be of use or benefit in providing services for more than one financial year.
<b>Capital Financing Charges</b>	The annual cost of capital, including principal repayments, interest charges and leasing costs.

<b>Capital Receipts</b>	A capital receipt is the income received from the disposal of a capital asset, the repayment of any loan, grant or other financial assistance given for a capital purpose. The receipts can only be used to meet capital expenditure, debts or other long-term liabilities. To qualify as a capital receipt the income must exceed £10k.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>	CIPFA is the main professional body for accountants working in the public service. It draws up the Accounting Codes of Practice and issues professional guidance that is used to compile these accounts.
<b>Collection Fund</b>	A fund administered by the Council as a 'billing authority'. The Council Tax and National Non-Domestic Rates are paid into this fund and payments are made to Central Government, Surrey County Council, Surrey Police as required by statute.
<b>Collection Fund Adjustment Account</b>	An account that is credited/debited with the difference between the Collection Fund surplus that is required by government regulations to be charged to the General Fund in the year and the amount required under accounting requirements to be shown in the Comprehensive Income and Expenditure Account. The balance on the account at the year-end represents the Borough Council's element of the Collection Fund balance at year-end.
<b>Contingent Liabilities</b>	Where possible "one-off" future liabilities or losses are identified but the level of uncertainty is such that the establishment of a provision is inappropriate. Such items are disclosed in the form of a note to the accounts.
<b>Council Tax</b>	The main source of local taxation to local authorities. This is levied on households within its area by the billing authority and the proceeds paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
<b>Creditors</b>	Amounts owed by the Council at the end of the accounting period.
<b>Current Assets/Liabilities</b>	These are assets or liabilities that are expected to fall due or be realised within one year of the reporting date.
<b>Debtors</b>	Amounts owed to the Council at the end of the accounting period.
<b>Depreciation</b>	The measure of the cost of the benefit of the non-current asset that has been consumed during the period.
<b>Earmarked Reserves</b>	Balances set aside to meet specific future, usually non-recurring, commitments.
<b>Fees and Charges</b>	Income receivable as payment for goods or services provided.

<b>Intangible Assets</b>	Capitalised expenditure not resulting in a tangible asset. Such amounts are amortised over an appropriate period.
<b>Minimum Revenue Provision</b>	The minimum amount, prescribed by law, to be set aside each year from revenue to repay the principal amounts of external loans outstanding. The Council can set aside amounts in addition to the minimum requirement, known as a voluntary provision for debt redemption.
<b>(National) Non-Domestic Rate(s) (NNDR)</b>	A levy on businesses based on the rateable value of the premises they occupy. It is also known as “business rates”, the “uniform business rate” and the “national non-domestic rate”. Since the localisation of Business Rates was introduced, NNDR is collected by billing authorities and distributed to central government, county and fire authorities on the basis of a pre-set formula which includes retaining a proportion of rate income for the billing authority.
<b>Non-Current Assets/Liabilities</b>	These are assets or liabilities that are expected to fall due or be realised more than one year after the reporting date.
<b>Post Balance Sheet Events</b>	Significant events which occur after the end of the accounting period but prior to the date when the accounts are issued.
<b>Precept</b>	The precepting authorities’ council tax. This is collected by billing authorities on behalf of the precepting authorities.
<b>Precepting Authorities</b>	Those authorities which are not billing authorities, i.e. do not collect the council tax and non-domestic rate. The Council bills and collects on behalf of the Surrey County Council and Police Authority. In addition, billing authorities pay a proportion of rate income to precepting authorities (see NNDR above).
<b>Provisions</b>	Amounts set aside to meet probable "one-off" future liabilities or losses but where exact dates and amounts are uncertain.
<b>Public Works Loans Board</b>	A government body that provides loans to local authorities.
<b>Revenue Expenditure</b>	This is the routine day to day cost of providing the Council services. Under the <u>Local Government and Housing Act 1989</u> , all expenditure is regarded as revenue unless it is specifically classified as capital.
<b>Revenue Expenditure funded from Capital Resources Under Statute</b>	Expenditure that can be classified as capital expenditure but which does not result in the acquisition of an asset.
<b>Revenue Support Grant</b>	A grant paid by central government as part of "formula grant" to support local authority services in general, as opposed to specific grants which may only be used for a prescribed purpose.



