

Tandridge District Council - Group Statement of Accounts for the year 2020/21

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Contents

Narrative Report	4
Expenditure and Funding Analysis	20
Movement in Reserves Statement	21
Comprehensive Income and Expenditure Statement.....	23
Balance Sheet.....	25
Cash Flow Statement	27
Note 1 – Accounting Policies.....	28
Note 2 - Accounting Standards Issued, Not Adopted	44
Note 2a - Accounting Standards Adopted In Year	45
Note 3 - Critical Judgements in Applying Accounting Policies.....	45
Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	46
Note 5 - Material Items of Income and Expense	46
Note 6 - Events After the Balance Sheet Date	47
Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations	48
Note 8 - Transfers to/from Earmarked Reserves.....	51
Note 9 - Other Operating Expenditure	52
Note 10 - Financing and Investment Income and Expenditure	52
Note 11 - Taxation and Non-Specific Grant Income	52
Note 12 - Property, Plant and Equipment	53
Note 13 - Investment Properties	56
Note 14 - Intangible Assets	56
Note 15 - Financial Instruments.....	58
Note 16 - Debtors.....	59
Note 17 - Cash and Cash Equivalents.....	59
Note 18 - Creditors.....	60
Note 19 - Provisions	60
Note 20 - Usable Reserves	62
Note 21 - Unusable Reserves	64
Note 22 - Cash Flow from Operating Activities.....	67
Note 23 - Cash Flow from Investing Activities	67
Note 24 - Cash Flow from Financing Activities	68
Note 25 - Trading Operations	68
Note 26 - Members' Allowances.....	68
Note 27 - Officers' Remuneration.....	69
Note 28 - External Audit Costs	70
Note 29 - Grant Income	71
Note 30 - Related Parties	71
Note 31 - Capital Expenditure and Capital Financing	72
Note 32 - Leases.....	73
Note 33 - Defined Benefit Pension Scheme.....	74
Note 34 - Contingent Liabilities.....	79
Note 35 - Nature and Extent of Risks Arising from Financial Instruments	79
Note 36 - Note to the Expenditure and Funding Analysis	82
Note 37 - Segmental Analysis of Income and Expenditure.....	84
Note 38 - Expenditure and Income Analysed by Nature	84

Housing Revenue Account Income and Expenditure Statement.....	85
Movement on the HRA Statement	87
HRA Property, Plant and Equipment.....	88
HRA Intangible Assets	90
Notes to the HRA Account	91
Group Accounts.....	93
Group Movement in Reserves Statement	94
Group Comprehensive Income and Expenditure Statement	96
Group Balance Sheet.....	97
Group Cash Flow Statement	98
Group Note 10 - Financing and Investment Income and Expenditure	99
Group Note 13 - Investment Properties	99
Group Note 15 - Financial Instruments.....	100
Group Note 17 - Cash and Cash Equivalents.....	102
Group Note 22 - Cash Flow from Operating Activities	103
To follow.....	103
Group Note 23 - Cash Flow from Investing Activities	104
Group Note 24 - Cash Flow from Financing Activities	104
Collection Fund	105
Notes to the Collection Fund	106
Glossary.....	107
Independent Auditor's Report To The Members Of Tandridge District Council Report On The Audit Of The Financial Statements	111

Narrative Report

1. Introduction to Tandridge

Tandridge is a local government district in East Surrey, containing part of the North Downs and Surrey Hills Areas of Outstanding Natural Beauty, and the towns of Warlingham, Caterham, Oxted, Godstone and Lingfield. The area has several woodlands and some open heathland and is 94% designated as green belt. The district council offices are in Oxted, the second biggest settlement in the district after Caterham. Tandridge is one of the 11 boroughs or districts that govern at a local level within Surrey, alongside services provided across the county by Surrey County Council.

Tandridge District Council is committed to working in partnership with our community and other agencies to provide efficient services and enhance the quality of life of all the people of the area. Tandridge District Council was formed in 1974 and is committed to providing the best possible local services for the population it serves.

Three departments employing 258 (Full Time Equivalent) staff deliver the District Council services which include:

- | | |
|---------------------|-----------------------------------|
| 1. housing benefits | 9. environmental health |
| 2. business rates | 10. homelessness |
| 3. car parks | 11. parking |
| 4. community safety | 12. parks and open spaces |
| 5. council housing | 13. planning and building control |
| 6. council tax | 14. recycling |
| 7. day centres | 15. refuse collection |
| 8. elections | |

The Council operates two main funds or accounts: a 'General Fund' (GF) for services such as refuse collection, grass cutting etc and a 'Housing Revenue Account' (HRA), a ringfenced account, which manages the Council's housing stock. Each fund has its own reserves for capital and revenue expenditure.

2. Governance

Tandridge District Council has 42 councillors (representing 20 wards) elected to look after the interests of the district. After the district elections on 6th May 2021 and the Felbridge by-election on the 17th June 2021 the political balance of the Council is 16 Independents and OLRG Alliance, 14 Conservatives, 9 Liberal Democrats, 2 Independent Group and 1 not specified councillors.

Councillors

Councillors are usually elected once every four years although by-elections may arise from time to time to fill any casual vacancy. Surrey County Council elections are held once every four years. Councillors are democratically accountable to the residents of their Ward and have a special duty to constituents including those who did not vote for them. Councillors' overriding duty is, however, to the community as a whole. Councillors must also follow general principles of conduct set out in the constitution which can cover their personal actions as well activities undertaken on behalf of the Council.

The Chairman and Vice-Chairman represent the Council at local community events and outside functions and are civic roles. Both are appointed for a year at the Annual Meeting of the Council in May.

Officers

The day to day running of the business of the Council is undertaken by Officers under the direction of the Chief Executive and the Corporate Management Team.

Some Officers have specific statutory roles. The general management and supervision of the Council's staff is the overall responsibility of the Chief Executive as Head of Paid Service, appointed under s.4 of the Local Government and Housing Act 1989. The Monitoring Officer is appointed pursuant to s5 of the same Act to ensure that the Council acts within the law. Finally, the Chief Finance Officer is appointed under s.151 of the Local Government Act 1972 and s.114 of the Local Government Finance Act 1982 to ensure the proper administration of financial affairs and to report on any improper expenditure.

Committees

The Policy Committees of the Council are:

- Community Services Committee
- Housing Committee
- Planning Policy Committee
- Strategy & Resources Committee

The Regulatory/Statutory/Other Committees of the Council are:

- Licensing Committee
- Audit & Scrutiny Committee
- Planning Committee
- Standards Committee

Annual Governance Statement

The Council prepares an Annual Governance Statement which is published as a separate document in tandem with the Financial Statements. The purpose of the Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. The document can be found here:

<https://www.tandridge.gov.uk/Your-council/Freedom-of-information-and-data/Financial-information/Financial-statements>

3. Council Vision

The Council's vision statement is to be "aspirational for our people, our place and ourselves". This vision encompasses the Council's role in relation to Tandridge residents and business, its crucial responsibility in relation to the district's physical environment (natural and built) and also says something about the kind of organisation we want to be.

4. Strategic Plan 2020/2021 – 2023/2024

The Council has experienced a period of significant change and is making progress in addressing a number of important areas for improvement, including tackling significant financial challenges. We know we have to get these things right to support our local

communities and economy as we move from our response to the COVID crisis to the recovery phase and beyond.

The strategic plan reflects both the need to complete that vital improvement work, and to respond to the district's local characteristics, the needs of our residents and businesses, and the wider context – both regional and national – in which we are operating.

Although close to London, we are a very rural district. Most residents travel to work by car to areas outside of Tandridge District but enjoy living in the District with beautiful green spaces and a large number of listed buildings and conservation areas. The district is an attractive place for visitors, in striking distance of many local attractions, and a destination for walkers in the Downs. Tourism is an increasingly important source of income for the local economy. The district's significant amount of open space presents opportunities to work with partners and our residents to explore the potential for better use of this space. A significant proportion of our population is highly skilled. Most of these residents commute outside the district to work and employment opportunities in the area are in lower skilled roles.

We have good road links to Gatwick, the coast and through to Europe, but road connections between the main routes are not as good, and rail links are slower than in neighbouring areas. Infrastructure is deteriorating and needs investment to secure upgrades to transport, schools and health services. 92% of businesses in the district have 9 employees or fewer. Rural businesses struggle with poor broadband connections and isolation and there is little opportunity to relocate to more appropriate and/or larger premises due to a lack of quality employment space in the district.

A lack of affordable housing makes home ownership for younger people, families and keyworkers difficult. 407 households on the Council's housing register are considered to be in urgent housing need.

In February 2020 the Council declared a climate change emergency, making a commitment to do what it can to tackle climate change.

Like all local areas up and down the country, the Tandridge district has been impacted by the COVID-19 pandemic. Local voluntary, faith and community organisations, town and parish councils have come together with the Council and other public agencies to support vulnerable people at this time of crisis. We want to continue to build on these partnerships to support strong and healthy local communities.

As elsewhere, the pandemic is seriously impacting the local and regional economy. Alone the Council does not itself have all the levers to address these challenges but is committed to working in partnership to support economic recovery.

The Strategic plan sets out our priorities and the actions we are taking now and into the next four years. Recognising this is a time of significant change and challenge, we will keep it under regular review, refining and updating our plans as needed, and committing to new values and behaviours for both councillors and officers which will help us deliver them.

Our Priorities

1. Building a better Council – making the Council financially sustainable and providing residents with the best possible services.

2. Creating the homes, infrastructure and environment we need – both now and in the future.

3. Supporting economic recovery in Tandridge – from lockdown to growth that everyone benefits from.

4. Becoming a greener, more sustainable District – tackling climate change.

We will achieve these priorities by working in partnership with other public-sector agencies and businesses within the district and beyond.

As we implement our financial recovery plan, we will identify further actions to achieve the plan's priority outcomes.

Our Action Plan

The priority outcomes of the Strategic Plan are detailed below:

1. Building a better Council
 1. Agreeing and implementing the Financial Recovery Plan
 2. Engaging with local government reform
 3. Implementing the Corporate Improvement Plan
 4. Supporting and developing staff to deliver this plan and services for residents
 5. Looking for opportunities to support better health and wellbeing for local residents
2. Creating the homes and infrastructure we need
 1. Achieving a fully-functioning planning service that protects the interests of the District
 2. Ensuring consistent, efficient appropriate planning decision-making and enforcement, including breaching of planning conditions
 3. Lobbying for infrastructure that meets the needs of local residents, public sector partners and businesses for the whole District
 4. Developing policies and working with others to support the building of affordable homes
3. Supporting economic recovery in Tandridge
 1. Working closely with businesses, listening and responding to their concerns
 2. Working with partners to support economic recovery
4. Becoming a greener, more sustainable District

1. Deliver the climate change action plan, including supporting and promoting the use of alternative fuel sources for vehicles in the district
2. Promoting green and sustainable development through planning policies

A copy of the [Strategic Plan](#) can be downloaded from the Council website where further details of the priority outcomes, actions, target dates and responsibilities can be viewed.

5. Corporate Improvement Plan

At Strategy and Resources Committee on 9th July 2020 the Committee approved a Corporate Improvement Plan. This set out a number of measures necessary to take the Council forward particularly in the light of the COVID emergency. Updates on achievement of the plan are reported regularly to Strategy and Resources Committee.

Much of the progress on the plan has been delayed due to the need to focus on the Council's response to the COVID emergency however there are some key achievements:

Governance

Following the independent report by the Centre for Public Scrutiny, a number of key recommendations have been implemented as well as other pieces of effective governance. This includes, a forward plan approach to committee work, second vice chairs for policy committees and also improved internal officer governance with an effective Executive Lead Team (ELT) and Departmental Leadership Team structure in place.

Member training is now underway. In addition, a new Member briefing programme has been introduced before each committee meeting. The first briefing in October 2020 on car parking was both well attended and Member feedback was positive.

Performance & Risk

The approach and methodology to performance and risk has been revised and a new template is now in use. All Committees have received the new reports, and these have been well received. Performance and risk is a standing item on all Officer leadership meetings and is being closely monitored and updated.

Financial Recovery

Since her appointment the Chief Finance Officer has changed the team's approach to financial management with the introduction of a finance business partner model. This has put finance at the heart of decision making and is already bringing rewards. The 2021/22 budget was balanced identifying savings of £2.7m – the achievement of these savings will be monitored and reported in the monthly budget monitoring reports throughout 2021/22. Work has already commenced in June 2021 to produce a balanced budget for 2022/23.

Complaints

A new complaints policy has been introduced and a much tighter grip on complaints is now in place with a rapid escalation to senior Officers if complaints are not responded to. Performance in this area has improved.

Shared Services

Although this work is slightly behind schedule, this is due to the Council needing to respond to the Unitaries proposal submitted by Surrey County Council in July 2020. The Council was a key player in the districts and boroughs responses and in September 2020 a successful seminar on the matter was attended by over 50 district and county council members as well as Parish Council Chairs.

On the 25th March 2021 Strategy and Resources Committee resolved that it would enter into an agreement with Surrey County Council in which it provides the Council with a comprehensive finance function comprising the section 151 officer role and leadership and management of a full range of financial functions and supports the Council through the Tandridge Finance Transformation Plan (TFT). We are making good progress in the delivery of the TFT which was fully implemented by June 2022.

6. Financial Recovery Plan

As we implement our Financial Recovery Plan (largely delivered through the Medium Term Financial Strategy (MTFS) supported by the Finance Improvement Programme), we will identify further actions to achieve the plan's priority outcomes which are identified in the strategy.

The Council adopted the Corporate Improvement Plan which sets out key actions to enable the Council to both stabilise its finances, its governance and also make necessary improvements to services.

The Financial Recovery Plan is a key feature of the improvement plan. Other key actions include:

- Improvements in Risk Management & Performance Monitoring and Reporting which is being embedded at a Service, Committee and Corporate level;
- Improvements to organisational governance, including member and officer training. The moden.gov system is one example of the improvements but there have also been new initiatives such as regular member briefings and the introduction of new protocols;
- A new Internal Audit Programme, led by the Executive Leadership Team and monitored through the Audit and Scrutiny Committee, Internal Audit now have a direct reporting line to the Chief Finance Officer (CFO);
- Staffing and People Plan – some changes to the officer structure are in train which will result in improved working. New policies have been put into place such as homeworking and other policies are being revised. A staff skills audit is also under way to ascertain training needs and a new People Plan is now in draft;
- ICT and Digital Strategy – The first priority has been to establish reliance in the Councils IT systems. Work is now underway to create a governance framework within the organisation, to update and establish disaster recovery arrangements and to introduce a standard project management methodology across the organisation;
- Improvements to Planning Service – this has involved stabilising the staffing structure and creating improvements to service delivery (for example a pre-application service). Performance has improved with all national performance indicators being met;
- Data Protection – a data protection officer has been appointed and training on GDPR has taken place for all staff.

Transforming our organisation to reform its function, form, focus and culture is key to delivering the priority objectives set out in the strategy. It will enable us to add more value, make greater impact and improve services so they deliver the best possible long-term outcomes for residents. The current challenges of the pandemic make it even more important that we achieve our ambitions to be an agile, flexible and responsive organisation. We want to improve the customer experience so that residents are more empowered and engaged and build stronger partnerships so that we can better deliver on our shared ambitions.

7. Finance Improvement Plan

The Council has faced significant financial difficulties over the last two to three years, leaving it in a position whereby it had a considerable overspend in 2019/20 and the first quarter of 2020/21, coupled with General Fund Reserves being precariously low.

The CFO, in post since July 2020, was recruited to help support the Finance function and hence the Council get back on a solid and sustainable basis. As a result, the CFO introduced the Finance Improvement Plan (FIP). The key elements of the programme for 2020/21 are listed below:

1. Business Partnering Model. The Finance team have been working as a business partnering team, by being directly aligned to a Service to provide guidance and advice on financials. The Services have already started to see the benefits of working in this way.
2. Getting the “basics right” in Finance. We have produced a Budget Monitoring and Budget and MTFs preparation timetable. We are reporting to Members and the Executive Leadership Team (ELT) on a monthly basis whether or not there is a Committee meeting to which to report. We also progressed rapidly into the Budget and MTFs setting process, with Member workshops having taken place in October 2020, Initiating a Risk and Opportunity Tracker from Month 8 (November) as part of our ongoing improvements to monthly reporting.
3. Redesigned monthly Financial Reports to Members. All financial reports to Members have been completely redesigned in terms of format and content to ensure they are understandable, transparent and accurate. The process commenced at Month 5 and continues to include further enhancements.
4. Baseline of 2020/21 finances for Revenue and Capital. Revenue and Capital baselines (i.e. line-by-line review) have been completed and information fed through into monthly reports.
5. Budget Management Accountability. This places the accountability for the delivery and management of budgets to the relevant ELT Member and Committee. This has been enhanced through the creation of Departmental Leadership Teams (DLTs) to review finances on a monthly basis.
6. Local Government Association (LGA) was commissioned to undertake a review of project capitalisation and Cash. Work has now been completed and capitalisation of salaries has been incorporated into monthly reporting.
7. Review of all Procurement activities (contract and off-contract spend) in the Council to identify areas of improvement. An action plan has been developed with some savings attributable to the 2020/21 year and beyond.
8. Continuing a hardline and grip on salary budgets and processes. We continue to ensure we have a firm grip on salaries, this is essential given the relative size of this budget to that of the overall budget for the Council.
9. Grip on internal controls through a renewed focus on Internal Audit – process has changed considerably. Internal Audit now has a direct reporting line to the CFO who will ensure all reports with limited or no assurance are presented to Audit & Scrutiny and management issues identified and addressed.

On the 25th March 2021 Strategy and Resources Committee resolved that it would enter into an agreement with Surrey County Council in which it provides the Council with a comprehensive finance function comprising the section 151 officer role and leadership and management of a full range of financial functions and supports the Council through the Tandridge Finance Transformation Plan.

8. Current Year (2020/21)

The budget for the 2020/21 financial year was set against a background where the achievement of significant savings was a necessity. This resulted in a budget of £10,559,732 with savings achieved through a reduction in operating expenses and staff costs. Our Band D Council Tax for the year was increased by 2.32% to £220.98 to help combat the effects of reduced government funding received by the Council.

During the year the Council has embarked on a number of measures to protect and develop service provision against the difficult financial position. The Council's principal objective for the year was to keep Tandridge District a place where people want to live, work and visit. To achieve this the Housing Committee set itself the objective of maximising the provision of newly built affordable homes and to that end has continued to add to its reserve within its Housing Revenue Account to fund the building of new Council dwellings.

9. Medium-Term Financial Strategy (MTFS)

The Council maintains a 3-year Medium Term Financial Strategy (MTFS) to ensure good governance and help navigate the financial challenges ahead.

The financial position nationally for local government as a whole and locally for this Council in particular remains challenging and has been exacerbated by the impact of Covid-19. The successful implementation of the MTFS will therefore be paramount if the Council is to be able to continue to provide front line services to the standard and quality that is expected locally. The Council has updated MTFS for 2021/22 and beyond to address the current forecast funding gap and the added pressures resulting from Covid-19. A balanced budget was set for 2021/22.

The Council is aware of the challenges it faces in improving the financial position. The level of general and earmarked reserves has been depleted in recent years to below the level required to provide the financial resilience necessary, although has now turned a corner and are starting to be rebuilt. The Council has been carefully monitoring its 2021/22 budget position to ensure, as much as possible, that any overspend is minimised and that expenditure is controlled. The MTFS has a strategy to further build upon reserves in the years ahead and return them to a level that provides the financial resilience required.

The Covid-19 pandemic has had a serious effect on the Councils budget. In response to this the Council has developed its budget monitoring process to separate out expenditure and income reductions resulting from Covid-19 from the Business as Usual (BAU) element of the budget. This has allowed the Council to identify the true cost of the pandemic on its budgets and identify offsetting savings within the BAU budgets.

The external auditors within their report on the accounts for 2019/20 concluded that "the authority has made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources".

The MTFS was updated at the 2nd February 2021 Strategy and Resources Committee meeting and agreed by Full Council on 11th February 2022.

At 31 March 2021 the Council holds the following financial reserves:

· The General Fund Balance	£2.2 million
· Other General Reserves	£8.8 million
· Housing Revenue Account	£0.75 million
· HRA Earmarked Reserves	£4.0 million
· Usable Capital Receipts	£3.4 million (including £2.0 million HRA Receipts)

10. Overall Financial Outlook

Despite the extraordinary external circumstances, and the 2020/21 budget pressures, the Council has managed to mitigate in-year risks and pressures, specifically through tight control of salary budgets, one-off underspends or additional income generation.

The overall outlook for the Council is one of stability and resilience, at least in the short-term, with a renewed emphasis on “getting the basics right”. Whilst the Council are not there yet, it has moved in the right direction in the last half of the 2020/21 financial year. There remains, over the medium-term, significant challenges in managing inflationary pressures and service pressures. Despite the pandemic and the budget pressures the Council has produced a surplus

Aside from the impact of Covid-19 the impact of the national economic conditions continues to affect the Council. The Council’s financial strategy however seeks to maintain existing services, achieve key corporate objectives and enable a council tax increase at an acceptable level locally.

Fair Funding Review (FFR) was rebadged as the Review of Relative Needs and Resources in the Spending Review in November 2020. The comprehensive redesign of the current funding mechanism for Local Government in England has been delayed from its already delayed implementation date of 1st April 2021. Under the FFR reforms, the Business Rates system is due to be “reset” and funds retained by Councils in areas with high Business Rates growth redistributed more in line with needs. The date for the review is still uncertain and as at March 2023 this is still to be completed.

The Customer First restructure of the Council consumed a significant proportion of available reserves eroding financial resilience. Reserves continued to be weakened due to significant revenue budget overspends. Having eroded our Reserves substantially and facing significant financial pressures there was the very real possibility of the Council considering the potential issuance of a Section 114 notice.

Close contact with MHCLG and the removal of Tandridge District Council as a Council with financial challenges from their list of concerns, coupled with the development of a Financial Improvement Plan has resulted in a strengthening of our financial position over the second half of the 2020/21 financial year. Given the improved financial position and setting a balanced budget for 2021/22 a Section 114 is no longer a concern for the Council. This has continued to be monitored closely Despite the challenges highlighted above the 2021/22 revenue outturn position for the Council has been reported as a £458k surplus.

The ongoing improvement to the Council’s finances has provided us with the security to tackle the immediate challenges arising from the pandemic. Much has been made of the severe financial difficulties facing a number of other Authorities and now, due to events beyond our control, we too see the future as extremely challenging. On 11th November 2020 Croydon Council became only the second Council in over 20 years to issue a Section

114 notice. This has been followed with Slough Borough Council issuing a Section 114 notice on 2nd July 2021 and it is feared many other Councils are in similarly precarious positions. We will be working very diligently to ensure that TDC does not follow suit.

The financial projections for the next 2 years, based upon the MTFS at the time of setting the 2021/22 budget, is a balanced budget for both 2021/22 and 2022/23 without the use of reserves.

The Extended Management Team (EMT) has been integral to the budget setting process as it has ensured that revenue budgets, capital investment and savings plans are all aligned with Directorate strategies and Corporate priorities. This alignment provides a stable foundation for delivering services to the residents in the face of challenges presented by the pandemic and wider external pressures. COVID-19 has exacerbated what have been two particularly challenging financial years. This has only served to confirm our requirement to re-build our Reserves, in order to create financial resilience and support the recovery from previous budget deficits.

The GF budget for 2021/22 was set at £11,295,340 which compares to the 2020/21 budget of £10,559,732, an increase of £735,608.

11. Risks and Opportunities

The current predictions within the MTFS may change. Current risks are summarised as follows:

1. Unknown impact of Business Rates Retention. In 2021/22 the Government is planning to change the funding methodology for local authorities. This will see the end of direct government grant (Revenue Support Grant) for those still receiving it and a move to funding from business rates retention. This may involve the inclusion of negative Revenue Support Grant (tariff payable) for this council, previously forecast at £729,000 for 2019/20 when it was first planned to be implemented. This scheme has been delayed until 2022/23 which will impact 2022/23.
2. Unknown future for New Homes Bonus. New Homes Bonus has been extended to 2022/23 at £618k (up from £314k in 2021/22). The future of New Homes Bonus beyond 2022/23 remains uncertain.
3. Fluctuations in interest rates, reductions resulting in reducing investment income or increases resulting in higher borrowing costs.
4. Not generating expected returns from investment properties.
5. Inflationary concerns

The Covid-19 pandemic has brought with it opportunities for new ways of working. Many staff have been successfully working remotely throughout the pandemic. A considerable amount of remote working has remained leading to a more agile and resilient work force and also allowing the Council to draw from a wider pool of talent when recruiting. There have also been savings in operational building costs.

Shared services offer an opportunity for the council to provide services in a different way providing greater competence and resilience. Opportunities for partnership working with neighbouring authorities and partners are currently being explored.

12. Impact of Covid-19 Pandemic

The Covid 19 lockdown measures began in the UK on the 23rd March 2020 and have had a significant impact on the Council and its finances throughout 2020/21. Council services and

their delivery methods have been adapted to the varying restrictions and Government have delegated additional responsibilities to Councils to support the management of the pandemic.

The financial impact had the potential to require the Council to use its reserves to fully fund revenue expenditure during the year, however the Government then promised that they would provide financial assistance to help Councils continue to provide their services. The Government have delivered Covid Grants, Sales, Fees and Charges Compensation for losses, New Burdens Grants for the pandemic related services they required and compensation for Business Rates and Council Tax losses. This, combined with very careful management of revenue expenditure throughout the year, has resulted in this Council being able to fully fund all revenue expenditure without recourse to reserves.

The main Covid-19 considerations for the 2020/21 accounts have been the impact upon the sales, fees and charges, Government grants, Government Business Grants, Collection Fund, property valuations, pension valuations, investment valuations and impairments for doubtful debts.

Sales, Fees and Charges - The Council underachieved on its budget by £484,000, due mainly to losses in planning fee income, sports and recreation, regulatory services and parking revenue. The Government compensation scheme determines that the Council must bear the first 5% of lost budgeted income, but the Government will pay 75p in every £1 thereafter. The Council has therefore received £286,000 in compensation.

Government Grants - The Government gave the Council £1.2m to address immediate Covid-19 pressures and subsequently gave £0.2m in New Burdens grants, mainly for the administration of the Business Grants.

Collection Fund - Government agreed to compensate Councils for 75% of their irrecoverable losses in Council tax and business rates income. The Council has been able to claim £779,000 for Business Rates. Recovery rates have been much more stable than anticipated so no compensation was received in regard to Council Tax.

Property valuations - The Council had its Property Plant and Equipment valued as at 31st December 2020, including investment properties, which were most likely to have had their valuations affected by the pandemic. Whilst last year there was uncertainty around property value fluctuations, they have mostly held firm and the properties revalued, on average, decreased by an average of 2%. Last year the Council's valuer declared a "material valuation uncertainty" in their valuation report, but they have removed that declaration for this financial year.

Pension valuations - Pension assets were valued on the 31st March 2021. The value of scheme assets increased in the year but so did the value of its obligations. Overall the net liability has increased to £62.7m (£50.9m on 31st March 2020). The fund has c£11.8m of investments in property and private equity investments which are harder to value and rely on greater use of assumptions than quotes instruments and there is a greater level of uncertainty in their valuation.

Investments and Investment Properties – The Covid-19 pandemic has impacted on the Council investments. The bank interest rate was cut to 0.10% in March 2020 when it became clear that the coronavirus outbreak would pose a huge threat to the economy. This had a detrimental impact on the income received from investments. The Council has £14.6m of short term investments within a mix of products including fixed-term bank deposits, bond funds, multi-asset funds and peer to peer lending. Longer term

investments of £27.6 million are held in a mix of investments including a property fund, diversified income fund and loans to Gryllus and Freedom Leisure. The actual market value of the investments is recorded as at the 31st March 2021 and has achieved a gain of £770,000 over 2020/21 (£957,000 loss for 2019/20). The Council has £6.2m of investment properties. The level of investment properties for the Council has reduced significantly during the year as some properties have been reclassified as operational assets.

Debt Collection and provisions – The Council has £13.0m of short term debtors outstanding at 31st March, the majority of which is with other local authorities/Government agencies or companies with sufficient reserves to settle their debts. Whilst there is exposure to some property debt, it is not considered material for the Council.

The 2020/21 provisional outturn shows that the Council had incurred c£1.6m in additional expenditure and lost income as a result of Covid-19. This has been offset by c£1.6m of Government support. Support received to date have been through multiple tranches of general Covid-19 Support Grant, allowable admin income recovery, New Burdens Grant and Income Support Grant. The Council and the Local Government sector continue to press for further funding and flexibilities to enable the provision of local services and to support and shape the recovery process. The 2021/22 revenue outturn position for the Council is a £458k surplus.

13. Borrowing

The HRA currently has £56.9 million (as at 31st March 2021) of debt from the Public Works Loan Board relating to the self-financing debt allocation from the Government and from borrowing to build new council homes. This debt is being repaid in line with the HRA business plan and the final repayment date is March 2033.

The Council has £43.4 million of debt from the Public Works Loan Board relating to investment in Property and loans provided to third parties.

14. Cash Flow Management

Cash flow has been closely monitored since the pandemic lockdown began. The Council holds over half of its reserves in short term investments and benefits from positive cash position. Cash flows in from both investing activities and financing activities has helped to maintain a positive cash position of £3.5m as at 31 March 2021. The cash position as at 31 March 2020 was also a positive position of £5.3m. Details of the movements can be seen in more detail in the cash flow statement and notes 23,24 and 25

At present there is little benefit to the Council investing longer term due to the minimal interest rates on offer. In the short term, the Council has sufficient cash to continue providing services at the existing levels.

15. Major Risks to the Authority

A worsening economy is resulting in financial hardship for the Council in terms budget monitoring and budget setting. If the economy is able to recover relatively swiftly, there

may be no more damage to the Council than a dent in reserves, which may or may not be reimbursed by government grant at some point in the future.

If the economy regresses further, then the Council's revenue budget will become unsustainable. The Council will then need to consider its levels of service and whether it needs to reformulate its capital programme. Again, this is also dependent upon the level of support extended by central Government.

16. The Accounting Statements

The basic legal requirement for the Statement of Accounts to be completed and audited is contained in the Local Audit and Accountability Act 2014. The accounts for 2020/21 have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2020/21' ('the Code') and the 'Service Reporting Code of Practice 2020/21 (SeRCOP) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Both these documents set out the proper accounting practices required by Section 21(2) of the Local Government Act 2003 and Regulation 7 of the Accounts and Audit Regulations 2015. The accounting policies that have been adopted are contained in the Statement of Accounting Policies.

The main financial statements are divided into "Core" and "Supplementary" statements.

The core statements are:

1. Movement in Reserves Statement.
2. Comprehensive Income and Expenditure Statement.
3. Balance Sheet.
4. Cash Flow Statement.

Whilst our supplementary statements are:

5. HRA
6. Collection Fund (Local Taxation).

The Council produces group accounts, consolidating the wholly owned Gryllus Holding Limited and subsidiaries (Gryllus Property Limited and Gryllus Housing Limited). Group accounts are therefore prepared, combining the accounts of these organisations with those of the Council and excluding any intra-group transactions and balances, to give an overall group position.

17. Financial Outturn

Provisional Revenue Outturn

The Council net expenditure for the provision of services in the General Fund is £4,038,000 which is an underspend on the budgeted position for 2020/21 of £885,000. This can be further broken down as an underspend of £858,000 on Business As Usual (BAU) activities and an underspend of £27,000 on covid-19 related expenditure. Had it not been for the substantial Government support received the Council would have faced a significant overspend.

The main causes of the £885,000 underspend are in relation to:

- £1,411,000 - Grants in relation to Covid-19
- £596,000 - Salaries underspend

£498,000 - Local Plan underspend
£256,000 - Covid-19 Income Support Grant
£252,000 – Additional unbudgeted New Homes Bonus Grant
£109,000 - Other minor net variances

Offset by:

£559,000 - Pension charge variances to budget
£392,000 - Loss of interest receivable
£360,000 - Loss of investment property income
£216,000 - Loss of income from Tandridge Commercial Services
£207,000 - Loss of car parking income
£152,000 - Increased MRP charge
£148,000 - Loss of planning fee income
£145,000 - Loss of income from leisure operator

The underspend allowed the additional unbudgeted transfers to reserves to take place:

£531,000 - Planning Transformation Reserve
£222,000 - Partnership and transformation Reserve
£147,000 - Covid-19 Reserve
£42,000 - Northgate Carry Forward Reserve

The Housing Revenue Account produced a balanced final position with a surplus £1,356,000 of funds transferred to HRA reserves. This transfer was £904,000 to the HRA Newbuild reserve and £452,000 to the HRA Repairs Reserve. The transfer to reserves was £319,000 greater than budgeted due to underspends in the year.

Capital Expenditure

The Capital budget for 2020/21 was set at £120.1m after allowing for slippage of £38.1m from the previous year. On 24th November 2020, Strategy and Resources Committee approved reducing the budget by £104.4m due to a change of policy for the Property Development Fund. The restated budget was £15.7m. Capital expenditure amounted to £11.2m (2019/20, £41.8m) which has resulted in an underspend of £4.5m, which is mainly attributable to slippage of schemes in the programme. The majority of the expenditure and slippage was in relation to implementation of the Council's Housing Strategy, Waste and Recycling vehicles and Property Development Scheme.

Capital Receipts (including Right to Buy)

When the Council sells a HRA dwelling it is required to pay a determined proportion of the receipt of dwellings to the Government, reduced only by the specified sums set out in regulations.

Overall the Council's usable capital receipts stand at £3.4m at 31 March 2021. Of this amount £2m are held in relation to the provision of new Social Houses.

18.Audit

The auditor appointed by Public Sector Audit Appointments Limited (PSAA) for the Council is Deloitte LLP. Deloitte issued their report "to those Charged with Governance" (ISA 260) for 2020/21 which sets out the key issues identified during their audit of the Statement of Accounts in 2020/21. This report is available on the Council's website www.tandridge.gov.uk.

19.Further Information

Further information is available on our website www.tandridge.gov.uk or from the Council Offices, 8 Station Road East, Oxted, RH8 0BT. We also publish the Tandridge Magazine three times a year, which is distributed free to all households in the District, and provides further information on the work and plans of the Council.

Statement of Responsibilities for the Statement of Accounts

Tandridge District Council

The Council is required to:

1. 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 Tandridge, that officer is the Chief Finance Officer and Section 151 Officer.
2. Manage its affairs to secure economic, efficient and effective use of resources and to safeguard assets; and
3. Ensure that the Statement of Accounts is approved and signed by the Chairman of the relevant body. In Tandridge, that body is the Audit & Scrutiny Committee to which the Council has delegated the appropriate authority.

The Chief Finance Officer

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 Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code') and for certifying to this effect, as set out below, no later than 31st July 2021.

In preparing the Statement of Accounts, Chief Finance Officer:

4. Selected suitable accounting policies and then applied them consistently;
5. Made judgements and estimates that were reasonable and prudent; and
6. Complied with the Code

The Chief Finance Officer has also:

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

Certification of the Chief Finance Office (S151)

I certify that the Statement of Accounts:

- (a) has been prepared in a form directed by the Code; and
- (b) presents a true and fair view of the financial position of the Council as at 31st March 2021 and of its income and expenditure for the year ended on that date.



Anna D'Alessandro, FCPA – Chief Finance Officer (S151)

Date: 30/07/2021

Certification of the Chairman of Strategy and Resources Committee

Councillor - Chairman of Audit & Scrutiny Committee

Date:

Expenditure and Funding Analysis

2019/20			2020/21		
Net Expenditure Chargeable to the General Fund Balance	Adjustments (Note 36)	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund Balance	Adjustments (Note 36)	Net Expenditure in the CIES
£000	£000	£000	£000	£000	£000
5,192	328	5,520	3,501	3,147	6,648
6,764	3,044	9,808	6,554	(439)	6,115
768	359	1,127	315	424	739
5,463	(2,702)	2,761	711	274	985
(2,181)	7,466	5,285	0	(886)	(886)
16,006	8,495	24,501	11,081	2,520	13,601
		Net Cost of Services			
(14,045)	6,359	(7,686)	(12,024)	2,461	(9,563)
1,961	14,854	16,815	(943)	4,981	4,038
		(Surplus) or Deficit on Provision of Services			
(12,416)			(10,455)		
			(943)		
1,961					
			(4,367)		
0					
(10,455)			(15,765)		
			Closing Combined General Fund Balance		

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2020/21	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	(2,242)	(1,758)	(750)	(5,704)	(2,961)	0	(5,627)	(19,042)	(241,863)	(260,905)
Movement in reserves during 2020/21										
Total Comprehensive Expenditure and Income	(7,799)		11,837					4,038	(2,069)	1,969
Adjustments between accounting basis and funding basis under regulations (Note 7)	756		(10,104)		(419)	(2,046)	(836)	(12,649)	12,649	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(7,043)	0	1,733	0	(419)	(2,046)	(836)	(8,611)	10,580	1,969
Transfers to / (from) Earmarked Reserves (Note 8)	7,043	(7,043)	(1,733)	1,733				0		0
(Increase) or Decrease in 2020/21	0	(7,043)	0	1,733	(419)	(2,046)	(836)	(8,611)	10,580	1,969
Balance at 31 March 2021	(2,242)	(8,801)	(750)	(3,970)	(3,380)	(2,046)	(6,463)	(27,653)	(231,284)	(258,937)

2019/20	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2019	(2,326)	(3,334)	(750)	(6,006)	(3,569)	0	(3,324)	(19,309)	(257,863)	(277,172)
Opening Balance Adjustment	85	0	0	(85)	0	0	(2)	(2)	0	(2)
Revised opening balance	(2,241)	(3,334)	(750)	(6,091)	(3,569)	0	(3,326)	(19,311)	(257,863)	(277,174)
Movement in reserves during 2019/20										
Total Comprehensive Income and Expenditure	6,453		11,236					17,689	(546)	17,143
Adjustments between accounting basis and funding basis under regulations (Note 7)	(4,878)		(10,849)		608		(2,301)	(17,420)	17,420	0
Net Increase or Decrease before Transfers to Earmarked Reserves	1,575	0	387	0	608	0	(2,301)	269	16,000	16,269
Transfers to / from Earmarked Reserves (Note 8)	(1,576)	1,576	(387)	387				0		0
(Increase) or Decrease in 2019/20	(1)	1,576	0	387	608	0	(2,301)	269	16,000	16,269
Balance at 31 March 2020	(2,242)	(1,758)	(750)	(5,704)	(2,961)	0	(5,627)	(19,042)	(241,863)	(260,905)

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Comprehensive Income and Expenditure Statement

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

2019/20				2020/21		
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
8,483	(2,089)	6,394		9,082	(2,434)	6,648
13,515	(3,707)	9,808		9,588	(3,473)	6,115
18,891	(17,764)	1,127		16,834	(16,095)	739
3,569	(808)	2,761		1,672	(687)	985
20,248	(14,963)	5,285		14,371	(15,257)	(886)
64,706	(39,331)	25,375		51,547	(37,946)	13,601
5,364	0	5,364	9	3,202	0	3,202
6,668	(4,006)	2,661	10	7,756	(5,037)	2,719
0	(15,712)	(15,712)	11	5,589	(21,073)	(15,484)
76,738	(59,049)	17,689		68,094	(64,056)	4,038
		3,186	21	(Surplus) or deficit on revaluation of Property, Plant and Equipment		(12,567)
		0	21	Impairment losses on non-current assets charged to the Revaluation Reserve		0
		0	21	<i>Items will be subsequently classified into surplus and deficit</i>		0
		(3,732)	33	(Surplus) or deficit on revaluation of available for sale financial assets Remeasurement of the net defined benefit liability / asset		10,498
		(546)		Other Comprehensive Income and Expenditure		(2,069)

17,143	Total Comprehensive Income and Expenditure	1,969
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Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020			31 March 2021
£000	Notes		£000
370,245	12	Property, Plant and Equipment	380,040
6,267	13	Investment Property	6,170
1,727	14	Intangible Assets	1,871
27,983	15	Long-term Investments	27,607
113	15	Long-term Debtors	113
406,335		Long-Term Assets	415,803
10,903	15	Short-term Investments	14,591
85		Inventories	83
5,787	16	Short-term Debtors	13,326
5,349	17	Cash and Cash Equivalents	3,522
22,124		Current Assets	31,523
(4,250)	15	Short-term Borrowing	(2,350)
(11,191)	18	Short-term Creditors	(15,330)
0	18	Revenue Grants Received in Advance	(7,316)
(1,121)	19	Provisions	(2,001)
(16,562)		Current Liabilities	(26,997)
(100,365)	15	Long-term Borrowing	(98,015)
(51,501)	15/33	Other Long-term Liabilities	(63,377)
(151,866)		Long-Term Liabilities	(161,392)
260,031		Net Assets	258,937
(19,042)	20	Usable Reserves	(27,653)
(240,989)	21	Unusable Reserves	(231,284)
(260,031)		Total Reserves	(258,937)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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 authority.

2019/20			2020/21
£000	Notes		£000
17,689		Net (surplus) or deficit on the provision of services	4,038
(29,593)	22	Adjustment to surplus or deficit on the provision of services for noncash movements	(17,869)
(2,338)	22	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	5,032
(14,242)		Net cash flows from operating activities	(8,799)
43,564	23	Net cash flows from investing activities	6,376
(17,327)	24	Net cash flows from financing activities	4,250
11,996		Net (increase) or decrease in cash and cash equivalents	1,827
17,345	17	Cash and cash equivalents at the beginning of the reporting period	5,349
5,349		Cash and cash equivalents at the end of the reporting period	3,522

Note 1 – Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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.

ii. 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

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 based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded 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.

iii. 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 highly liquid investments that mature in 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.

iv. 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.

v. 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

revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation.

The Minimum Revenue Provision (MRP) is a charge Councils are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The basis for calculating MRP for the council is Annuity method over a maximum of 50 years.

vi. Council Tax and Non-Domestic Rates (England)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, 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.

vii. Employee Benefits

Benefits Payable During Employment - Short-term employee benefits are those due to be settled wholly 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. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. 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 County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

The liabilities of the Surrey Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bond).

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

Property – market value.

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and

Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Surrey Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

viii. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a

category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

ix. 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 and 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.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

- Financial Assets

Financial assets are classified into two types:

loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

The above relates to comparator information, New standards have been adopted by the code and financial assets categories are detailed below.

Financial Held at amortised cost represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

The authority's assets and liabilities carrying value were measured by the fair value hierarchy, where the fair value hierarchy is as follows:

Level 1:

The carrying value in the statement of accounts is measured by quoted prices in active markets for identical assets. Information on measurement values is either publicly available or there is measurement information about actual events or transactions, or there is a quoted price. There were no properties categorised as being valued within level 1 of the fair value hierarchy during the year. The majority of Financial Assets held by the council are valued at Level 1.

Level 2:

The carrying value of assets or liabilities in the statement of accounts are measured using inputs that are not quoted prices (as described within level 1), but that are observable either directly or indirectly. This measurement is used when the market data is not available, and so valuations are developed using the best information available by considering market rental, sales values, yields, size, construction type, condition and other observable inputs of comparable assets.

Level 3:

The carrying value of assets or liabilities in the statement of accounts is measured by unobservable inputs, which significantly draw on valuers skill and judgement. There were no properties categorised as being valued within level 3 of the fair value hierarchy during the year.

Financial liabilities, and financial assets represented by loans and receivables, are carried on the Balance Sheet at cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:
For loans receivable, prevailing benchmark market rates have been used to provide the fair value;

No early repayment or impairment is recognized;

Where an instrument has a maturity of less than 12 months, the fair value is taken to be the principal outstanding or the billed amount;

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

xi. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (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 they have been applied to fund capital expenditure.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy,

which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) 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 small proportion of the charges may be used to fund revenue expenditure.

xii. Heritage Assets

The Council has no material heritage assets. The heritage assets the Council does have are held in relation to Tandridge's civic history and were valued in December 2011 for insurance purposes only. The heritage assets held comprise of five paintings displayed in public offices.

xiii. 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.

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.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council and the nature of the software licence. The useful lives are between three and five years.

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. Currently, no intangible asset held by the Council meets this criterion, and all intangible assets 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.

None of these charges to the Comprehensive Income and Expenditure Statement are permitted to impact upon the General Fund, and so they are reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

xiv. Inventories and Long-term Contracts

Inventories for Tandridge Commercial Services, the Media Creation Unit and the Waste Contract are valued on the basis of last invoiced price.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xv. 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. 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 (for any sale proceeds greater than £10,000) to the Capital Receipts Reserve.

xvi. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Council currently have no joint operations.

xvii. 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.

Operating Leases - The Council as Lessee

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).

Operating Leases - The Council as Lessor

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 Other Operating Expenditure 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.

xviii. Overheads and Support Services

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

The Council recharges costs in full and to identify the costs of the support services under specified descriptions.

xix. 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.

- Measurement

Assets are initially measured at cost, comprising:
the purchase price.

any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

infrastructure, community assets and assets under construction – depreciated historical cost.

dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).

council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective.

all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

- Revaluation

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. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service. The Council engages an External Valuer for the annual valuation. This is currently Wilks Head and Eve.

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 certain 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 (between 2 and 60 years).

vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer (between 1 and 10 years).

infrastructure – straight-line allocation (between 3 and 30 years).

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

- 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 previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

Derecognition – Other occurs on non-enhancing capital expenditure, Primarily to Council Dwellings. An addition is made to the non-current asset to the value of the work completed and then removed as a derecognition – other.

xx. Provisions, Contingent Liabilities and Contingent Assets

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 when the Council has an 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.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxii. Revenue Expenditure Funded from Capital under Statute

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

xxiii. 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.

xxiv. Rounding

The Council accepts that minor rounding differences of between £1k and £2k may occur within its Statement of Accounts, these amounts are not material and the Council does not intend to alter any totals where this occurs.

xxv. Group Accounts - Recognition of Group Entities and Basis of Consolidation

Group Accounts will be prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries. Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column. Group accounts will be prepared using consistent accounting policies. Where intra-group transactions occur, they will be removed in the consolidation.

xxvi. Interests in Companies

Where the council has the power to exercise significant control or influence over another economic entity, the relationship with that organisation will be assessed to determine if that organisation should be part of the Tandridge Council group for accounting purposes. The requirement to produce group accounts will be based on qualitative factors as well as materiality levels based on the level of transactions between the council and all the organisations in the group. The Council has determined that it exerts significant control over Gryllus Property Ltd as they are a Local Authority Trading Company wholly owned by

the council. In 2020/21 group accounts have been produced due to material balances held by subsidiary companies.

In the Council's own single entity accounts, the value of shares in subsidiary companies are recorded as long-term investments, long-term loans provided to the subsidiaries are held as long-term loans and any debtor and creditor balances between the council and the subsidiaries are also included within the relevant balance. In the group accounts, the single entity county council accounts are combined with the accounts of the subsidiary companies and any intra-group transactions and balances are excluded as part of the consolidation process to give the overall group position. The investment properties held by subsidiaries are held at fair value. The Council's investment in the subsidiaries are held at cost on the Council's balance sheet.

Note 2 - Accounting Standards Issued, Not Adopted

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

IFRS 3 Business Combinations: This standard will require local authorities to disclose in its financial statements that a transfer of functions has taken place (including a brief description of the transferred function) giving the date of the transfer, the name of the transferring body and the effect on the financial statements. An authority that transfers functions to another authority or public sector entity shall also provide the same information in its financial statements. Where accounted for as a transfer by absorption, the authority should apply judgement as to whether the additional disclosure of historical financial performance of the function should be provided, to enable users to understand the operational performance.

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark reform: These standards (as adapted by the Code) govern the recognition, measurement, presentation and disclosure of financial instruments as specified in the Code (although many requirements are inapplicable since all material financial instruments are carried at fair value through profit or loss). The amendments will not have an impact on the council, as the council's debt is fixed rate and all of the council's investments are in sterling and low risk.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark reform – Phase 2: These standards relate to issues that arise if an existing interest rate is replaced by an alternative one. This is unlikely to have an impact as interest rate benchmark reform is rarely applied. In addition, financial instruments are valued in the accounts at amortised cost rather than fair value.

IFRS 16 Leases: The standard replaces IAS 17. Redefines classification and measurement of leases, bringing the majority of leases onto the balance sheet. Intended to recognise the "right of use" of the asset and the "lease liability". There are significant changes for lessees with additional disclosure requirements.

The CIPFA/LASAAC Local Authority Accounting Code Board have deferred implementation of IFRS16 for local government to 1 April 2024.

Note 2a - Accounting Standards Adopted In Year

There have been no new accounting standards adopted in the year.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are outlined below:

Local government funding

There is a high degree of uncertainty about future levels of funding for local government. The Fair Funding Review has been delayed further for a second time due to the disruption caused by Coronavirus and will no longer take place in 2021 with no timeline for when it will commence. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Grant conditions

The Council reviews its grants and contributions annually and where the contributions are conditional upon the money being expended in a specific way and the council is satisfied initially that the money could be expended as intended it is set aside in usable reserves (either earmarked revenue or capital unapplied) to be drawn down at a future date. Should circumstances change whereby the council decides that money can no longer be deployed as specified it would be transferred to receipts in advance prior to being refunded.

Carrying value of assets not revalued in 2020/21

The Council revalues its land & buildings assets on a 5-year rolling programme. This is permitted under the Code provided that the carrying value of the assets on the balance sheet is not materially different to the current value at the balance sheet date. In consultation with the Council's valuers, the council has determined that whilst there have been inflationary pressures in the market that would increase the value of assets valued at Depreciated Replacement Cost these increases would be mitigated by depreciation to the asset over the relevant period. This means that the values are unlikely to be materially different at the balance sheet date. All valuations have been made in light of the impact of COVID-19 and is the best estimate of the valuers at the time of valuation.

In the Council's opinion, there are no other judgements made in applying the accounting policies which have a significant effect on the amounts recognised in the financial statements.

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 authority 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.

Pension Liability - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in an increase in the pension liability of £13.6m. However, the assumptions interact in complex ways. See Note 33 for details of the Pension Liability.

Arrears - At 31 March 2021 the Authority had a Housing Benefit Overpayment Debtors balance of £1.36m. The level of debtor's provision for this debt is £1.2m. If collection rates were to deteriorate, and all debts became doubtful this may require any additional allowance to be set aside.

Asset valuations and impairments – the Council engages an external valuer in order to calculate valuations, useful lives and impairment reviews of its non-current assets in accordance with professional guidance.

Note 5 - Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the nature and amount of material items should be set out in a note.

The only items that fall within this category are Expenditure for Housing Benefits and Discounts totalling £15,267k (2019/20, £16,663k) and Income of Housing Benefit Subsidy of £15,086k (2019/20, £16,434k).

Note 6 - Events After the Balance Sheet Date

The statement of accounts is adjusted to reflect events after the Balance Sheet date, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue that provide evidence of conditions that existed at the end of the reporting period, unless deemed insignificant to the true and fair view of the Council's assets and liabilities. Those events taking place after the date of authorisation for issue will not be reflected in the statement of accounts. The Statement of Accounts was authorised for issue by the Chief Finance and s151 Officer on 30th July 2021.

Note 7 - 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 authority 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. For housing authorities – however, the balance is not available to be applied to funding HRA services.
- Housing Revenue Account Balance - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council’s landlord function or (where in deficit) that is required to be recovered from tenants in future years. Major Repairs Reserve - The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end. Capital Receipts Reserve - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.
- Capital Grants Unapplied - 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.

2020/21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(489)	(889)				1,378
Changes in fair value of pooled investments	747					(747)
Council tax and NDR (transfers to or from the Collection Fund)	(6,581)					6,581
Holiday pay (transferred to the Accumulated Absences reserve)	(94)					94
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,577	(19,500)				14,923
Total Adjustments to Revenue Resources	(1,840)	(20,389)	0	0	0	22,229
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (CRR)		2,551	(2,551)			
Transfer of capital grants and contributions to capital grants unapplied	2,088				(2,088)	
Administrative costs of non-current asset disposals (funded by a contribution from CRR)	0	(16)	16			
Payments to the government housing receipts pool (funded by a transfer from the CRR)	(374)		374			
Allowable debt element of Right to Buy capital receipts taken to the HRA		(386)	386			
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		5,047		(5,047)		
Statutory provision for the repayment of debt (transfer from capital adjustment account)	782					(782)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Ac)	100	3,089				(3,189)
Total Adjustments between Revenue and Capital Resources	2,596	10,285	(1,775)	(5,047)	(2,088)	(3,971)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			1,753			(1,753)
Capital Receipts debited on Repayment of Loans			(397)			397
Use of the Major Repairs Reserve to finance new capital expenditure				3,001		(3,001)
Application of capital grants to finance capital expenditure					1,252	(1,252)
Total Adjustments to Capital Resources			1,356	3,001	1,252	(5,609)
Total Adjustments	756	(10,104)	(419)	(2,046)	(836)	12,649

2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:						
Pension cost (transferred to (or from) the Pensions Reserve)	(1,591)	(623)				2,214
Changes in fair value of pooled investments	(958)	0				958
Council tax and NDR (transfers to or from the Collection Fund)	247					(247)
Holiday pay (transferred to the Accumulated Absences reserve)	(38)					38
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,415)	(17,681)			(3,326)	23,422
Total Adjustments to Revenue Resources	(4,755)	(18,304)	0	0	(3,326)	26,385
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (CRR)		1,129	(1,129)			0
Administrative costs of non-current asset disposals (funded by a contribution from CRR)	0	(9)	9			0
Payments to the government housing receipts pool (funded by a transfer from the CRR)	(374)		374			0
Allowable debt element of Right to Buy capital receipts taken to the HRA		(144)	144			0
Posting of Housing Revenue Account resource from revenue to the Major Repairs Reserve		5,298		(5,298)		0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Ac)	89	1,181				(1,270)
Total Adjustments between Revenue and Capital Resources	(285)	7,455	(602)	(5,298)	0	(1,270)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			1,776			(1,776)
Capital Receipts debited on Repayment of Loans			(566)			566
Use of the Major Repairs Reserve to finance new capital expenditure				5,298		(5,298)
Statutory provision for the repayment of debt	162					(162)
Application of capital grants to finance capital expenditure					1,025	(1,025)
Total Adjustments to Capital Resources	162	0	1,210	5,298	1,025	(7,695)
Total Adjustments	(4,878)	(10,849)	608	0	(2,301)	17,420

Note 8 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2019 £000	Transfers In 2019/20 £000	Transfers Out 2019/20 £000	Balance at 31 March 2020 £000	Transfers In 2020/21 £000	Transfers Out 2020/21 £000	Balance at 31 March 2021 £000
General Fund Reserves:							
General Fund Revenue Contributions	(157)	0	89	(68)	0	0	(68)
Income Equalisation Reserve	0	(150)	0	(150)	(250)	0	(400)
Building Control Reserve	(83)	0	6	(77)	0	21	(56)
Local Land Charges Reserve	(90)	0	43	(47)	0	8	(39)
Development Reserve	(493)	0	493	0	0	0	0
GF Budget Reserve	(1,300)	0	957	(343)	(186)	0	(529)
Business Rates Equalisation Reserve	(958)	0	703	(255)	0	0	(255)
Local Plan Reserve	0	0	0	0	(682)	0	(682)
Partnership and Transformation	0	0	0	0	0	0	0
Section 31 Reserve	0	0	0	0	(5,980)	0	(5,980)
Covid Reserve	0	0	0	0	(27)	0	(27)
Other Reserves	(253)	(629)	64	(818)	(138)	191	(765)
Total General Fund	(3,334)	(779)	2,355	(1,758)	(7,263)	220	(8,801)
Housing Revenue Account Reserves:							
HRA Repairs Account	(454)	(264)	31	(687)	(453)	0	(1,140)
HRA New Build	(5,636)	(530)	1,150	(5,016)	(903)	3,089	(2,831)
Total Housing Revenue Account	(6,090)	(794)	1,181	(5,703)	(1,356)	3,089	(3,971)
Total Earmarked Reserves	(9,424)	(1,573)	3,536	(7,461)	(8,619)	3,309	(12,771)

Note 9 - Other Operating Expenditure

2019/20		2020/21
£000		£000
937	Precepts	965
374	Payments to the Government Housing Capital Receipts Pool	374
4,053	Gains/losses on the Disposal of Non-Current Assets	1,863
5,364	Total Other Operating Expenditure	3,202

Note 10 - Financing and Investment Income and Expenditure

2019/20		2020/21
£000		£000
2,510	Interest payable and similar charges	2,796
1,270	Net interest on the net defined benefit liability (asset)	1,171
(1,298)	Interest receivable and similar income	(1,620)
(989)	Income and expenditure in relation to investment properties and changes in their fair value	988
957	Net gain/losses on investments	(770)
0	Impairment losses on financial instruments	100
211	Other investment income and expenditure (Note 25)	54
2,661	Total	2,719

Note 11 - Taxation and Non-Specific Grant Income and Expenditure

2019/20		2020/21
£000		£000
(9,233)	Council tax income	(9,443)
(522)	Non-domestic rates income and expenditure	5,589
(2,105)	Non-ringfenced government grants	(9,546)
(3,852)	Capital grants and contributions	(2,084)
0	Other tax or non-specific grant income / expenditure	0
(15,712)	Total	(15,484)

Note 12 - Property, Plant and Equipment

Movements to 31 March 2021	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
at 1 April 2020	316,612	43,791	7,506	1,109	688	6,700	376,406
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0	0
Additions & Enhancements	5,553	585	2,531	128	0	1,391	10,188
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,823	(585)	0	0	0	0	8,238
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,803)	(705)	0	0	0	0	(3,508)
Derecognition – disposals	(1,236)	13	0	0	0	0	(1,223)
Derecognition – other	(2,984)	(76)	(26)	(124)	0	0	(3,210)
Reclassifications and transfer	3,939	0	0	0	0	(3,939)	0
at 31 March 2021	327,904	43,023	10,011	1,113	688	4,152	386,891
Accumulated Depreciation and Impairment							
at 1 April 2020	(53)	(161)	(4,970)	(977)	0	0	(6,161)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0	0
Depreciation charge	(4,486)	(501)	(496)	(6)	0	0	(5,489)
Depreciation written out to the Revaluation Reserve	3,979	350	0	0	0	0	4,329
Depreciation written out to the Surplus/Deficit on the Provision of Services	451	1	0	0	0	0	452
Derecognition – disposals	18	0	0	0	0	0	18
at 31 March 2021	(91)	(311)	(5,466)	(983)	0	0	(6,851)
Net Book Value							
at 31 March 2021	327,813	42,712	4,545	130	688	4,152	380,042
at 31 March 2020	316,559	43,630	2,536	132	688	6,700	370,245

Movements to 31 March 2020

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
at 1 April 2019	335,792	30,790	6,586	1,092	688	4,918	379,866
Adjustments to cost/value & depreciation/impairment	(63)	36	0	0	0	(8)	(35)
Additions	4,775	15,581	930	176	0	3,057	24,519
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(12,430)	2,029	0	0	0	0	(10,401)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,306)	(4,018)	0	0	0	0	(12,324)
Derecognition – disposals	(850)	(523)	0	0	0	0	(1,373)
Derecognition – other	(3,573)	(104)	(10)	(159)	0	0	(3,846)
Reclassifications and transfer	1,267	0	0	0	0	(1,267)	0
at 31 March 2020	316,612	43,791	7,506	1,109	688	6,700	376,406
Accumulated Depreciation and Impairment							
at 1 April 2019	(1,559)	(1,148)	(4,476)	(869)	0	(8)	(8,060)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	8	8
Depreciation charge	(4,662)	(977)	(494)	(108)	0	0	(6,241)
Depreciation written out to the Revaluation Reserve	5,704	1,511	0	0	0	0	7,215
Depreciation written out to the Surplus/Deficit on the Provision of Services	448	368	0	0	0	0	816
Derecognition – disposals	16	85	0	0	0	0	101
at 31 March 2020	(53)	(161)	(4,970)	(977)	0	0	(6,161)
Net Book Value							
at 31 March 2020	316,559	43,630	2,536	132	688	6,700	370,245
at 31 March 2019	334,233	29,642	2,110	223	688	4,910	371,806

Capital Commitments (Contractual)

The Council has entered into a contract for the construction, acquisition or enhancement of Property, Plant and Equipment in 2021/22 and future years.

The contractual capital commitments, as at 31 March 2022 is:

£2.044m Waste Vehicle purchases

Note 13 - Investment Properties

31 March 2020		31 March 2021
£000	Investment Property Income and Expenditure	£000
(746)	Rental income from investment property	(933)
174	Direct operating expenses from investment property	383
(572)	Net (gain)/loss	(550)

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 or repairs, maintenance or enhancement. The above items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

31 March 2020		31 March 2021
Non-Current		Non-Current
£000	Investment Properties Movements in Year	£000
6,098	Opening Balance	6,268
(35)	Adjustments	0
	Additions:	
0	Purchases	0
205	Net gains/losses from fair value adjustments	(16)
	Transfers:	
0	to/from Property Plant and Equipment	0
0	Other changes *	(82)
6,268	Balance at the end of the year	6,170

* relates to an adjustment to movements during 2019/20

Note 14 - Intangible Assets

The authority 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 purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority.

31 March 2020

31 March 2021

Internally Generated Assets	Other Assets	Total		Internally Generated Assets	Other Assets	Total
£000	£000	£000		£000	£000	£000
			Balance at start of year:			
1,660	1,327	2,987	Gross carrying amounts	2,338	1,372	3,710
(1,129)	(530)	(1,659)	Accumulated amortisation	(1,413)	(570)	(1,983)
531	797	1,328	Net carrying amount at start of year	925	802	1,727
			Additions:			
678	0	678	Internal development	328	0	328
0	45	45	Purchases	0	208	208
0	0	0	Other disposals	0	0	0
(284)	(40)	(324)	Amortisation for the period	(350)	(42)	(392)
0	0	0	Amortisation written off on disposal	0	0	0
925	802	1,727	Net carrying amount at end of year	903	968	1,871
			Comprising:			
2,338	1,372	3,710	Gross carrying amounts	2,666	1,580	4,246
(1,413)	(570)	(1,983)	Accumulated amortisation	(1,763)	(612)	(2,375)
925	802	1,727	Total	903	968	1,871

Note 15 - Financial Instruments

Non-Current Financial Assets

IFRS 9 Categories	Investments		Debtors		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	5,992	6,114	0	0	5,992	6,114
Amortised cost	21,991	21,493	113	113	22,104	21,606
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0
Fair value through other comprehensive income – other	0	0	0	0	0	0
Total financial assets	27,983	27,607	113	113	28,096	27,720
Non-financial assets	0	0	0	0	0	0
Total	27,983	27,607	113	113	28,096	27,720

Current Financial Assets								
IFRS 9 Categories	Investments		Debtors		Cash		Total	
	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cash not falling into the following categories	0	0	0	0	Restated		0	0
Fair value through profit and loss	9,084	9,728	0	0			9,084	9,728
Amortised cost	1,819	4,863	5,553	5,642	5,349	3,522	12,721	14,022
Fair value through other comprehensive income - designated equity instruments	0	0	0	0			0	0
Fair value through other comprehensive income – other	0	0	0	0			0	0
Total financial assets	10,903	14,591	5,553	5,642	5,349	3,522	21,805	23,750
Non-financial assets	0	0	234	7,684	0	0	234	7,684
Total	10,903	14,591	5,787	13,326	5,349	3,522	22,039	31,434

Non-Current Financial Liabilities

IFRS 9 Categories	Borrowings		Other long-term liabilities		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0	0
Amortised cost	(100,365)	(98,015)	0	0	(100,365)	(98,015)
Other	0	0	0	0	0	0
Total financial liabilities	(100,365)	(98,015)	0	0	(100,365)	(98,015)
Non-financial liabilities	0	0	(650)	(650)	(650)	(650)
Total	(100,365)	(98,015)	(650)	(650)	(101,015)	(98,665)

Current Financial Liabilities

	Borrowings		Creditors		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0	0
Amortised cost	(4,250)	(2,350)	(5,008)	(8,688)	(9,258)	(11,038)
Other	0	0	0	0	0	0
Total financial liabilities	(4,250)	(2,350)	(5,008)	(8,688)	(9,258)	(11,038)
Non-financial liabilities	0	0	(6,183)	(13,958)	(6,183)	(13,958)
Total	(4,250)	(2,350)	(11,191)	(22,646)	(15,441)	(24,996)

Income, Expense, Gains and Losses

	31 March 2020		31 March 2021	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net gains/losses on:				
• financial assets measured at fair value through profit or loss	(954)	0	765	0
• financial assets measured at amortised cost	(3)	0	4	0
• investments in equity instruments designated at fair value through other comprehensive income		0		0
Total net gains/losses	(957)	0	769	0
Interest revenue:				
• financial assets measured at amortised cost	(635)		(1,083)	
• financial assets measured at fair value	(616)		(535)	
Total interest revenue	(1,251)		(1,618)	
Interest expense		2,510		2,796

Note 16 - Debtors

31 March 2020		31 March 2021	
£000		£000	
563	Central Government Bodies	5,782	
729	Other Local Authorities	1,818	
4,495	Other Entities and Individuals	5,727	
5,787	Total Debtors	13,327	

Note 17 - Cash and Cash Equivalents

31 March 2020		31 March 2021
£000		£000
829	Cash and Bank balances	272
4,520	Short Term Deposits	3,250
5,349	Total Cash and Cash Equivalents	3,522

Note 18 - Creditors

31 March 2020		31 March 2021
£000		£000
(4,902)	Central Government Bodies	(13,938)
(1,276)	Other Local Authorities	(1,354)
(6)	NHS Bodies	(6)
(5,008)	Other Entities and Individuals	(7,348)
(11,192)	Total Creditors	(22,646)

Note 19 - Provisions

2020/21	NDR Appeals	Homelessness	Planning	Total
	£000	£000	£000	£000
Opening Balance	(615)	(45)	(461)	(1,121)
(Increase) / Reduction during year	(1,223)	(218)	40	(1,401)
Utilised during year	100	220	201	521
Closing Balance	(1,738)	(43)	(220)	(2,001)
Current Provisions	(1,738)	(43)	0	(1,781)
Long Term Provisions	0	0	(220)	(220)

2019/20	NDR Appeals	Homelessness	Planning	Total
	£000	£000	£000	£000
Opening Balance	(605)	(30)	0	(635)
(Increase) / Reduction during year	(490)	(36)	(461)	(987)
Utilised during year	480	21	0	501
Closing Balance	(615)	(45)	(461)	(1,121)
Current Provisions	(615)	(45)	0	(660)
Long Term Provisions	0	0	(461)	(461)

Business rates

Since the introduction of Business Rates Retention Scheme, local authorities have been liable for successful appeals against business rates charged to businesses in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2021.

Homelessness

This provision relates to bonds provided to the homeless for deposits on accommodation.

Planning

The Planning appeal provision was set up to account for when planning permission has not been granted and the claimant is awarded costs. This provision is based on the expected value of costs

Note 20 - Usable Reserves

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

31 March 2020		31 March 2021
£000		£000
(2,242)	General Fund Balance	(2,242)
(1,758)	Earmarked General Fund Reserves	(8,801)
(750)	Housing Revenue Account	(750)
(5,704)	Earmarked HRA Reserves	(3,971)
(2,961)	Capital Receipts Reserve	(3,380)
0	Major Repairs Reserve	(2,046)
(5,627)	Capital Grants Unapplied Account	(6,463)
(19,042)	Total	(27,653)

Capital Receipts Reserve

31 March 2020		31 March 2021
£000		£000
(3,569)	Balance 1 April	(2,961)
(1,695)	Capital Receipts in year	(2,948)
374	Capital Receipts Pooled	374
9	Transfer to revenue reserves to cover disposal costs	16
144	Transfer to revenue reserves for allowable debt element of Right to Buy receipts	386
1,776	Capital Receipts used for financing	1,753
0	Other movements	
(2,961)	Balance 31 March	(3,380)

Major Repairs Reserve

31 March 2020		31 March 2021
£000		£000
0	Balance 1 April	0
(144)	Voluntary Transfers from the HRA	(386)
(5,154)	Depreciation and Amortisation	(4,661)
5,298	Application to finance capital expenditure	3,001
0	Balance 31 March	(2,046)

Capital Grants Unapplied

31 March 2020		31 March 2021
£000		£000
(3,325)	Balance 1 April	(5,627)
(3,327)	Capital grants recognised in year	(2,088)
1,025	Capital grants and contributions applied	1,252
0	Other movements	0

(5,627) Balance 31 March

(6,463)

Note 21 - Unusable Reserves

31 March 2020		31 March 2021
£000		£000
(164,692)	Revaluation Reserve	(174,151)
(128,418)	Capital Adjustment Account	(127,056)
50,851	Pension Reserve	62,727
75	Collection Fund Adjustment Account	6,656
213	Accumulated Absences Account	307
981	Pooled Investment Funds Adjustment Account	234
(240,990)	Total	(231,283)

Revaluation Reserve

31 March 2020		31 March 2021
£000		£000
(176,251)	Balance 1 April	(164,692)
4,837	Adjustment to opening balance	0
(171,414)	Balance 1 April	(164,692)
(25,266)	Upward revaluation of assets	(15,366)
28,452	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,799
3,186	(Surplus) or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(12,567)
2,908	Difference between fair value depreciation and historical cost depreciation	2,506
628	Accumulated gains on assets sold or scrapped	602
3,536	Amount written off to the Capital Adjustment Account	3,108
0	Other movements	0
0	Other movements to Other Comprehensive Income and Expenditure	0
(164,692)	Balance 31 March	(174,151)

Available for Sale Financial Instruments Reserve

31 March 2020		31 March 2021
£000		£000
0	Balance 1 April	0
0	Upward revaluation of investments	0
0	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0
0	Other movements	0

0 Balance 31 March

0

Capital Adjustment Account

31 March 2020		31 March 2021
£000		£000
(134,502)	Balance 1 April	(128,418)
(4,837)	Adjustment to opening balance	0
(139,339)	Balance 1 April	(128,418)
6,290	Charges for depreciation and impairment of non-current assets	5,545
11,509	Revaluation losses on non-current assets	3,055
276	Amortisation of intangible assets	335
371	Revenue expenditure funded from capital under statute	604
5,181	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	4,414
23,626	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	13,953
(3,536)	Adjusting Amounts written out of the Revaluation Reserve	(3,108)
20,090	Net written out amount of the cost of non-current assets consumed in the year	10,845
(1,776)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,753)
(5,298)	Use of Major Repairs Reserve to finance new capital expenditure	(3,002)
(1,025)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,252)
(162)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(782)
(1,270)	Capital expenditure charged against the General Fund and HRA balances	(3,189)
(9,531)	Capital financing applied in year:	(9,978)
0	Borrowing or liabilities met from the HRA	0
0	Borrowing or liabilities met from the Major Repairs Reserve	0
(205)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	16
566	Other movements	479
(128,418)	Balance 31 March	(127,056)

Pension Reserve

31 March 2020		31 March 2021
£000		£000
52,369	Balance 1 April	50,851
(3,732)	Remeasurements of the net defined benefit (liability)/asset	10,498
5,288	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	4,292
(3,074)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,914)
50,851	Balance 31 March	62,727

Collection Fund Adjustment Account

31 March 2020		31 March 2021
£000		£000
322	Balance 1 April	75
(247)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	6,581
0	Other movements	0
75	Balance 31 March	6,656

Accumulated Absences Account

31 March 2020		31 March 2021
£000		£000
175	Balance 1 April	213
(175)	Settlement or cancellation of accrual made at the end of the preceding year	(213)
213	Amounts accrued at the end of the current year	307
38	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	94
213	Balance 31 March	307

Pooled Investment Funds Adjustment Account

31 March 2020		31 March 2021
£000		£000
23	Balance 1 April	981
958	Changes in fair value of pooled investments	(747)
0	Amounts written off on disposal	0
0	Other movements	0
981	Balance 31 March	234

Note 22 - Cash Flow from Operating Activities

31 March 2020		31 March 2021
£000		£000
(6,241)	Depreciation	(5,545)
(11,509)	Impairment and downward valuations	(4,011)
(324)	Amortisation	(335)
(1,794)	(Increase)/decrease in creditors	(10,841)
(1,065)	Increase/(decrease) in debtors	8,884
(26)	Increase/(decrease) in inventories	(2)
0	Increase/(decrease) in contract assets and liabilities	0
(2,214)	Movement in pension liability	(1,378)
(5,181)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4,414)
(1,238)	Other non-cash movements charged to the surplus or deficit on provision of services	(227)
(29,593)	Total	(17,869)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2020		31 March 2021
£000		£000
(706)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0
1,695	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,948
(3,327)	Any other items for which the cash effects are investing or financing cash flows	2,084
(2,338)	Total	5,032

Note 23 - Cash Flow from Investing Activities

31 March 2020		31 March 2021
£000		£000
24,942	Purchase of property, plant and equipment, investment property and intangible assets	8,770
16,903	Purchase of short-term and long-term investments	4,000
87	Other payments for investing activities	0
(1,695)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,948)
0	Proceeds from short-term and long-term investments	(1,362)
3,327	Other receipts from investing activities	(2,084)
43,564	Net cash flows from investing activities	6,376

Note 24 - Cash Flow from Financing Activities

31 March 2020		31 March 2021
£000		£000
(21,377)	Cash receipts of short-term and long-term borrowing	0
4,050	Repayments of short-term and long-term borrowing	4,250
0	Other payments for financing activities	0
(17,327)	Net cash flows from financing activities	4,250
Financing Liabilities Reconciliation		
(87,288)	Opening Financing Liabilities	(104,615)
4,050	Repayments of short-term and long-term borrowing	4,250
(21,377)	Other payments for financing activities	0
(104,615)	Net cash flows from financing activities	(100,365)

Note 25 - Trading Operations

2019/20	Tandridge Commercial Services	2020/21
£000		£000
(280)	Income	(255)
367	Expenditure	287
87	Net (Surplus) / Deficit for Year	32

2019/20	Building Control	2020/21
£000		£000
(1,453)	Income	(1,361)
1,577	Expenditure	1,383
124	Net (Surplus) / Deficit for Year	22

2019/20	Trading Operations Total Income and Expenditure:	2020/21
£000		£000
(1,733)	Income	(1,616)
1,944	Expenditure	1,670
211	Net (Surplus) / Deficit for Year	54

Note 26 - Members' Allowances

31 March 2020		31 March 2021
£000		£000
232	Allowances	220
232	Total Members' Allowances	220

Note 27 - Officers' Remuneration – Senior officers

Senior officers are specified as: all employees whose annualised salary is £150,000 or more; the head of paid services and any (non-secretarial/clerical) person for whom the head of paid services is directly responsible, the directors of children and adult social services, the chief education officer, chief officer of a fire brigade, the section 151 officer and any other individuals who are directly accountable to the Council (committee or subcommittee) and earn £50,000 or more.

Remuneration includes salary/wages, bonuses, expenses, allowances and benefits (chargeable to United Kingdom income tax), compensation for loss of office and employer pension contributions paid in 2020/21. Compensation for loss of office is included even though this is excluded from the general definition of remuneration. Costs for interim senior officers are also included in the salary column, these include the fees payable to employment agencies.

Individuals whose remuneration is £150,000 or more per year must be named whereas those earning below £150,000 must be identified by way of job title alone. The remuneration of the Council's senior officers is disclosed in the table below:

2020/21

Post Holder Information	Salary (Including Fees & Allowances)	Expenses Allowances	Benefits in Kind (eg Car Allow)	Pension Contributions	Total
	£	£	£	£	£
Interim Chief Executive **	78,131	-	36	11,470	89,637
Interim Chief Executive ***	50,005	-	22	9,171	59,198
Executive Head of Communities	76,981	93	53	13,097	90,224
Executive Head of Planning	73,845	-	53	12,470	86,368
Executive Head of Corporate Resources	42,902	190	32	6,654	49,778
Interim Executive Head of Corporate Resources	20,024	-	13	-	20,037
Interim Chief Finance & Section 151 Officer	66,990	-	-	-	66,990
Interim Chief Finance & Section 151 Officer Part Time	58,000	-	-	-	58,000
Head of Legal & Monitoring Officer *	115,196	-	35	10,069	125,300
Grand Total	582,074	283	244	62,931	645,532

* Payment includes payment of agency fees

** Interim employed from April 2020 to October 2020

*** Interim Employed from November 2020 to March 2021

2019/20

Post Holder Information	Salary (Including Fees & Allowances)	Expenses Allowances	Benefits in Kind (eg Car Allow)	Pension Contributions	Total
	£	£	£	£	£
Chief Executive **	76,588	410	730	10,024	87,752
Interim Chief Executive (Elaine Jackson)	62,985	-	27	8,566	71,578
Strategic Director of Resources (Elaine Jackson)	80,003	-	10	2,729	82,742
Strategic Director of Resources **	20,631	40	20	284	20,975

Strategic Director of Place **	59,250	-	34	9,016	68,300
Strategic Director of People	101,041	296	57	15,456	116,850
Interim Chief Finance & Section 151 Officer *	57,185	-	-	-	57,185
Chief Finance & Section 151 Officer Full Time, Permanent *	77,517	-	33	9,734	87,285
Interim Head of Legal & Monitoring Officer (Lidia Harrison) *	158,335	-	-	-	158,335
Grand Total	693,535	747	911	55,810	751,003

* Payment is gross figure and includes payment of agency fees and umbrella company.

** Post was filled for part of the year

During the year payments to three officers for compensation for loss of office totalling £116,148 were made.

Officers' Remuneration

The Council must show the number of the Council's staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes:

- Salary, not including employer's pension contributions;
- Taxable travel and other expenses; and
- Non-taxable payments when employment ends

	Number of Employees	
	2019/20	2020/21
£50,001 to £55,000	14	21
£55,001 to £60,000	4	6
£60,001 to £65,000	6	4
£65,001 to £70,000	3	3
Total	27	34

Total number and value of Exit Packages for the financial year ended 31 March 2021

The numbers of exit packages with total cost per band, split between compulsory redundancies and other departures are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
£0-£20,000	10	0	3	4	13	4	61,030	12,410
£20,001 - £40,000	1	0	1	1	2	1	51,191	23,781
£40,001 - £60,000	0	0	2	0	2	0	96,063	0
£60,001 - £80,000	0	0	0	0	0	0	0	0

Note 28 - External Audit Costs

2019/20

2020/21

£000		£000
36	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	36
0	Fees payable in respect of other services provided by external auditors during the year	0
36	Total	36

Note 29 - Grant Income

31 March 2020		31 March 2021
£000		£000
(1,089)	NDR Section 31 Grants	(7,014)
(981)	New Homes Bonus	(989)
(460)	Disabled Facilities Grant	(522)
(2,738)	Community Infrastructure Levy	(1,299)
(654)	Local Enterprise Partnership	(263)
0	Covid-19 Grants	(1,543)
(35)	Other	0
(5,957)	Total	(11,630)

Credited to Services

31 March 2020		31 March 2021
£000		£000
(16,461)	Housing Benefit	(15,127)
(158)	Housing Benefit Admin Grant	(162)
(130)	Discretionary Housing Payment	(175)
0	Council Tax Support Admin Grant	(89)
(125)	NDR Cost of Collection Grant	(122)
(84)	Register of Electors	0
0	Homelessness Funding	(171)
0	Covid-19 Test and Trace	(143)
0	Covid-19 Emergency Food Grant	(54)
0	Covid-19 Business Awards	(1,429)
0	Homes England Local Plan	(130)
(93)	Other Grants	(160)
(17,051)	Total	(17,762)

Note 30 - Related Parties

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

Central Government - Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its 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, housing benefits). Grants received from government departments are set out in the note on Grant income.

Surrey Pension Scheme - The Council participates in the Surrey Pension Scheme, making annual contributions to the Surrey Pension Fund as set out in Note 33. Although the scheme is administered by Surrey County Council, the pension fund is a separate entity.

Members - Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in the year is shown in the note on Members allowances. During 2020/21, there were no works or services commissioned from companies in which members had an interest.

During the year no elected Member, senior officer or close relations or members of the same household have undertaken any declarable transactions with the Council. However, the Council has agreed the payment of grants totalling £244,827 (2019/20, £273,461) to a range of voluntary organisations. In some of these a number of elected Members had an interest. The grants affected were, however, made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to these grants. Details of all these transactions are recorded in the Register of Members' Interests, open to public inspection during normal office hours from Committee Services Section, Council Offices, Oxted.

Officers - No pecuniary interest in accordance with section 117 of the Local Government Act 1972 were declared by Officers of the Council's Corporate Management Team.

Other Public Bodies, the Council is involved in a number of joint working arrangements including:

(a) The Council's revenues and benefits system is hosted by Mole Valley District Council; and

(b) The Council's financial management system is hosted by Sevenoaks District Council.

In both these instances, the Council is responsible for ensuring the integrity of its records and the host for maintaining the infrastructure.

The Council's payroll system is administered by Midland HR & Payroll Solutions under a service contract.

In March 2010, the Council's Resources Committee considered and accepted a Memorandum of Understanding to establish a Joint Committee for the oversight of delivery of Surrey Public Authority Services generally. The Leader of the Council, with the Chairman of Strategy and Resources as the substitute, is the Council's representative on this committee. It is authorised to act on behalf of the parties in determining the range of services that could be provided.

Note 31 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the

expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

31 March 2020		31 March 2021
£000		£000
73,793	Opening Capital Financing Requirement	106,936
	Capital Investment:	
9,106	Property Plant and Equipment	10,188
723	Intangible Assets	536
371	Revenue Expenditure Funded from Capital Under Statute	604
15,413	Other Capital Expenditure	0
16,899	Loans to Organisations	0
42,512	Total Capital Spending	11,328
	Sources of Finance:	
(1,776)	Capital receipts	(1,753)
(1,025)	Government Grants and other contributions	(1,252)
(5,298)	Major repairs reserve	(3,002)
	Sums set aside from revenue:	
(1,270)	- Direct revenue contributions	(3,189)
0	- Minimum Revenue Provision	(979)
0	- Borrowing or liabilities met from the HRA	0
(9,369)	Total Sources of Finance	(10,175)
106,936	Closing Capital Financing Requirement	108,089

Explanation of movements in year

31 March 2020		31 March 2021
£000		£000
33,143	Increase in underlying need to borrow (unsupported by government financial assistance)	1,153
0	Other movements	0
33,143	Increase/(decrease) in Capital Financing Requirement	1,153

Note 32 - Leases

The Council currently has 10 vehicles financed under the terms of operating leases which are used within housing, open spaces and street cleansing. The Council also has a number of multi-functional devices (MFDs) under the terms of operating leases

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2020		31 March 2021
£000		£000
131	Not later than one year	99
228	Later than one year and not later than five years	143
0	Later than five years	0
359	Total	242

The expenditure charged to services in the CIES during the year in relation to these leases was:

31 March 2020		31 March 2021
£000		£000
176	Minimum lease payments	141
176	Total	141

Authority as Lessor - Operating Leases

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

31 March 2020		31 March 2021
£000		£000
1,244	Not later than one year	1,297
2,608	Later than one year and not later than five years	2,351
2,247	Later than five years	2,329
6,099	Total	5,977

Note 33 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Surrey County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Surrey County Council. Policy is determined in accordance with the Pensions Fund Regulations. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

General Fund Transactions		
2019/20		2020/21
LGPS		LGPS
£000		£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
	Service cost comprising:	
3,895	Current service cost	3,121
123	Past service cost	0
	Financing and Investment Income and Expenditure:	
1,270	Net interest expense	1,171
5,288	Total charged to Surplus and Deficit on Provision of Services	4,292
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
£000		£000
	Re-measurement of the net defined benefit liability comprising:	
8,493	Return on plan assets (excluding the amount included in the net interest expense)	(18,001)
(2,930)	Actuarial gains and losses arising on changes in demographic assumptions	1,588
(9,295)	Actuarial gains and losses arising on changes in financial assumptions	26,911
(3,732)	Total charged to Other Comprehensive Income and Expenditure Statement	10,498
1,556	Total charged to the Comprehensive Income and Expenditure Statement	14,790

2019/20		2020/21
LGPS		LGPS
Movement in Reserves Statement		
£000		£000
(5,288)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(4,292)
	Actual amount charged against the general fund balance for pensions in the year:	
3,074	Employers' contributions payable to scheme	2,914
2019/20	Pensions Assets and Liabilities Recognised in the Balance Sheet	2020/21
LGPS		LGPS
£000		£000
(119,888)	Present value of the defined obligation	(150,817)
69,037	Fair value of plan assets	88,090
(50,851)	Value of Assets / (Liabilities)	(62,727)
0	Other movements in the (liability) / asset	0
<hr/>		
(50,851)	Net (liability) / asset arising from the defined benefit obligation	(62,727)
<hr/>		
2019/20	Movement in the Value of Scheme Assets	2020/21
LGPS		LGPS
£000		£000
76,288	Opening fair value of scheme assets	69,037
1,828	Interest income	1,581
	Re-measurement gain / (loss):	
(8,493)	- The return on plan assets, excluding the amount included in the net interest expense	18,001
3,074	Contributions from employer	2,914
622	Contributions from employees into the scheme	653
(4,282)	Benefits / transfers paid	(4,096)
0	Administration expenses	0
<hr/>		
69,037	Closing value of scheme assets	88,090
<hr/>		
2019/20	Movements in the Fair Value of Scheme Liabilities	2020/21
LGPS		LGPS
£000		£000
(128,657)	Opening balance at 1 April	(119,888)
(3,895)	Current service cost	(3,121)
(3,098)	Interest cost	(2,752)
(622)	Contributions from scheme participants	(653)
	Re-measurement gains and losses:	
2,930	- Actuarial gains / (losses) from changes in demographic assumptions	(28,157)
9,295	- Actuarial gains / (losses) from changes in financial assumptions	(342)
(123)	Past service cost	0
4,282	Benefits / transfers paid	4,096
<hr/>		
(119,888)	Balance as at 31 March	(150,817)
<hr/>		

2019/20		2020/21
Total		Total
£000		£000
2,351	Cash and cash equivalents	2,005
	Equities:	
	by industry type	
1,970	Consumer	1,908
1,470	Manufacturing	961
534	Energy and utilities	186
1,163	Financial Institutions	1,148
1,189	Health and care	807
2,253	Information technology	2,666
39	Other	0
8,618	Subtotal Equities:	7,676
	Bonds:	
	by sector	
0	Corporate (investment grade)	0
0	Corporate (non investment grade)	0
3,904	UK Government	4,083
0	Other	0
3,904	Subtotal Bonds:	4,083
3,455	UK Property	3,194
1,517	Overseas Property	1,556
4,972	Subtotal Property:	4,750
	Private Equity:	
	by type	
5,523	UK	6,043
5,523	Subtotal Private Equity:	6,043
	Other Investment Funds:	
	by type	
36,327	Equities	52,155
8,035	Bonds	11,109
0	Other	0
44,362	Subtotal Other Investment Funds:	63,264
	Derivatives:	
	by type	
(694)	Forward foreign exchange	269
0	Interest Rate	0
(694)	Subtotal Derivatives:	269
69,037	Total Assets	88,090

The significant assumptions used by the actuary have been:

2019/20	2020/21
	Long term expected rate of return on assets
-11%	Equities 29%
	Mortality assumptions
	Longevity at retirement for current pensioners
22.1	Men 22.3
24.3	Women 24.7
	Longevity at retirement for future pensioners
22.9	Men 23.4
25.7	Women 26.4
	Other assumptions
2.8%	Rate of inflation (RPI) 3.3%
2.8%	Rate of increase in salaries 3.8%
1.9%	Rate of increase in pensions (CPI) 2.9%
2.3%	Rate for discounting scheme liabilities 2.0%

Impact of assumptions on the obligation:

2019/20 effect of 1% change	LGPS	2020/21 effect of 1% change
£000	Assumption	£000
1,828	Rate of increase in salaries	2,406
18,160	Rate of increase in pensions	24,266
20,152	Rate for discounting scheme liabilities	27,230

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

The table above shows the amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans.

Assets and Liabilities Matching Strategy

The investment managers of the fund are appointed by the committee. The Surrey County Council Pension Fund's Statement of Investment Principles sets out the Fund's investment strategy to meet the payment of pensions over the life of the Fund, i.e., to be at or above a 100% funding level. The funding level as at the 31 March 2016 (the Triennial Review) necessitates an investment strategy that is expected to provide long term investment returns in excess of the anticipated rise in liabilities. As such the Fund

does not have an explicit asset and liability matching strategy but the consideration of liabilities is of principal importance for determining the investment strategy.

The Fund holds assets that are highly correlated with the movement in valuation of fund liabilities, including fixed rate and index-linked gilts, as well as absolute return investments that seek to generate positive returns regardless of market conditions.

Investment risk is monitored regularly both in absolute terms and relative to the Fund's liabilities, with regular scrutiny by the Surrey Pension Fund Board and its external advisors.

The Authority anticipates paying £2.8m contributions to the scheme in 2021/2022.

Note 34 - Contingent Liabilities

There are no contingent liabilities for either 2019/20 or 2020/21.

Note 35 - Nature and Extent of Risks Arising from Financial Instruments

The Council's management of treasury risks actively works to minimise exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code on Treasury Management in the Public Services and investment guidance issued through the Act.

The Council has written principles for overall risk management as well as written policies and procedures (Treasury Management Practices - TMPs) covering specific areas such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Council in February 2020 and is available on the Council's website.

Credit Risk

Credit risk arises from the lending of surplus cash funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution. The Council is currently using highly rated institutions and high security money market funds. The Council has a policy of limiting deposits with individual institutions to a maximum of £4million.

The Council's maximum exposure to credit risk over the last five years has been based on:

1. historical experience adjusted for market conditions as at 31 March 2021
2. historic experience of default

The maximum credit limit for individual institutions was not exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

Liquidity Risk

The Council uses financial systems to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Decisions on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

The Council has access to borrowing from the money markets to cover day to day cash flow needs and to the Public Works Loans Board (PWLB) and money markets for access to longer term funds. As a result, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates.

31 March 2020	Liquidity Risk	31 March 2021
£000		£000
4,250	Less than one year	11,038
2,350	Between one and two years	2,850
9,450	Between two and five years	10,250
25,500	More Than 5 Years	25,639
63,065	More Than 10 years	59,276
104,615	Total	109,053

Interest Rate Risk

The Council is exposed to interest rate risk movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council depending on how variable and fixed interest rates move across differing financial instrument periods. For example, a rise in variable and fixed interest rates would have the following effects;

- Investments and borrowing at variable rates – the interest income credited (investments) or charged (borrowing) to the Income and Expenditure Account would increase, and;
- Investments and borrowing at fixed rates – the fair value of the assets and borrowing will fall.

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

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the

financial impact of re-borrowing at a time of unfavourable interest rates and variable rate loans are limited to a maximum of 40% of overall borrowing

Interest rate exposures on financial investments

The Council sets a limit on investments with a variable interest rate to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as a proportion of net principal borrowed will be:

	2020/21 £m	2021/22 £m	2022/23 £m
Upper limit on fixed interest rate exposures	215	285	285
Upper limit on variable interest rate exposures	50	60	60

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Loss Allowance by Asset Class: Amortised Cost

	12 month expected credit loss	Lifetime expected credit losses – not credit impaired	Lifetime expected credit losses – credit impaired	Lifetime expected credit losses – simplified approach	Purchased or originated credit impaired financial assets	Total
	£000	£000	£000	£000	£000	£000
Opening Balance as at 1 April 2020 (Restated)	10	0	0	1,742	0	1,752
Transfers:						
- Individual financial assets transferred to 12-month expected credit losses	0	0	0	0	0	0
- Individual financial assets transferred to lifetime expected credit losses	0	0	0	0	0	0
- Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0	0
New financial assets originated or purchased	0	0	0	0	0	0
Amounts written off	0	0	0	0	0	0
Financial assets that have been derecognised	0	0	0	0	0	0
Changes due to modifications that did not result in derecognition	0	0	0	0	0	0
Changes in models/risk parameters	0	0	0	0	0	0
Other changes	0	0	0	150	0	150
Closing Balance as at 31 March 2021	10	0	0	1,892	0	1,902

Credit risk rating	Gross carrying amount	£000
AAA* rated counterparties		11,292
AA* rated counterparties		0
A* rated counterparties		0
Other Investments		6,549
		17,841

Note 36 - Note to the Expenditure and Funding Analysis

2020/21

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Strategy & Resources	233	75	2,839	3,147
Community Services	(681)	104	138	(439)
Housing Services	413	(11)	22	424
Planning	15	162	97	274
Housing Revenue Account	7,012	123	(8,021)	(886)
Net Cost of Services	6,991	454	(4,925)	2,520
Other Income and Expenditure	(509)	1,193	1,778	2,462
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	6,482	1,646	(3,147)	4,981

2019/20

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000
Resources	872	330	(874)	328
Community Services	2,750	273	21	3,044
Housing Services	311	48		359
Planning	0	36	(2,738)	(2,702)
Housing Revenue Account	7,886	180	(600)	7,466
Net Cost of Services	11,819	867	(4,191)	8,495
Other Income and Expenditure	5,216	1,390	(247)	6,359
Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement	17,034	2,257	(4,438)	14,854

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.

Net Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income

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

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

- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and 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 37 - Segmental Analysis of Income and Expenditure

2020/21

	Revenues from External Customers	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense
	£000	£000	£000	£000	£000
Strategy & Resources	(531)	1,618	1,148	687	581
Community Services	(782)	0	0	509	0
Housing Services	(449)	0	0	22	181
Planning	(1,990)	0	0	0	0
Housing Revenue Account	(14,959)	0	1,661	4,656	0
Total Managed by Segments	(18,711)	1,618	2,809	5,874	762

2019/20

	Revenues from External Customers	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense
	£000	£000	£000	£000	£000
Resources	(667)	(1,997)	864	629	118
Community Services	(1,160)	0	0	752	0
Housing Services	(467)	0	0	30	99
Planning	(2,030)	0	0	0	0
Housing Revenue Account	(14,398)		1,689	5,154	
Total Managed by Segments	(18,722)	(1,997)	2,553	6,565	217

Note 38 - Expenditure and Income Analysed by Nature

2019/20		2020/21
£000	Nature of Expenditure or Income	£000
(22,765)	Fees, charges and other service income	(22,645)
(2,044)	Interest and investment income	(2,553)
(9,755)	Income from local taxation	(3,854)
(23,008)	Government grants and contributions	(29,392)
(1,508)	Other income	(1,412)
16,535	Employee benefits expenses	14,047
33,221	Other service expenses	33,741
16,995	Depreciation, amortisation and impairment	8,937
3,780	Interest payments	3,967
937	Precepts and levies	965
374	Payments to Housing Capital Receipts Pool	374
4,053	Gain or loss on disposal of non-current assets	1,863
0	Other expenditure	0
16,815	(Surplus) or Deficit for Year	4,038

Note 39 – Prior Period Adjustments

The Council discovered that the financial instrument note (Notes 15) did not include cash disclosure within the current financial assets for 2019/20. The total amount was £5.349m.

Within Note 35 the loss allowance by asset class: Amortised cost was £1.793m less than should have been disclosed in 2019/20.

Housing Revenue Account Income and Expenditure Statement

31 March 2020		31 March 2021
£000		£000
	Expenditure	
2,482	Repairs & Maintenance	2,571
3,817	Supervision & Management	12,546
315	Rents, Rates, Taxes and other charges	331
13,040	Depreciation, impairments and revaluation losses of non-current assets	7,012
61	Debt Management Costs	63
83	Movement in the allowance for bad debts	26
0	Other	0
19,798	Total Expenditure	22,549
	Income	
(12,931)	Dwelling rents	(13,415)
(297)	Non-dwelling rents	(284)
(1,452)	Charges for services and facilities	(1,226)
(58)	Contributions towards Expenditure	(55)
(14,738)	Total Income	(14,980)
5,060	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	7,569
246	HRA Services Share of Corporate & Democratic Core	435
5,306	Net Expenditure or (Income) of HRA Services	8,004
4,043	(Gains)/loss on sale of HRA Non-Current Assets	1,837
1,689	Interest Payable and Similar Charges	1,661
(32)	HRA Interest and Investment Income	(2)
230	Net interest on the defined benefit liability/asset	337
11,236	(Surplus) or Deficit for Year on HRA Services	11,837

Movement on the HRA Statement

31 March 2020		31 March 2021
£000		£000
(750)	Balance on the HRA at the end of the previous year	(750)
11,236	Deficit on the HRA Income and Expenditure Statement	11,837
(10,849)	Adjustments between accounting basis and funding basis under statute	(10,104)
387	Net decrease before transfers to or from reserves	1,733
(387)	Transfer to/(from) reserves	(1,733)
0	(Increase) or decrease on the HRA for the year	0
(750)	Balance on the HRA at the end of the current year	(750)

31 March 2020	Adjustment between accounting basis	31 March 2021
£000		£000
(12,509)	Transfers to/(from) the Capital Adjustment Account	(15,112)
(4,043)	Gain or (loss) on sale of non-current assets	(1,837)
(623)	Contributions to or (from) the Pension Reserve	(889)
(153)	Transfers to/(from) the Capital Receipts Reserve	(402)
5,298	Transfers to/(from) Major Repairs Reserve	5,047
1,181	Capital expenditure funded by the HRA	3,089
(10,849)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(10,104)

31 March 2020	Transfer to/from Reserves	31 March 2021
£000		£000
794	Transfers to earmarked reserves	1,356
(1,181)	Transfers from earmarked reserves	(3,089)
(387)	Total Transfers	(1,733)

HRA Property, Plant and Equipment

Movements to 31 March 2021

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
at 1 April 2020	316,614	8,416	115	138	6,701	331,984
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0	0
Additions	5,553	76	207	124	1,391	7,351
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,823	(397)	0	0	0	8,426
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,803)	0	0	0	0	(2,803)
Derecognition – disposals	(1,236)	13	0	0	0	(1,223)
Derecognition – other	(2,984)	(76)	0	(124)	0	(3,184)
Reclassifications and transfers	3,939	0	0	0	(3,939)	0
at 31 March 2021	327,906	8,032	322	138	4,153	340,551
Accumulated Depreciation and Impairment						
at 1 April 2020	(53)	(2)	(29)	(24)	0	(108)
Adjustments to cost/ value & depreciation/ impairment	0	0	0	0	0	0
Depreciation charge	(4,486)	(111)	(2)	(5)	0	(4,604)
Depreciation written out to the Revaluation Reserve	3,979	91	0	0	0	4,070
Depreciation written out to the Surplus/Deficit on the Provision of Services	451	0	0	0	0	451
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Derecognition – disposals	18	0	0	0	0	18
at 31 March 2021	(91)	(22)	(31)	(29)	0	(173)
Net Book Value						
at 31 March 2021	327,815	8,010	291	109	4,153	340,378
at 31 March 2020	316,561	8,414	86	114	6,701	331,876

Movements to 31 March 2020

	Council Dwellings	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
at 1 April 2019	335,793	5,926	38	138	4,918	346,813
Adjustments to cost/value & depreciation/impairment	(63)	138	77	0	(7)	145
Additions	4,775	104	0	159	3,057	8,095
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(12,430)	2,905	0	0	0	(9,525)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(8,306)	(30)	0	0	0	(8,336)
Derecognition – disposals	(849)	(523)	0	0	0	(1,372)
Derecognition – other	(3,573)	(104)	0	(159)	0	(3,836)
Reclassifications and transfers	1,267	0	0	0	(1,267)	0
at 31 March 2020	316,614	8,416	115	138	6,701	331,984
Accumulated Depreciation and Impairment						
at 1 April 2019	(1,559)	(673)	51	(123)	(7)	(2,311)
Adjustments to cost/ value & depreciation/ impairment		520	(78)	104	7	553
Depreciation charge	(4,662)	(436)	(2)	(5)	0	(5,105)
Depreciation written out to the Revaluation Reserve	5,704	502	0	0	0	6,206
Depreciation written out to the Surplus/Deficit on the Provision of Services	448	0	0	0	0	448
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Derecognition – disposals	16	85	0	0	0	101
at 31 March 2020	(53)	(2)	(29)	(24)	0	(108)
Net Book Value						
at 31 March 2020	316,561	8,414	86	114	6,701	331,876
at 31 March 2019	334,234	5,253	89	16	4,911	344,501

HRA Intangible Assets

31 March 2020		31 March 2021
£000		£000
	Balance at start of year:	
244	Gross carrying amounts	275
(76)	Accumulated amortisation	(125)
168	Net carrying amount at start of year	150
	Additions:	
31	Internal development	131
(49)	Amortisation for the period	(57)
(18)	Net carrying amount at end of year	74
	Comprising:	
275	Gross carrying amounts	406
(125)	Accumulated amortisation	(182)
150	Net carrying amount at end of year	224

Notes to the HRA Account

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is 'ringed fenced' and must be self-supporting.

Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

	Pre 1945	1945 to 1968	Post 1968	Total
	No.	No.	No.	No.
Low Rise Flats (blocks up to 2 storeys)				
Bedsit	0	37	44	81
1 Bed	31	154	487	672
2 Bed	16	183	145	344
3 Bed	1	3	2	6
	48	377	678	1,103
Medium Rise Flats (blocks of 3 - 5 storeys)				
Bedsit	3	4	26	33
1 Bed	33	9	89	131
2 Bed	0	25	87	112
3 Bed	16	1	21	38
	52	39	223	314
Houses / Bungalows				
1 Bed	0	90	66	156
2 Bed	22	146	76	244
3 Bed	290	374	62	726
4 or More	16	23	4	43
	328	633	208	1,169
Total Dwellings	428	1,049	1,109	2,586

The number of dwellings in the Authority's housing stock, as at 31st March 2021, totalled 2,586 properties.

The type of properties and the period in which they were built are shown in the summary above.

Housing Revenue Account Capital Expenditure & Financing

31 March 2020		31 March 2021
£000		£000
Capital investment		
5,069	Operational assets	6,091
3,057	Non-operational assets	1,391
8,126	Total capital investment	7,482
Sources of funding		
(1,647)	Capital Receipts	(791)
(5,298)	Major Repairs Reserve	(3,002)
0	Government grants and other contributions	(600)
0	Long Term Borrowing	0
(1,181)	Direct Revenue Financing	(3,089)
(8,126)	Total funding	(7,482)

Arrears and Bad Debts

As at 31st March 2021 total HRA rent arrears stood at £379,900. This is a decrease of £32,200 compared to 2019/20 (£412,100).

The provision for bad and doubtful debts relating to the HRA is £238,400. This is a decrease of £15,900 compared to 2019/20 (£254,300).

Transactions relating to retirement benefits

31 March 2020		31 March 2021
£000		£000
705	Current Service Cost	899
230	Net interest expense	337
935	Total charged to Comprehensive Income and Expenditure Statement	1,236
(312)	Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(347)
623	Movement on Pension Reserve	889

Total Capital Receipts Generated during the year

31 March 2020		31 March 2021
£000		£000
0	Land	0
(1,112)	Council Houses	(2,505)
(17)	Other Property	(46)
(1,129)	Total	(2,551)

Group Accounts

Introduction

Gryllus Property Ltd was incorporated on 26th June 2017. The company has two directors and one company secretary who are all officers at the Council.

As set out in the narrative report, Gryllus Property Ltd is a wholly owned subsidiary of the Council, and group accounts are therefore prepared to combine the accounts of the Council and Gryllus Property Ltd. Transactions and indebtedness between the Council and the company have been eliminated in the preparation of these accounts.

The purpose of the main accounting statements is as set out in the accounting statements above for the Council alone.

The accounting Code of Practice requires the same disclosures to be made for group accounts as for the Council's own accounts. However, the impact of the Gryllus Property Ltd figures on the group totals is immaterial, other than for those notes included below.

Group Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	(2,242)	(1,758)	(750)	(5,704)	(2,961)	0	(5,627)	(19,043)	(241,863)	(260,906)	155	(260,750)
Opening Balance Adjustment	0	0	0	0	0	0	0	0	0	0	0	0
Revised opening balance	(2,242)	(1,758)	(750)	(5,704)	(2,961)	0	(5,627)	(19,043)	(241,863)	(260,906)	155	(260,751)
Movement in reserves during 2020/21												
Total Comprehensive Income and Expenditure	(6,006)		11,837					5,831	(2,069)	3,762	0	3,762
Adjustments between Group Accounts and Authority Accounts	(1,793)							(1,793)	0	(1,793)	1,793	0
Adjustments between accounting basis and funding basis under regulations (Note 7)	756		(10,104)		(419)	(2,046)	(836)	(12,649)	12,649	0		0
Net Increase or Decrease before Transfers to Earmarked Reserves	(7,043)	0	1,733	0	(419)	(2,046)	(836)	(8,611)	10,580	1,969	1,793	3,762
Transfers to / from Earmarked Reserves (Note 8)	7,043	(7,043)	(1,733)	1,733				0		0		0
(Increase) or Decrease in 2020/21	0	(7,043)	0	1,733	(419)	(2,046)	(836)	(8,611)	10,580	1,969	1,793	3,762
Balance at 31 March 2021	(2,242)	(8,801)	(750)	(3,971)	(3,380)	(2,046)	(6,463)	(27,653)	(231,283)	(258,937)	1,948	(256,989)

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Subsidiary Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	(2,326)	(3,334)	(750)	(6,006)	(3,569)	0	(3,324)	(19,309)	(257,863)	(277,172)	89	(277,083)
Opening Balance Adjustment	85	0	0	(85)	0	0	(2)	(2)	0	(2)		(2)
Revised opening balance	(2,241)	(3,334)	(750)	(6,091)	(3,569)	0	(3,326)	(19,311)	(257,863)	(277,174)	89	(277,085)
Movement in reserves during 2019/20												
Total Comprehensive Income and Expenditure	5,645		11,236					16,881	(546)	16,335	0	16,335
Adjustments between Group Accounts and Authority Accounts	(66)							(66)	0	(66)	66	0
Adjustments between accounting basis and funding basis under regulations (Note 7)	(4,004)		(10,849)		608		(2,301)	(16,546)	16,546	0		0
Net Increase or Decrease before Transfers to Earmarked Reserves	1,575	0	387	0	608	0	(2,301)	269	16,000	16,269	66	16,335
Transfers to / from Earmarked Reserves (Note 8)	(1,576)	1,576	(387)	387				0		0		0
(Increase) or Decrease in 2019/20	(1)	1,576	0	387	608	0	(2,301)	269	16,000	16,269	66	16,335
Balance at 31 March 2020	(2,242)	(1,758)	(750)	(5,704)	(2,961)	0	(5,627)	(19,042)	(241,863)	(260,905)	155	(260,750)

Group Comprehensive Income and Expenditure Statement

2019/20				2020/21		
Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
7,609	(2,065)	5,544		9,082	(2,404)	6,678
13,515	(3,707)	9,808		9,588	(3,473)	6,115
18,891	(17,764)	1,127		16,834	(16,095)	739
3,569	(808)	2,761		1,672	(687)	985
20,248	(14,963)	5,285		14,371	(15,257)	(886)
63	(532)	(469)		112	(1,119)	(1,007)
63,895	(39,839)	24,056		51,659	(39,035)	12,624
5,364	0	5,364	9	3,202	0	3,202
6,764	(3,591)	3,173	10	9,621	(4,131)	5,490
0	0	0		0	0	0
0	(15,712)	(15,712)	11	5,589	(21,073)	(15,484)
76,023	(59,142)	16,881		70,071	(64,239)	5,832
		3,186	21			(12,567)
		0	21			0
		0	21			0
		(3,732)	33			10,498
		(546)				(2,069)
		16,335				3,763

Group Balance Sheet

31 March 2020			31 March 2021		
TDC	Group		TDC	Group	
£000	£000	Notes	£000	£000	
371,119	371,119	12	380,042	380,042	Property, Plant and Equipment
6,267	26,487	13	6,170	24,525	Investment Property
1,727	1,727	14	1,871	1,871	Intangible Assets
27,983	7,660	15	27,607	7,284	Long-term Investments
0	0		0	0	Investments in Associates and Joint Ventures
113	113	15	113	113	Long-term Debtors
407,209	407,106		415,803	413,835	Long-Term Assets
10,903	10,903	15	14,592	14,592	Short-term Investments
85	85		83	83	Inventories
5,787	5,852	16	13,327	12,314	Short-term Debtors
5,349	5,669	17	3,522	4,855	Cash and Cash Equivalents
22,124	22,509		31,523	31,844	Current Assets
(4,250)	(4,250)	15	(2,350)	(2,350)	Short-term Borrowing
(11,191)	(11,522)	18	(22,646)	(22,847)	Short-term Creditors
(1,121)	(1,121)	19	(2,001)	(2,001)	Provisions
0	(107)		0	(101)	Current Tax Liability
(16,562)	(17,000)		(26,997)	(27,299)	Current Liabilities
(100,365)	(100,364)	15	(98,015)	(98,014)	Long-term Borrowing
(51,501)	(51,501)	15/33	(63,377)	(63,377)	Other Long-term Liabilities
(151,866)	(151,865)		(161,392)	(161,391)	Long-Term Liabilities
260,905	260,750		258,937	256,989	Net Assets
(19,042)	(18,887)	20	(27,653)	(25,705)	Usable Reserves
(241,863)	(241,863)	21	(231,284)	(231,284)	Unusable Reserves
(260,905)	(260,750)		(258,937)	(256,989)	Total Reserves

Group Cash Flow Statement

Group Cash Flow Statement					
TDC	Group			TDC	Group
2019/20	2019/20			2020/21	2020/21
£000	£000	Notes		£000	£000
16,815	16,881		Net (surplus) or deficit on the provision of services	4,038	5,831
(28,946)	(29,711)		Adjustment to surplus or deficit on the provision of services for noncash movements	(17,869)	(19,680)
(812)	(812)		Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	5,032	5,032
(12,943)	(13,642)	22	Net cash flows from operating activities	(8,799)	(8,817)
42,266	42,745	23	Net cash flows from investing activities	6,376	6,375
(17,327)	(17,327)	24	Net cash flows from financing activities	4,250	3,256
11,996	11,776		Net (increase) or decrease in cash and cash equivalents	1,827	814
17,345	17,445	17	Cash and cash equivalents at the beginning of the reporting period	5,349	5,669
5,349	5,669		Cash and cash equivalents at the end of the reporting period	3,522	4,855

Group Note 10 - Financing and Investment Income and Expenditure

2019/20			2020/21	
TDC	Group		TDC	Group
£000	£000		£000	£000
2,510	2,510	Interest payable and similar charges	2,796	2,796
1,270	1,270	Net interest on the net defined benefit liability (asset)	1,171	1,171
(1,298)	(882)	Interest receivable and similar income	(1,620)	(714)
(989)	(893)	Income and expenditure in relation to investment properties and changes in their fair value	988	2,853
957	957	Net gain/losses on investments	(770)	(770)
0	0	Impairment losses on financial instruments	100	100
211	211	Other investment income and expenditure (Note 25)	54	54
2,661	3,173	Total	2,719	5,490

Group Note 13 - Investment Properties

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000	Investment Property Income and Expenditure	£000	£000
(746)	(1,278)	Rental income from investment property	(933)	(2,052)
0	41	Direct operating expenses from investment property	383	508
(746)	(1,237)	Net (gain)/loss	(550)	(1,544)

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
Non-Current	Non-Current	Investment Properties Movements in Year	Non-Current	Non-Current
£000	£000		£000	£000
6,098	9,447	Opening Balance	6,267	26,487
(35)	(35)	Adjustments		0
		Additions:		
0	16,966	Purchases	0	0
205	205	Net gains/losses from fair value adjustments	(16)	(1,881)
		Transfers:		
0	0	to/from Property Plant and Equipment	0	0
0	(96)	Other changes	(82)	(82)
6,267	26,487	Balance at the end of the year	6,170	24,525

Group Note 15 - Financial Instruments

Non-Current Financial Assets

IFRS 9 Categories	Investments		Debtors		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	5,992	6,114	0	0	5,992	6,114
Amortised cost	1,668	6,422	113	113	1,781	6,535
Fair value through other comprehensive income - designated equity instruments	0	0	0	0	0	0
Fair value through other comprehensive income - other	0	0	0	0	0	0
Total financial assets	7,660	12,536	113	113	7,773	12,649
Non-financial assets	0	0	0	0	0	0
Total	7,660	12,536	113	113	7,773	12,649

Current Financial Assets								
IFRS 9 Categories	Investments		Debtors		Cash		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000
Cash not falling into the following categories	0	0	0	0			0	0
Fair value through profit and loss	9,084	9,728	0	0			9,084	9,728
Amortised cost	1,819	4,863	5,618	4,627	5,669	4,855	13,106	14,345
Fair value through other comprehensive income - designated equity instruments	0	0	0	0			0	0
Fair value through other comprehensive income - other	0	0	0	0			0	0
Total financial assets	10,903	14,591	5,618	4,627	5,669	4,855	22,190	24,073
Non-financial assets	0	0	234	9,024			234	9,024
Total	10,903	14,591	5,852	13,651	5,669	4,855	22,424	33,097

Non-Current Financial Liabilities

	Borrowings		Other long-term liabilities		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0	0
Amortised cost	(100,365)	(98,015)	0	0	(100,365)	(98,015)
Other	0	0	0	0	0	0
Total financial liabilities	(100,365)	(98,015)	0	0	(100,365)	(98,015)
Non-financial liabilities	0	0	(650)	(650)	(650)	(650)
Total	(100,365)	(98,015)	(650)	(650)	(101,015)	(98,665)

Current Financial Liabilities

	Borrowings		Creditors		Total	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	£000	£000	£000	£000	£000	£000
Fair value through profit and loss	0	0	0	0	0	0
Amortised cost	(4,250)	(2,350)	(3,707)	(8,688)	(7,957)	(11,038)
Other	0	0	0	0	0	0
Total financial liabilities	(4,250)	(2,350)	(3,707)	(8,688)	(7,957)	(11,038)
Non-financial liabilities	0	0	(6,183)	(13,958)	(6,183)	(13,958)
Total	(4,250)	(2,350)	(9,890)	(22,646)	(14,140)	(24,996)

Income, Expense, Gains and Losses

	31 March 2020		31 March 2021	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£0	£0	£0	£0

Net gains/losses on:

• financial assets measured at fair value through profit or loss	(954)	0	765	0
• financial assets measured at amortised cost	(3)	0	4	0

• investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0
Total net gains/losses	(957)	0	769	0
Interest revenue:				
• financial assets measured at amortised cost	(220)		(177)	
financial assets measured at fair value	(616)		535	
Total interest revenue	(836)		358	
Interest expense	2,510		2,796	

Group Note 17 - Cash and Cash Equivalents

Note 17 - Cash and Cash Equivalents

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000		£000	£000
829	1,149	Cash and Bank balances	272	1,605
4,520	4,520	Short Term Deposits	3,250	3,250
5,349	5,669	Total Cash and Cash Equivalents	3,522	4,855

Group Note 22 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000		£000	£000
(1,298)	(1,298)	Interest received	(1,620)	(1,620)
2,510	2,925	Interest paid	2,796	2,796
1,212	1,627	Total	1,176	1,176

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

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000		£000	£000
(6,241)	(6,241)	Depreciation	(5,545)	(5,545)
(10,635)	(10,731)	Impairment and downward valuations	(4,011)	(5,876)
(324)	(324)	Amortisation	(335)	(335)
(1,794)	(2,409)	(Increase)/decrease in creditors	(10,841)	(10,779)
(1,559)	(1,198)	Increase/(decrease) in debtors	8,884	9,769
(26)	(26)	Increase/(decrease) in inventories	(2)	(2)
0	0	Increase/(decrease) in contract assets and liabilities	0	0
(2,214)	(2,214)	Movement in pension liability	(1,378)	(1,378)
(5,181)	(5,181)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(4,414)	(4,414)
(972)	(1,387)	Other non-cash movements charged to the surplus or deficit on provision of services	(227)	(1,120)
(28,946)	(29,711)	Total	(17,869)	(19,680)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000		£000	£000
820	820	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
1,695	1,695	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,948	2,948
(3,327)	(3,327)	Any other items for which the cash effects are investing or financing cash flows	2,084	2,084
(812)	(812)	Total	5,032	5,032

Group Note 23 - Cash Flow from Investing Activities

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000		£000	£000
24,942	41,908	Purchase of property, plant and equipment, investment property and intangible assets	8,770	8,769
16,903	415	Purchase of short-term and long-term investments	4,000	4,000
0	0	Other payments for investing activities	0	0
(1,695)	(1,695)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,948)	(2,948)
(1,211)	(1,211)	Proceeds from short-term and long-term investments	(1,362)	(1,362)
3,327	3,327	Other receipts from investing activities	(2,084)	(2,084)
42,266	42,744	Net cash flows from investing activities	6,376	6,375

Group Note 24 - Cash Flow from Financing Activities

Note 24 - Cash Flow from Financing Activities

31 March 2020			31 March 2021	
TDC	Group		TDC	Group
£000	£000		£000	£000
(21,377)	(21,377)	Cash receipts of short-term and long-term borrowing	0	0
4,050	4,050	Repayments of short-term and long-term borrowing	4,250	3,256
0	0	Other payments for financing activities	0	0
(17,327)	(17,327)	Net cash flows from financing activities	4,250	3,256

Financing Liabilities Reconciliation

(87,288)	(87,288)	Opening Financing Liabilities	(104,615)	(104,615)
4,050	4,050	Repayments of short-term and long-term borrowing	4,250	4,250
(21,377)	(21,377)	Other payments for financing activities	0	0
(104,615)	(104,615)	Net cash flows from financing activities	(100,365)	(100,365)

Collection Fund

31 March 2020			31 March 2021			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
INCOME:						
	(75,575)	(75,575)	Council Tax Receivable		(78,359)	(78,359)
(21,193)		(21,193)	Business Rates Receivable	(8,808)		(8,808)
(527)	0	(527)	Transitional Protection Payments Receivable	(165)	(390)	(555)
(21,720)	(75,575)	(97,295)	Total amounts to be credited	(8,973)	(78,749)	(87,722)
EXPENDITURE:						
Apportionment of Previous Year Surplus/Deficit:						
(430)		(430)	Central Government	275		275
(100)	126	26	Tandridge District Council	23	(10)	13
0	762	762	Surrey County Council	(405)	(61)	(466)
	128	128	Surrey Police Authority		(11)	(11)
Precepts, demands and shares:						
10,704		10,704	Central Government	10,964		10,964
8,564	9,195	17,759	Tandridge District Council	8,772	9,505	18,277
2,624	55,578	58,202	Surrey County Council	2,193	58,412	60,605
	9,771	9,771	Surrey Police Authority		10,457	10,457
Charges to Collection Fund:						
0	0	0	Write-offs of uncollectable amounts	0	0	0
80	545	625	Increase/(decrease) in allowance for impairment	380	891	1,271
(480)		(480)	Increase/(decrease) in allowance for appeals	2,808		2,808
0		0	Transitional Protection Payments Payable	0		0
125		125	Charge to General Fund for allowable collection costs for non-domestic rates	122		122
21,087	76,105	97,192	Total amounts to be debited	25,132	79,183	104,315
(633)	530	(103)	(Surplus)/Deficit arising during the year	16,159	434	16,593
704	394	1,098	(Surplus)/Deficit b/f at 1 April	71	924	995
71	924	995	(Surplus)/Deficit c/f at 31 March	16,230	1,358	17,588

Notes to the Collection Fund

2020/21

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	
	£			No	
A	Up to and including - 40,000	563	6/9	375	
B	40,001 - 52,000	1,256	7/9	977	
C	52,001 - 68,000	3,837	8/9	3,411	
D	68,001 - 88,000	7,319	9/9	7,319	
E	88,001 - 120,000	6,759	11/9	8,261	
F	120,001 - 160,000	4,465	13/9	6,450	
G	160,001 - 320,000	5,871	15/9	9,785	
H	More than 320,001	1,171	18/9	2,343	
				Adjustment	(467)
				Council tax base	<u><u>38,454</u></u>

2019/20

Band	Valuation band limits	Calculated no of dwellings	Ratio to band D	Equated No of dwellings	
	£			No	
A	Up to and including - 40,000	571	6/9	380	
B	40,001 - 52,000	1,241	7/9	965	
C	52,001 - 68,000	3,854	8/9	3,425	
D	68,001 - 88,000	7,320	9/9	7,320	
E	88,001 - 120,000	6,755	11/9	8,256	
F	120,001 - 160,000	4,461	13/9	6,444	
G	160,001 - 320,000	5,877	15/9	9,795	
H	More than 320,001	1,166	18/9	2,332	
				Adjustment	(272)
				Council tax base	<u><u>38,645</u></u>

Glossary

ACCOUNTING PERIOD	The period of time covered by the accounts, normally a period of twelve months commencing on 1 st April. The end of the accounting period is the Balance Sheet date.
ACCRUALS	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
ACTUARIAL GAINS AND LOSSES	For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or the actuarial assumptions have changed.
AMORTISATION	The practice of reducing the value of intangible assets to reflect their reduced worth over time.
ASSET	An item having value to the authority in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock); A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.
AUDIT OF ACCOUNTS	An independent examination of the Authority's financial affairs.
BALANCE SHEET	A statement of the recorded assets, liabilities and other balances at the end of the accounting period.
BILLING AUTHORITY	A local authority charged by statute with the responsibility for the collection of and accounting for Council Tax and NNDR. These in the main are district Councils, such as Tandridge, and unitary authorities, e.g. London boroughs.
BORROWING	Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.
BUDGET	The quantitative expression of a plan for a defined period of time. The forecast of revenue and capital expenditure over the accounting period.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing non-current asset.
CAPITAL FINANCING	Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.
CAPITAL PROGRAMME	The capital schemes the Authority intends to carry out over a specific period of time.
CAPITAL RECEIPT	The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.
CASH EQUIVALENTS	Cash equivalents are investments that mature 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.

COLLECTION FUND	A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.
COMMUNITY ASSETS	Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.
CORPORATE AND DEMOCRATIC CORE	The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.
CONTINGENT	An asset or liability can be contingent. This means that a condition which exists at the balance sheet date and where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.
CREDITOR	Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.
CURRENT SERVICE COST (PENSIONS)	The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.
DEBTOR	Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.
DEFINED BENEFIT PENSION SCHEME	Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.
DEPRECIATION	The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.
DISCRETIONARY BENEFITS (PENSIONS)	Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.
EQUITY	The Authority's value of total assets less total liabilities.
EVENTS AFTER THE BALANCE SHEET DATE	Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.
EXPECTED RETURN ON PENSION ASSETS	For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.
EXPENDITURE AND FUNDING ANALYSIS	Shows how the provisional outturn figures and amounts reported to management relate to the final figures in the Comprehensive Income and Expenditure Statement.
FAIR VALUE	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction between knowledgeable and willing parties.

GOING CONCERN	The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.
GOVERNMENT GRANTS	Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.
GROUP ACCOUNTS	A Group is a parent and all its subsidiaries. Group Accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses, and cash flows of the parent and its subsidiaries plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.
HERITAGE ASSETS	These are assets which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.
HOUSING BENEFITS	A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.
HOUSING REVENUE ACCOUNT (HRA)	The HRA is not a fund but rather an account of transactions within the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority. The HRA reflects a statutory obligation (Section 75 of the 1989 Act) to account separately for local authority housing provision. Known as the ring-fence.
IMPAIRMENT	A reduction in the value of a non-current asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.
INFRASTRUCTURE ASSETS	Non-current assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.
INTANGIBLE ASSETS	An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.
LEASES	An agreement whereby the lessor conveys to the lessee, in return for a payment or a number of payments, the right to use an asset for an agreed period of time.
LIABILITY	A liability is where the Authority owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future.
MATERIALITY	The concept that the Statement of Accounts should include all amounts which, if omitted, or miss-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.
NET BOOK VALUE	The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NON-DOMESTIC RATES (NDR)	The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government (17/18 47.9p) and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors.
NON-OPERATIONAL ASSETS	Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.
OPERATING LEASE	A lease where the ownership of the non-current asset remains with the lessor.
OPERATIONAL ASSETS	Non-current assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility
PAST SERVICE COST (PENSIONS)	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.
PENSION SCHEME LIABILITIES	The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.
PRECEPT	The levy made by precepting authorities (e.g. the County Council) on billing authorities (e.g. a District Council), requiring the latter to collect income from Council Tax on their behalf.
PROVISION	An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.
PUBLIC WORKS LOAN BOARD (PWLb)	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.
RATEABLE VALUE	Business Rates are worked out based on the "rateable value" of a property. This is its open market rental value on 1 st April 2015 based on an estimate by the Valuation Office Agency (VOA).
RESERVES	The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.
REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)	Under statute some expenditure is allowed to be treated as capital for financing purposes but does not result in the acquisition of a non-current asset for the Council.
REVENUE SUPPORT GRANT	A grant paid by Central Government to authorities, contributing towards the general cost of their services.
UNUSABLE RESERVES	These are reserves, including those offsetting non-current assets and the negative reserve that offsets the long-term pension liability, that are not immediately available for use to support revenue or capital expenditure.
USABLE RESERVES	These reserves are available to support the Council's expenditure, although the Capital Receipts Reserve and the Capital Grants and Contributions Reserve may only be used for capital purposes.

Independent Auditor's Report To The Members Of Tandridge District Council Report On The Audit Of
The Financial Statements

To follow after the completion of the external audit by Deloitte.